

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 2021/22.
Recommendations	<p>The Council is asked to</p> <ol style="list-style-type: none"> 1. approve the annual report of the Audit and Assurance Committee 2. note that the content of the annual report informed the preparation of the draft annual governance statement.
Author and Responsible Officer	Alan Baird, Audit and Assurance Committee Chair
Link to Strategic Plan	<p>The information in this report is about our internal governance arrangements and therefore links to all strategic outcomes:</p> <p>Outcome 1: People who use services are protected by ensuring the regulated workforce is fit to practise.</p> <p>Outcome 2: The SSSC supports and enhances the development of the registered workforce to deliver high standards of practice and drive improvement.</p> <p>Outcome 3: Our workforce planning activities support employers, commissioners and policy makers to deliver a sustainable, integrated and innovative workforce.</p> <p>Outcome 4: The social work, social care and early years workforce is recognised as professional and regulated and valued for the difference it makes to people's lives.</p>
Link to Risk Register	Risk 3: We fail to meet corporate governance, external scrutiny and legal obligations.

Impact assessments	<ol style="list-style-type: none"> 1. An Equalities Impact Assessment (EIA) was not required. 2. A Data Protection Impact Assessment (DPIA) was not required. 3. A Sustainability Impact Assessment (SIA) was not required.
Documents attached	None

EXECUTIVE SUMMARY

1. The Audit and Assurance Committee Annual Report to Council summarises the work of the Committee over the 2021/22 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

5. Henderson Loggie were the internal auditors for 2021/22 and used a system for categorising assurance levels of an area audited where each control objective is assessed and graded using colour coding as follows:

Assessment	Colour	Definition
Good (Grey)		System meets control objectives.
Satisfactory (Green)		System meets control objectives with some weaknesses present.
Requires improvement (Yellow)		System has weaknesses that could prevent it achieving control objectives.
Unacceptable (Red)		System cannot meet control objectives.

6. The Committee considered the following internal audit reports.

Internal audit plan year	Report title	Committee date	Control objective assurance level	Management action – priority rating
2021/22	ICT systems access	4 May 2021	Good	No actions
2021/22	Regulation modelling	4 May 2021	Satisfactory	4 x priority 3
2021/22	Performance reporting/KPIs	2 November 2021	Good	No actions
2021/22	Shared services review	2 November 2021	Good	No actions
2021/22	Workforce development and planning	3 February 2022	Good	No actions
2021/22	HR data and performance management	3 February 2022	Satisfactory	4 x priority 3 1 x priority 2

Consideration of the 2020/21 draft annual report and accounts

7. In May 2021 the Committee considered the annual governance statement for inclusion in the annual report and accounts.
8. The Committee held a meeting in September to consider and make comment on the draft annual report and accounts. All Council Members were invited to this meeting to provide an opportunity for comment. The auditors attended to assist with any queries. The Committee recommended approval of the annual report and accounts to Council.
9. The Committee held private meetings with the external auditors and internal auditors in September and November 2021, respectively.

Review of Audit plans

10. In February 2021 the Committee commented on the draft internal audit plan for 2021/22. The Committee approved the plan at its meeting on 4 May 2021 and noted that there would be six audits carried out throughout the year. The Committee also approved the external audit plan for 2020/21, from Grant Thornton, at the same meeting.
11. The internal audit process follows a five-year cycle and a three-year plan. The timetabling of audits is matched to the priorities for the year. The auditor and the director for each directorate being audited agreed the schedule of the fieldwork portion of each audit in advance.

Implementation of audit recommendations

12. The Head of Legal and Corporate Governance reports quarterly on the progress made with both internal and external audit recommendations. External audits were included in the tracker after the meeting in November 2021. Of nine recommendations from internal audits reported in 2021/22, six actions are completed, with formal reporting starting in May 2022. One further action will be completed in May 2022 and the other two are in progress. The Committee received an update, in February 2022, indicating that work was progressing to complete the actions from the audit on Workforce Planning – Mandatory Training. The external audit resulted in two recommendations both of which are progressing.
13. Directors record their evidence of completion of the recommendations in the tracker. The internal auditor accesses this tracker in order to gather information and evidence for their annual follow-up report.

