

SCOTTISH SOCIAL SERVICES COUNCIL
Unconfirmed minutes of the Audit and Assurance Committee held on
4 December 2019 at 10:30 am in Room 5, Compass House, Dundee

Present: Professor Alan Baird, Council Member, Chair
Theresa Allison, Council Member, Vice-Chair
Rona King, Council Member
Russell Pettigrew, Council Member

In Attendance: Maree Allison, Acting Chief Executive
Phillip Gillespie, Director of Development and Innovation
Laura Shepherd, Director of Strategy and Performance
Cheryl Campbell, Acting Director of Regulation
Gordon Weir, Director of Corporate Services
Chris Weir, Head of Legal and Corporate Governance
Nicky Anderson, Head of Finance
Gary Devlin, Scott Moncrieff, Internal Auditor
Natalie Paterson, minute taker

Observers: None

1. Welcome

1.1 The Chair welcomed everyone to the inaugural meeting of the Audit and Assurance Committee.

2. Apologies for absence

2.1 There were apologies for absence from Lorraine Gray, Chief Executive, Peter Murray, Council Member and Audrey Wallace, minute taker.

3. Declaration of interest

3.1 There were no declarations of interest.

4. Minutes of the previous meeting

4.1 The minutes of the Audit Committee meeting held on 25 September 2019 were approved as a correct record.

5. Matters arising

5.1 The Committee noted the next Audit and Assurance Committee Effectiveness Review will take place in February 2020 – effectiveness reviews are scheduled to take place in around December each year however the revised date of February 2020 reflects the delay due to the wider governance review. The effectiveness review thereafter will be scheduled to take place around the same time the following year.

5.2 There were no other matters arising that weren't include on the agenda.

6. Audit and Assurance Committee action record

- 6.1 The Committee noted the Audit and Assurance Committee action record.

7. Assurance Report

- 7.1 The Committee considered the content of the Assurance Report (25/2019).
- 7.2 The Acting Chief Executive explained pay award negotiations with the trade union have now concluded. An offer has been made and the trade union will ballot its members. The offer, if accepted, will have no effect on budget.
- 7.3 The Director of Strategy and Performance confirmed the Organisational Development Consultant will begin their contract on 9 December 2019.
- 7.4 The Director of Corporate Services explained Scottish Government is in a significant overspend situation and is asking for underspends to be returned. There was discussion around expenditure of the remaining budget. There is likely to be a significant delay in the SSSC receiving its grant in aid next year and there is potential the SSSC will not have its budget before the start of the financial year.
- 7.5 The Acting Director of Regulation updated members on the caseload risk in the Fitness to Practise department and the mitigating action being taken. There was discussion around a potential increase in the number of high-risk referrals when registration of Care at Home and Housing Support workers is complete.
- 7.6 There was discussion around the accuracy of the Performance Model in relation to Fitness to Practise and the difficulties of accurately making assumptions against a changing model. The Internal Auditor noted in stable times the Performance Model works well however it is difficult to make assumptions fit during dynamic times when there is a need to review them more frequently.
- 7.7 The Director of Development and Innovation advised members on action being taken to address the risk around the percentage of the workforce required to gain a qualification over the next five years. It is expected this risk will heighten in around 2023-2024. There was discussion around concerns about funding for training, which continue to be flagged with Scottish Government by the SSSC and by the sector.
- 7.8 The Acting Chief Executive confirmed work is ongoing to present a clearer risk register to Council next year which will clearly indicate management actions. The development of the Risk Register will be considered at the Council Member development session on 18 December 2019.

7.9 The Committee agreed:

1. it would like to participate in a joint session around the interface between the Care Inspectorate and the SSSC.
2. to make a recommendation to Council that sufficient assurance can be taken about the SSSC's quarterly performance, financial state and risk management, providing that management addresses the areas commented upon in advance of the next Council meeting in January 2020.

8. Internal Audit Report 2019-20 Follow Up Review

- 8.1 The Internal Auditor presented report 26/2019, the Internal Audit 2019-20 Follow Up Review. He advised that of the six actions followed up, four are not yet due however two of those have December deadlines, one action is complete, and one action is incomplete. The incomplete action is in relation to workforce planning in the Fitness to Practise department and while challenging, progress on this action is being made.
- 8.2 There was discussion around the benefits and drawbacks of management reporting to the Committee on action plan progress, rather than Internal audit. The Chair noted the Committee must know progress is being made on actions with imminent deadlines and if there are major problems the Committee ought to be told about them at the time rather than at the end of March.
- 8.3 The Committee noted and accepted the report and recommended to EMT that:
- 8.3.1 further work is carried out in relation to actions which ought to be underway and in particular whether those actions are likely to be completed by the due date or if further resources are required to progress them
- 8.3.2 further thought is given by EMT whether progress towards completing Audit's recommendations is reported to the Committee by the EMT rather than Internal Audit.

9. 2019-20 Internal Audit Plan Progress Report

- 9.1 Internal Audit presented report 27/2019, the 2019/20 Internal Audit Plan Progress Report.
- 9.2 The Committee noted Corporate Control Arrangements were due to be completed in January 2020 and that the last meeting scheduled in March 2020 presented a good time to consider how internal audit arrangements should run going forward.
- 9.3 The Committee noted the report.

10. Internal Audit reports

10.1.1 Resource determination and allocation model

10.1.2 The Committee considered report 28/2019, the Resource Determination and Allocation Model Internal Audit Report 2019/20. Internal Audit advised this was a good report with four control objectives assessed as green and only one assessed as yellow. He further advised internal audit arrangements were working very well overall.

