

Title of Report	Annual Audit and Assurance Committee report to Council
Public/Confidential	Public
Summary/purpose of report	This report provides a summary of the work of the Audit and Assurance Committee during the year 2023/24.
Recommendations	The Council is asked to: <ul style="list-style-type: none"> 1. approve the annual report of the Audit and Assurance Committee 2. note that the content of the report informed the preparation of the annual governance statement in the Annual Report and Accounts for 2023/24.
Author	Alan Baird, Audit and Assurance Committee Chair
Responsible Officer	Maree Allison, Interim Chief Executive
Link to Strategic Plan	The information in this report is about our internal governance and therefore links to all our strategic outcomes: <ul style="list-style-type: none"> Outcome 1: Trusted People who use services are protected by a workforce that is fit to practise. Outcome 2: Skilled Our work supports the workforce to deliver high standards of professional practice. Outcome 3: Confident Our work enhances the confidence, competence and wellbeing of the workforce. Outcome 4: Valued The social work, social care and children and young people workforce is valued for the difference it makes to people's lives.

Link to Risk Register	Risk 3: We fail to meet corporate governance, external scrutiny and legal obligations.
Impact Assessment	An Impact Assessment (IA) was not required.
Documents attached	None
Background papers	None

EXECUTIVE SUMMARY

1. The Audit and Assurance Committee Annual Report to Council summarises the work of the Committee over the 2023/24 financial year. The content of this report informed the Annual Governance Statement.
2. The Committee met on five occasions. All meetings were quorate.

REMIT OF THE AUDIT AND ASSURANCE COMMITTEE

3. The remit of the Audit and Assurance Committee is to
 - review the strategic KPI performance section of the assurance report
 - review financial monitoring section of the assurance report
 - review the Strategic Risk Register/Management Plan report
 - ensure that the audit requirements of SPFM (Scottish Public Finance Manual) are being implemented
 - scrutinise accounting policies, accounts and annual report of the organisation with recommendations for the Council before submission to Parliament.
4. The function of the Audit and Assurance Committee is to advise the Council and the Accountable Officer on strategic processes for risk, internal control environment, governance and the governance statement, counter fraud policies, whistleblowing processes, arrangements for special investigations, adequacy of management response to operational and financial performance, financial probity and stewardship, management of risk (financial and strategic objectives) and audit findings, effectiveness of audit functions.

SUMMARY OF AUDIT AND ASSURANCE COMMITTEE WORK

Internal Audit

5. During the period 1 April 2023 to 31 March 2024, the Committee considered six reports by the internal auditor as listed in the table below, the action priorities in these reports are categorised as:
 - Priority 1: issue subjecting the organisation to material risk and which requires to be brought to the attention of management and the Audit and Assurance Committee.
 - Priority 2: issue subjecting the organisation to significant risk and which should be addressed by management.
 - Priority 3: matters subjecting the organisation to minor risk or which, if addressed, will enhance efficiency and effectiveness.

Audited area	Committee date	Assurance level	Management action	Action priority grading
Shared Services (joint with Care Inspectorate)	2 May 2023	Satisfactory	4 recommendations	All 4 recommendations graded priority 3
Organisational Development	2 May 2023	Satisfactory	No recommendations	
Financial Sustainability	1 August 2023	Good	No recommendations	
Debtors and Income (joint with Care Inspectorate)	31 October 2023	Good	1 recommendation	1 recommendation graded priority 3
Data and Intelligence Strategy 2022-2025	31 October 2023	Good	No recommendations	
Internal Workforce Planning Management Information	1 February 2024	Good	No recommendations	

6. Seven audits were carried out during 2023/24. Four of the audit reports provided a good level of assurance. Two reports provided satisfactory assurance. Two reports are joint reports with the Care Inspectorate and were also reported to the appropriate committee of the Care Inspectorate. Three of the four audits which provided a good level of assurance generated no formal recommendations for improvements. One audit, on Partnership Working (external), scheduled within the 2023/24 plan was reported to the April Committee. One audit, on Phase 2 of the Future Proofing Programme, is delayed and will be reported to the Committee in July 2024.

