Title of report	Audit and Assurance Committee Report to Council
Public/confidential	Public
Action	For decision
Date of Publication	Before meeting
Purpose of report	To make recommendations from Audit and Assurance Committee

Recommendations	The Committee recommends that:
	
	 1. the Council approves the report as presenting a true and fair view of the SSSC's performance towards achievement of strategic objectives, financial management and risk identification and management.
	
	 2. The Council approves that:
	
	    a. operational performance as measured by strategic KPI give confidence that the SSSC was delivering as forecasted to meet its strategic objectives as agreed with the Sponsor Department
	
	    b. financial performance was consistent with forecasted spend and presents no cause for concern relating to year-end outturn of approved budget
	
	    c. operational delivery and financial expenditure were consistent.
	
	 3. Council seeks further proposals for how frequently the model for predicting staffing numbers in Fitness to Practise will be reviewed.
	
	 4. Council rejects management's position in relation to cyber awareness training and seeks proposals for how mandatory training will be carried out.

Author	Alan Baird Chair, Audit and Assurance Committee

Accountable Officer	Maree Allison Acting Chief Executive Tel: 01382 207183
Link to Strategic Plan	Outcome 1 - The right people are on the Register Outcome 2 - Our standards lead to a safe and skilled social service workforce Outcome 3 - Our resources support the professional development of the social service workforce Outcome 4 - Our stakeholders value our work.
Link to the Risk Register	Risk 1 - Failure in our registration or fitness to practise processes lead to public protection failure Risk 2 - The SSSC is not able to demonstrate to our stakeholders (including SG) that its operational activity is fulfilling its strategic outcomes Risk 3 - Ineffective working relationships with partner bodies impact significantly on our ability to deliver our strategic outcomes Risk 4 - The qualifications framework and workforce development products we produce do not meet the needs of employers and social service workers Risk 5 - The SSSC does not have sustainable resources to support the delivery of Strategic Plan outcomes (i.e. the strategic planning growth assumptions are not financially sustainable) Risk 6 - The SSSC experiences disruption or loss or reputation damage from a failure in its ICT systems, physical security or information governance arrangements.
Equality Impact Assessment (EIA)	This report will have no negative impact on people with one or more protected characteristics and a full Equality Impact Assessment is not required.
Sustainability	There are no direct sustainability implications arising from this report.
Documents attached	None
Background papers	KPI, Finance and Risk Performance Report to Audit and Assurance Committee on 4 December 2019

1.   INTRODUCTION

1.1   As set out in the Executive Framework Document and Scheme of Delegation, accountability for strategic oversight remains with the SSSC Council and the responsibility for oversight and scrutiny of achievement of operational Key Performance Indicators, monitoring of Financial Performance and Strategic Risk Management is delegated from the SSSC Council to the Audit and Assurance Committee.

1.2   This report records the recommendation of the Audit and Assurance Committee to SSSC Council following the Audit and Assurance Committee meeting of 4 December 2019.

2.   ASSURANCE REPORT

2.1   The Audit and Assurance Committee of 4 December 2019 reviewed the assurance report relating to the activities of the SSSC. The Committee highlights the following areas specifically to Council:

2.2   Pay negotiations have received an advanced stage and the Committee is satisfied that the process is being appropriately managed and relevant risk being considered.

2.3   The Committee noted that it is anticipated that there is likely to be a delay in the confirmation of grant in aid funding for financial year 2019/2020 but is assured that the Executive Management Team (EMT) is taking all reasonable steps to manage the situation.

2.4   The Committee considered the caseload risk in the Fitness to Practise (FTP) department and the mitigating action being taken. The Committee noted that there was a significant variance between the number of staff that the model was proposing should be recruited and the number of additional staff that management were proposing should be recruited to address this variance. The Committee expressed a concern around the accuracy of the FTP model and how reliable it was for ensuring appropriate staffing resource.