10.1.3 The one area for improvement is the risk management arrangements in the governance of the new registration process. This is linked to Control Objective 4 and the deadline for implementation of the internal audit recommendation was November 2019.

10.1.4 The Committee noted the report.

10.2.1 IT Health Check

10.2.2 The Committee considered report 29/2019, the IT Health Check Internal Audit Report 2019/20. Internal Audit noted that the control of network access by users has been assessed as red however this is being addressed in the Management Action Plan. Management have taken quick action to address other controls originally assessed as red in the draft report.

10.2.3 Internal Audit went on to highlight a number of findings of good practice and areas for improvement.

10.2.4 There was discussion around internal audit's recommendation that mandatory cyber and information security training modules are distributed to all employees of the organisation, with monitoring and escalation in place for module non-completion. The Director of Strategy and Performance explained the recommendation has been partially accepted because the SSSC does not currently have a system in place to practically implement and manage mandatory training. Rather, the organisation had planned to develop its own tool and materials, holding line managers responsible for ensuring the completion of the training.

10.2.5 The Committee:

1. noted the report
2. requested that management considers what cyber and information security training is available and formulates proposals and timescales for implementation ahead of the Council's next meeting in January 2020.

11. Revised Risk Policy

- 11.1 The Director of Strategy and Performance presented report 30/2019, the Revised Risk Policy, noting the Policy was last reviewed in 2017 and that the responsibility for risk for the SSSC had moved from Shared Services to the Directorate of Strategy and Performance. She explained Council's delegation to the Audit and Assurance Committee for the oversight of the management of risk is unchanged and the revised Policy provides clarity around the role of the Executive Management Team.
- 11.2 The Committee noted that the Council are the owners of risk but that the day to day scrutiny of risk management is delegated to the Committee who makes recommendations to the Council that risk is being managed effectively. The Committee welcomed the clarity in the Policy.
- 11.3 The Internal Auditor advised that the Risk Policy set out the roles and responsibilities in a really clear and welcome way.
- 11.4 The Committee:
1. recommended that the revised Policy be presented to the Council in January 2020 for approval
 2. requested the following revisions:
 - Page 3, para 3, line 2, deletion of repeated 'of the'
 - Page 7, deletion of 'This policy will be reviewed annually'

12. Counter Fraud and Corruption Policy annual review

- 12.1 The Director of Corporate Services provided a verbal update on the Counter Fraud and Corruption Policy annual review. He explained the SSSC is arranging to receive services from the NHS's Counter fraud Service, which is a significant achievement. The Legal and Corporate Governance department is finalising the terms of a draft formal agreement and it is hoped this will be concluded within the next week or so.
- 12.2 The Committee:
1. noted the update
 2. requested a copy of the final agreement is provided to the Chair and to the Council's Convener when it is available.

13. Section 22 Action Plan Update

- 13.1 The Acting Chief Executive presented report number 31/2019 which updated members on the progress of the action plan arising from the Section 22 report and 2017/18 external audit report. She explained there had been steady progress towards achieving the key actions outlined in the plan.

- 13.2 The Acting Chief Executive further explained actions 5, 9 and 10 were key in respect of shared services arrangements. A session is scheduled between the SSSC, Care Inspectorate and CIPFA on 5 December to begin working on the detail of the arrangements to support the operational delivery of shared services. The Chief Executives and Conveners of both organisations have, following discussions, made progress on the approach towards the shared services strategy and it is hoped the strategy will be agreed by the Council at its next meeting in January 2020.
- 13.3 The Internal Auditor advised that when considering a proposed strategy it is important to consider the level of investment which should be given to shared services and to allow for flexibility for both organisations to adapt over time. He recommended the implementation of a steering group to focus on the successful maintenance of the model.
- 13.4 There was discussion around action 15; to deploy a structured business planning review process. The Acting Chief Executive explained that reviewing all of the organisation's business processes will demand a significant budget and time resource which has not been feasible during this financial year. There are also likely to be competing priorities in setting the organisation's budget for 2020/21. The Executive Management Team is due to meet to discuss next year's budget later today and a further update will be available following that meeting. The Committee considered the business planning review process should be deployed notwithstanding budget challenges. It noted that the recommendation to do so originated from the Digital Transformation Healthcheck rather than from the section 22 report but that it does sit within the Section 22 Action Plan.
- 13.5 The Committee:
1. endorsed the approach taken by the management team
 2. requested a further paper is presented at the next Committee meeting covering options and proposals to progress the deployment of a structured business planning review process.

14 Calendar of Business

- 14.1 The calendar of business was noted. There was discussion around the possible inclusion of the Counter Fraud and Corruption Policy Review as a standing item on the Committee's agenda. The Director of Corporate Services and The Head of Legal and Corporate Governance will reflect on this suggestion and it was noted it may be considered during the upcoming Effectiveness Review.

15 AOCB

- 15.1 It was noted that Horizon Scanning was missing from the agenda. The Internal Auditor commented that the Public Audit and Post-legislative Scrutiny Committee had issued a report about common themes arising in

audit reports across the public sector. The Chair and the Acting Chief Executive will consider whether any follow up action on the content of the report is appropriate.

15.2 There were no additional items of business.

16. Date of next meeting

16.1 The date of the next meeting will be 26 February 2020.

Item 17 is confidential and minuted separately.

Committee started: 10:30am
Committee finished: 12:10pm

Signed..... Date.....

Alan Baird
Chair of Audit and Assurance Committee