Implementation and progress of audit recommendations

7. The Committee received quarterly reports on management actions which recorded the agreed actions contained in the audit reports and timelines for completing these. Five recommended actions were reported in 2023/24. Of the recommendations, three are completed and two are in progress. Additionally, two actions from audits carried out before 2023/24 are still in progress. Any delay and change to the timeline for actions to be completed requires Committee approval. Committee agreed to eight requests for extensions to the original timeline for completion of actions. There were no recommendations from the external audit for 2022/23.

8. The responsible officers for the area audited record evidence of completion of the recommendations in a tracker. The internal auditor has access to this tracker to ingather the relevant information and evidence for the annual follow-up report, which is submitted to Committee in quarter one each year.

Consideration of the 2022/23 draft Annual Report and Accounts

9. In May 2023 the Committee reviewed and approved the draft Annual Governance Statement and the draft Annual Audit and Assurance Committee report to Council, for the year 2022/23. There were minor changes to the draft Annual Governance statement and it was resubmitted to the committee in August when the final version was approved.
10. Council reviewed the draft of the Annual Report and Accounts in August 2023. On 26 September 2023, Committee considered and endorsed the revised and final draft Annual Report and Accounts and recommended these for approval to the Council meeting on 31 October 2023. Council approved the Annual Report and Accounts at the meeting on 31 October 2023 for laying before Parliament before the deadline of 31 December.
11. Private meetings with internal and external auditors were held on 31 October 2023 and 26 September 2023, respectively.

Review of Audit Plans

12. The internal audit plan for 2023/24 was presented to Committee in February 2023 and approved subject to some minor changes and the final version was issued on 21 April 2023. The internal audit plan for 2024/25 was approved by Committee in February 2024 and following some minor changes the final version was issued in April 2024.
13. The external audit plan for 2022/23 was presented to Council for approval on 27 March 2023. The plan for 2023/24 was presented and endorsed on 30 April 2024.

Assurance

14. The Committee considered a monthly assurance report at each of its quarterly meetings. The reports contained the information and data for the previous month, the summary risk register and revised risk scores. Committee had the opportunity to comment upon any changes to the risk register or to recommend any actions to Council. A small group of Committee Members and officers reviewed the format and presentation of data in the assurance reports and suggested changes were taken on board.
15. The Committee approved the first assurance map in May 2022 and the first review was reported in November 2022. The second annual review

took place at Committee in October 2023. It was agreed, in order to keep the map current that, instead of an annual review, the map be incorporated into the assurance report which is reviewed at each quarterly meeting. The map was first included in the assurance report submitted to the Committee in February 2024.

Audit and Assurance Committee quarterly report

16. The Chair submits a quarterly report from the Committee to the following meeting of the Council. The report makes recommendations to Council on matters for approval and on any main decisions and highlights from the Committee meeting. The Committee gives assurances to Council on matters it has considered.

Meetings format

17. All five committee meetings in 2023/24 were held in hybrid format with the majority of attendances being in person in the Tay meeting room in Compass House, Dundee.

Strategic Risk Register and financial governance

18. At each quarterly meeting, Committee reviewed the risk register and the revised scores, as recommended by the Executive Management Team. At the meeting in February 2024, the Committee approved the revised risk register and risk appetite statement, which became effective from 1 April 2024.
19. The Committee approved the revised Financial Regulations and the revised Debt Management Policy in August 2023.

Horizon scanning/Audit Scotland publications

20. The main matters raised as relevant to the work of the SSSC were similar to the previous year:
 - National Care Service
 - Social Care: Independent Review of Inspection, Scrutiny and Regulation in Scotland
 - Public Finances.

