

Title of report	Audit and Assurance Committee report to Council
Public	Public
Summary/purpose of report	To make recommendations from the Audit and Assurance Committee
Recommendations	<p>The Committee recommends that:</p> <ol style="list-style-type: none"> 1. the Council accepts that the assurance report presents a true and fair view of the SSSCs performance towards achievement of strategic objectives, financial management and risk identification and management. In particular that <ol style="list-style-type: none"> a. operational performance as measured by strategic key performance indicators give confidence that the SSSC is delivering as forecasted to meet strategic objectives agreed with the Sponsor Department b. financial performance is consistent with forecasted spend and this does not present concern relating to year-end outturn of approved budget c. operational delivery and financial expenditure are consistent 2. the Council takes sufficient assurances from the level of assurance awarded in the internal audit reports, the management audit report and internal and external audit action tracker 3. the Council notes: <ol style="list-style-type: none"> a. the concern of the Committee over the further delays of external auditors in carrying out their audit of the annual accounts and the resulting pressure on the SSSC to adhere to the terms of the Executive Framework in presenting accounts to Parliament b. the Committee instructed the Chief Executive to write a follow up letter to Audit Scotland and Scottish Government reinforcing the unacceptable situation over the lateness in the external auditors

	<p>carrying out their audit of the annual accounts</p> <p>c. the concern of the Committee about the continuing uncertainty over future funding and budget situation and the associated risks to the work of the SSSC</p> <p>d. the Committee took assurances from the reports on benefits realisation, fraud and bribery, assurance map review and quality assurance of approved programmes.</p>
Author	Alan Baird, Chair, Audit and Assurance Committee
Responsible Officer	Maree Allison, Acting Chief Executive
Link to Strategic Plan	<p>The information in this report links to:</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	<p>Appendix 1- Assurance report as of 30 September 2022 including the Strategic Risk Register</p> <p>Appendix 2 – Draft minutes of meeting of the Audit and Assurance Committee of 1 November 2022</p>

INTRODUCTION

1. As set out in the Executive Framework Document and Scheme of Delegation, accountability for strategic oversight remains with the SSSC Council. The Council has delegated responsibility for oversight and scrutiny of achievement of operational key performance indicators, monitoring of Financial Performance and Strategic Risk Management to the Audit and Assurance Committee.
2. This report records the recommendations of the Audit and Assurance Committee to SSSC Council following the Committee's meeting of 1 November 2022.

ANNUAL REPORT AND ACCOUNTS

3. Lynn Murray gave an update to the Committee on meetings with the external auditors and their current position, which was that the audit would be complete in time for the Committee to review the annual report and accounts on 24 November 2022. Committee expressed its concern over the lateness of the accounts being audited and instructed the Chief Executive to write to Scottish Government and Audit Scotland again expressing continued concern over the position the SSSC has found itself in with the external audit service.

ASSURANCE REPORT

4. The Committee reviewed the assurance report as of 30 September 2022 relating to the activities of the SSSC. Appendix 1 to this report is the assurance report considered by the Committee and Appendix 2 is the draft minutes of the meeting, to satisfy Council that the Committee has discharged its responsibilities.

Budget

5. The Committee was advised of continued concerns over budget pressures. Two of the main areas of risks continued to be:
 - pay remit
 - Future Proofing Programme.
6. There continued to be a risk of the Government clawing back unplanned expenditure and as yet there was no firm confirmation of the projected funding of £1.68m from Scottish Government. There was full discussion on the pay remit and a proposal has been submitted to the Pay Policy Unit at Scottish Government but additional funding would need to be secured to support an award over 2%.

7. Committee discussed the preparation of cost cutting scenarios while noting that approximately 85% of the budget was staffing costs. Many cost saving options had already been exhausted. Committee particularly noted that officers asserted that further cuts would significantly affect the performance of the organisation. Actions such as a freeze on recruitment were discussed as were the current issues being faced in recruitment and retention of staff.
8. Members expressed their concerns about the lack of clarity of the future budget and funding and noted that this was an ongoing situation and that updates would continue to be reported.

Risk Register

9. Members questioned the process for the fees of local authority workers being paid by Scottish Government and Chris Weir confirmed that these would be paid direct to the SSSC (not via the local authority).
10. Members were also assured that the greatest benefits from the digital transformation would be achieved through the work on Future proofing the register, but it was noted that support from Scottish Government would be needed for this to be realised.
11. Laura Shepherd confirmed that in relation to the Risk 5, regarding developing and supporting staff, she would reflect mitigating actions in the November version of the Risk Register but that the risk would remain in the current category as it remains high.
12. Laura Shepherd reported that there was some progress towards resolution of the current issues in relation to office accommodation and the costs and it was anticipated that the risk this produced would be closed off in the next updated version of the risk register.