Other work

12. Assurance
The Committee considered a monthly assurance report at each of its quarterly meetings. The report 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 these or to recommend any actions to Council. The information in the assurance report was reviewed in February 2022 and a revised version of the Executive Summary was agreed.
The auditor and officers started work on assurance mapping and the Committee approved a draft assurance map template in February 2022.
13. Audit Committee quarterly report
The Chair submits a quarterly report from the Audit Committee to the following meeting of the Council. The report makes recommendations to Council on matters for approval and on any particular decisions or highlights from the Committee meeting. The Committee will make assurances to Council on matters it has considered.
14. COVID-19
The Committee continued to meet to consider business via teams meetings throughout 2021/22. The Committee received a report on the impact of COVID-19 in May 2021 and a number of discussion groups were put in place to take forward planning for changes to future working in the sector.
15. Strategic Risk Register and Financial governance
The Committee reviewed the risk register and the revised scores, as recommended by the Executive Management Team, at each quarterly meeting and agreed the revised register and risk appetite statement for the 2022/23 at its meeting in February 2022.
The Committee approved the revised Financial Regulations and the revised Debt Management Policy in February 2022.

16. Horizon scanning/Audit Scotland publications
At each meeting, the Committee was advised of matters relevant to the work of the SSSC which were on the horizon, including publications by Audit Scotland, which were shared with Members through the Members team. These included:

Scottish Government's Cyber Resilience Framework
Audit Scotland - Equalities Outcomes report
Audit Scotland – fraud and irregularity
Audit Scotland – planning for skills.

The other major matter highlighted in 2021/22 was the review of the National Care Service.

17. Fraud and Corruption
The Committee considered quarterly reports on Fraud and Corruption assurance. No instances of fraud or corruption were detected in the year 2021/22. The SSSC entered into a contract for services with the NHS Counter Fraud Service and appointed Russell Pettigrew to the position of Counter Fraud Champion and Lynn Murray as the Fraud Liaison Officer. The Committee approved the draft Counter Fraud, Bribery and Corruption framework in May 2021.
18. Meetings with Chair and Chief Executive
The Chair and Vice Chair have regular, mostly monthly, meetings with the Chief Executive and the Head of Legal and Corporate Governance to review the business of the committee from the past meeting and for the following meeting. They also review the yearly planner for future committee business. The Interim Director of Finance and Resources also now attends these meetings. Eight meetings were held during 2021/22.

FRAUD

19. As noted above, the Committee received assurances that no instances of fraud were reported during the 2021/22 financial year.

QUALITY OF INTERNAL AUDIT

20. The Committee is content with the work of the internal auditors. The Committee's view is that the standard of the internal audit work and the reports produced for 2021/22 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 service put in place ensure that recommended actions are progressed and reported back to Committee.

QUALITY OF EXTERNAL AUDIT

21. The SSSCs external auditors are Grant Thornton, this is their final year as auditors and the Auditor General for Scotland will appoint external auditors for future years.
22. During their 2020/21 external audit, Grant Thornton provided an audit plan, attended Audit and Assurance Committee meetings and provided a report on their work. The Committee held a private meeting with the external auditors in September 2021.

GOVERNANCE STATEMENT

23. The Committee noted that this report will inform the preparation of the annual governance statement.

ASSURANCE OPINION

24. The Committee held a private meeting with external auditors in September 2021 and internal auditors in November 2021. No concerns were raised at these meetings about management's interactions with auditors or the internal control environment. The auditors were made aware that they should contact the Chair of the Committee at any time if they feel there are issues that need to come to the attention of the Committee. No such contact has been made.
25. 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

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

IMPLICATIONS

Resourcing

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

Compliance

28. This report complies with legal and governance requirements.

IMPACT ASSESSMENTS

29. An Equalities Impact Assessment (EIA) is not necessary as this report relates to internal governance arrangements and does not have an impact on people with protected characteristics.

CONCLUSION

30. This report summarises the work of the Audit and Assurance Committee over the financial year 2021/22 and is submitted to the Council for approval as part of the process for the annual report and accounts.