Fraud, Bribery and Corruption

21. The Committee considered quarterly reports on fraud, bribery and corruption assurance up to 31 October 2023. No instances of fraud, bribery or corruption have been detected since quarterly reporting started. It was agreed that the fraud, bribery and corruption assurance report will be submitted on an annual basis, but any incidences detected will be reported by exception. Since this process started in October, no

incidences have been reported. The SSSC continues to take part in the National Fraud Initiative. The contract with the Counter Fraud Service expired on 31 March 2024 and will not be renewed. The SSSC Fraud Liaison Officer is reviewing the counter fraud framework.

22. Lindsay MacDonald was appointed as a member of the Committee in February 2023 and appointed Counter Fraud Champion in May 2023. The Head of Legal and Corporate Governance, Anne Stewart continues in her role as Fraud Liaison Officer.

Benefits realisation

23. The Committee received updates on benefits, including financial benefits, realised from the various projects taken forward by the SSSC. The reports detail the projects, the budget, the spend to date, return on investment. The Committee interrogates the information provided and requested some changes to formatting and how data is presented, for further clarity.

Annual effectiveness review

24. The annual effectiveness review of the Committee was carried out in August/September 2023 and there were no actions arising from the review.

Office accommodation

25. The Committee was kept informed of the progress in ongoing negotiations regarding the reduction in office space required by the organisation, which will lead to budget savings.

Fitness to Practise panel members

26. The Committee was regularly informed of updated information relating to changes to the employment status of Fitness to Practise panel members, following the employment tribunal case against the Nursing and Midwifery Council.

Chair and Vice Chair

27. The terms of appointment for both Chair and Vice Chair will expire at the end of August 2024. In November 2023 Council approved the successors Peter Murray and Lindsay MacDonald, respectively. They have started shadowing the outgoing Chair and Vice Chair at planning meetings etc. These meetings take place on, broadly, a monthly schedule with the Acting Chief Executive, latterly the Interim Chief Executive, and other appropriate officers.

QUALITY OF INTERNAL AUDIT

28. The Committee is content with the work of the internal auditors, Henderson Loggie. The Committee's view is that the standard of the internal audit work and the reports produced for 2023/24 were good. The Committee noted the positive relationship between the auditors, management team and other officers involved in the internal audit processes. The Committee is satisfied that the processes and liaison between the officers and auditors ensures that recommended actions are progressed, reported and reviewed as necessary to ensure any actions are taken forward to completion within agreed timescales.
29. The Committee held a private meeting with the internal auditors on 31 October 2023.

QUALITY OF EXTERNAL AUDIT

30. The SSSC's external auditors are Deloitte LLP.
31. Officers worked with the auditors to provide information requested via the Deloitte software to complete the external auditors annual report. The process for the 2023/24 accounts commenced with information requests in February 2024 and an internal checking system put in place to make sure that information requests were responded to timeously.
32. The Committee held a private meeting with the external auditors on 26 September 2023.

GOVERNANCE STATEMENT

33. The Committee noted that this report will inform the preparation of the Annual Governance Statement.

ASSURANCE OPINION

34. The Committee held separate private meetings with the external auditors and internal auditors during November 2022. Both meetings reflected positively on the SSSC in terms of the quality of internal and external audit reports. Auditors also commented positively on their working relationships with staff.
35. The Committee is of the opinion that the assurances supplied throughout the year are reliable, have integrity and are sufficiently comprehensive to support the Council and the Accountable Officer in their decision making and their accountability obligations. Further, the Committee is satisfied that there are sufficient mechanisms in place to allow the Committee to discharge its functions.

RISKS

36. We have an averse risk appetite towards governance matters. There are no risks arising from the recommendations in this report.

IMPLICATIONS

Resourcing

37. There are no financial, staffing or sustainability implications arising from this report.

Compliance

38. This report complies with legal and governance requirements.

IMPACT ASSESSMENT

39. An Impact Assessment is not necessary as this report relates to internal governance arrangements.

CONCLUSION

40. This report summarises the work of the Audit and assurance Committee over the financial year 2023/24 and is submitted to Council for approval as part of the process for completion of the Annual Report and Accounts for 2023/24.