Performance indicators

13. In discussing some of the performance indicators, there was particular focus on issues in recruitment and retention of staff within the organisation. Non-competitive levels of remuneration and a large number of temporary posts as were cited as factors leading to some vacancies being advertised multiple times before being filled. It was maintained however that the pausing of the job evaluation exercise was the correct decision at this time.

INTERNAL AUDIT

14. Members were presented with the following:

Internal Audit Reports

Procurement and Creditors/Purchasing

15. The report is a shared service report and refers to the joint procurement strategy between the SSSC and the Care Inspectorate (CI). The report provided a satisfactory standard of assurance with two recommendations regarding updating procedural guidance to reflect current practice.

Digital strategy and digital transformation

16. This report provided a good level of assurance with no recommendations from the auditors. The Committee commended officers on the work undertaken in the last four years to reach this level of assurance.

Future Proofing Project

17. This report provided a good level of assurance with no recommendations from the auditors.

Management Audit Report

18. Committee was presented with an updated extract from the internal/external audit tracker. Committee heard that the recommendations from the HR data and performance management report presented to Committee in February 2022 required more extensive work than first anticipated. It was agreed, for clarity, that in future the cover report would provide more information where recommended timeframes were drifting or where there were issues with completion of the audit recommendations.

19. The Committee took assurances from the audit reports and management's updated responses that action was being taken where there were recommendations from the auditors. Committee also commended officers involved in the areas audited and particularly the progress made with the digital strategy and digital transformation work.

BENEFITS REALISATION REPORT

20. Committee was presented with a report on benefits realised from five projects run across the organisation between April and September 2022. The appendix provided information on the benefits realised. The committee requested further information in the next biannual report, to provide clarity on projects where benefits are not yet realised.
21. Committee took assurance from the report that projects are being tracked and managed and that benefits realised are being measured.

FRAUD BRIBERY AND CORRUPTION ASSURANCE REPORT

22. Committee was presented with a report from management confirming that no instances of fraud were detected in quarter two of this year.
23. The report provided the Members with assurance on the fraud, bribery and corruption workstream.

ASSURANCE MAP ANNUAL REVIEW

24. Committee was presented with the first Assurance Map annual review, for the shortened period May to October 2022. It was noted that the next report would cover the year November 2022 to October 2023. The internal auditors had assisted in setting up and populating the map, which showed 11 areas where the RAG status was green, 3 were amber, with one of these approved by EMT to be changed to Amber. There were no red status issues.
25. Committee took assurance from the process that the relevant issues were identified, and three lines of assurance tracked and categorised to identify the effectiveness of controls in place.

NATIONAL FRAUD INITIATIVE

26. The Committee considered the report on the National Fraud Initiative, run every two years by Audit Scotland and noted the SSSC's participation in the last exercise for 2020/21. The Committee reviewed the draft responses to the self-assessment checklist. It was agreed to continue the practice that officers complete the self-assessment and this is endorsed by the Committee.

QUALITY ASSURANCE OF APPROVED PROGRAMMES

27. The Committee reviewed the quality assurance work of approved programmes carried out over 2020/21 and 2021/22 as well as the planned work for 2022/23. This work is carried out in accordance with the SSSCs responsibility under the Regulation of Care (Scotland) Act 2001, to promote high standards in education and training.
28. The Committee took assurance from the report that the SSSC was carrying out its duty in relation to this aspect of its remit.

CONSULTATION

29. No specific stakeholder engagement was necessary in the preparation of this report.

RISKS

30. We have an averse risk appetite to governance matters. This report gives assurances to Council that the Committee is carrying out its remit.

IMPLICATIONS

Resourcing

31. There are no resource implications arising from this report.

Compliance

32. There are no compliance implications arising from this report.

IMPACT ASSESSMENTS

Equalities

33. An EIA was not necessary as this report relates to internal governance matters. It is not therefore a new proposal and has no impact on people with protected characteristics.

CONCLUSION

34. This report gives assurances to Council that the Audit and Assurance Committee is carrying out its remit in accordance with the terms of reference contained in the Code of Corporate Governance. The Committee requests that Council notes actions and assurances taken following consideration of the reports.