2.5   Management explained that predicting the numbers of incoming referrals was difficult because it was based on past experience with different parts of the register opening at different times. Different parts also refer FTP cases at different rates which has an impact on the staffing numbers predicted by the model. Internal Audit explained that the model worked well during periods of stability but that there were concerns about its effectiveness when the situation with the register was more dynamic. The Committee were assured that management had given sufficient thought to addressing this resource in the staffing resource for 2020-2021 however still had some concerns about how frequently the assumptions that informed the resource were being reviewed against actual referrals. The Committee recommended to management that this should be done more frequently during dynamic periods.

2.6   The Committee was assured that the risk around the percentage of the workforce required to gain a qualification over the next five years was being managed by the EMT. In particular, the Committee noted that the risk around the percentage of the workforce gaining a qualification was likely to heighten in 2023-24 due to concerns around available funding but that the

EMT continues to work with the sector and Scottish Government to address this.

2.7 The Committee was assured that work is ongoing to present a clearer Risk Register to Council next year which will set out the mitigating actions in a much clearer way. This was welcomed by the Committee and the Committee noted that this will be considered at the Council Member development session on 18 December 2019.

3. INTERNAL AUDIT REPORTS

3.1 The Committee considered the following Internal Audit Reports:

    a.   Resource determination and allocation model.

    b.   IT Health Check

3.2 The Committee had one specific recommendation to Council arising from Internal Audit reports. In relation to the IT Health Check, management had made good progress against a number of recommendations however there was one area where the Committee recommended that management take further action.

3.3 Internal Audit recommended that the organisation implements mandatory cyber and information security training for all staff. This was partially accepted by management in the report under explanation that the organisation did not have a system in place to implement mandatory training. The Committee rejected management's explanation given the importance of this training and recommended that management formulates proposals and timescales for implementation ahead of the Council's meeting in January.

4. COMMITTEE RECOMMENDATIONS

4.1 The Committee recommends that Council accepts that the report presented a true and fair view of the SSSC's performance towards achievement of strategic objectives, financial management and risk identification and management.

4.2 The Committee recommends that the Council accepts that:

    a.   operational performance as measured by strategic KPI give confidence that the SSSC was delivering as forecasted to meet its strategic objectives as agreed with the Sponsor Department

    b.   financial performance was consistent with forecasted spend and presents no cause for concern relating to year-end outturn of approved budget

    c.   operational delivery and financial expenditure were consistent.

4.3 The Committee, however, has a concern that the assumptions of referral rates in the FTP resourcing model is not being reviewed frequently enough by management during dynamic periods and reacted to accordingly by increasing headcount at an earlier stage. There is a risk that lack of appropriate resources will prevent the FTP department from meeting its strategic outcomes in protecting the public. While the Committee is prepared to endorse that management is taking steps to increase headcount to a

more appropriate level through the budget setting process, it is not satisfied that the model is being reviewed frequently enough during a dynamic period. The Committee recommends that Council seek assurances of how frequently the assumptions will be reviewed so that action can be taken at an earlier stage.

4.4 The Committee further recommends that Council seeks further proposals for the implementation of cyber and information security training.

5. RESOURCE IMPLICATIONS

5.1 There are no specific resource implications arising as a result of this report.

6. LEGAL IMPLICATIONS

6.1 There are no specific legal implications arising from this report. The Council must ensure that its governance processes and documents are fit for purpose and accurately reflect the practices in place.

7. STAKEHOLDER ENGAGEMENT

7.1 No stakeholder engagement has been carried out.

8. IMPACT ON USERS AND CARERS

8.1 The matters addressed in this report relate to internal governance and have no direct impact on users and carers. However, the fact that the SSSC is well governed and transparent provides confidence in our work.

9. CONCLUSION

9.1 The Committee is assured that it has been presented with a fair view of the current operational performance, financial performance and risk facing the organisation. In fulfilling its scrutiny function, the Committee has made some recommendations to improve these areas. The Committee recommends that Council accepts this position.