

# **SSSC 2019~~20~~/202~~1~~ Annual Report and Accounts - extract**

## **Draft~~RAFT~~ Corporate Governance ~~Report~~Statement**

## **~~18. Directors' Report~~**

### **~~18.1 SSSC Council~~**

~~Members sitting on the SSSC Council during 2019/20 were:~~

- ~~• Professor James McGoldrick (Convener) (to 31 August 2019)~~
- ~~• Sandra Campbell (Convener) (from 1 September 2019)~~
- ~~• Theresa Allison~~
- ~~• Professor Alan Baird~~
- ~~• Audrey Cowie (to 31 August 2019)~~
- ~~• Paul Dumbleton (to 31 August 2019)~~
- ~~• Paul Edie (Chair of the Care Inspectorate)~~
- ~~• Julie Grace (from 1 September 2019)~~
- ~~• Lynne Huckerby (from 1 September 2019)~~
- ~~• Rona King (from 1 September 2019)~~
- ~~• Linda Lennie~~
- ~~• Forbes Mitchell (to 31 August 2019)~~
- ~~• Peter Murray (from 1 September 2019)~~
- ~~• Russell Pettigrew (from 1 September 2019)~~
- ~~• Keith Redpath (to 31 August 2019)~~
- ~~• Andrew Rome (to 31 August 2019)~~

### **~~18.2 Executive Management Team~~**

~~The Executive Management Team (EMT) are employees of the SSSC. The following individuals served on the EMT during 2019/20:~~

- ~~• Lorraine Gray, Chief Executive~~
- ~~• Maree Allison, Director of Regulation~~
- ~~• Gordon Weir, Executive Director of Corporate and Customer Services (shared post with Care Inspectorate)~~
- ~~• Phillip Gillespie, Director of Development and Innovation~~
- ~~• Elizabeth Mackinnon, Interim Director of Strategy and Performance (to 7 June 2019)~~
- ~~• Laura Shepherd, Director of Strategy and Performance (from 10 June 2019).~~

### **~~18.3 Register of Interests~~**

~~A Register of Members' Interests is maintained and is available for inspection by members of the public. Declarations of conflicts of interest are standing agenda items at each Council and Committee meeting.~~

#### **~~18.4 Personal data related incidents~~**

~~— We self-reported four incidents to the Information Commissioner's Office (ICO) during 2019/20. To date, the ICO has not taken any further action. Four data protection breaches were reported to the Information Commissioner's Office for the year to 31 March 2019.~~

#### **~~18.5 Disclosure of information to auditors~~**

~~So far as I, the Accountable Officer, am aware, our auditors have all the relevant information.~~

~~I have taken all steps I ought to, to make myself aware of any relevant information and to establish that our auditors are aware of that information.~~

#### **~~18.6 Non-audit fees~~**

~~Grant Thornton UK LLP provided services solely relating to the statutory audit and no further assurance, tax or other services were provided.~~

#### **~~18.7 Pension liabilities~~**

~~The SSSC is an admitted body to the Tayside Superannuation Fund. This is a local government pension scheme administered by Dundee City Council.~~

~~The local government pension scheme is a defined benefit scheme that provides pension benefits based on pensionable remuneration.~~

~~Information on how pension liabilities are treated in the SSSC's accounts can be found in the Notes to the Accounts and the Remuneration and Staff Report.~~

#### **~~18.8 National Fraud Initiative~~**

~~The SSSC participated in the National Fraud Initiative during 2018/19. This work is carried out every two years, the next exercise being 2020/21. This is a data matching exercise which assists in the prevention and detection of fraud. No issues were identified.~~

### **~~19. Statement of Accountable Officer's Responsibilities~~**

~~19.1—Under paragraph 9 (1) of Schedule 2 to the Regulation of Care (Scotland) Act 2001, the SSSC is required to prepare a statement of accounts for each financial year in the form and on the basis directed by Scottish Ministers. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the SSSC and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.~~

~~19.2—In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:~~

- ~~• observe the accounts direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.~~
- ~~• make judgements and estimates on a reasonable basis.~~
- ~~• state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements.~~
- ~~• prepare the financial statements on a "going concern" basis unless it is inappropriate to presume that the SSSC will continue in operation.~~

~~19.3—Scottish Ministers designated the Chief Executive as the Accountable Officer for the SSSC. The responsibilities of the Chief Executive as Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping of proper records and for safeguarding the SSSC's assets, are set out in the Non-Departmental Public Bodies' Accountable Officer Memorandum issued by the Scottish Government and published in the Scottish Public Finance Manual.~~

~~19.4—The Accountable Officer has confirmed that the Annual Report and Accounts as a whole is fair, balanced and understandable and that she takes personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.~~

~~19.5—For the purposes of the audit, so far as the Accountable Officer is aware, there is no relevant audit information of which the auditors are unaware and all necessary steps have been taken by the Accountable Officer to ensure awareness of relevant audit information and to establish that the SSSC's auditors are aware of that information.~~

## 20. Governance Statement

### 20.1 Introduction

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the SSSC's policies, aims and objectives. I am also responsible for safeguarding the public funds and assets assigned to the SSSC, in accordance with the responsibilities set out in the [Memorandum to Accountable Officers for Other Public Bodies](#).

20.2 This annual governance statement explains the SSSC's governance and risk management framework.

### The Governance Framework

20.3 The SSSC is a non-departmental public body. We work within a broad framework agreed with the Scottish Government which can be found here [INSERT HYPERLINK]. The Council is the governing body responsible for ensuring that the SSSC fulfils its aims and objectives, for promoting the efficient and effective use of staff and other resources and for identifying and managing risk. Members come from a variety of areas including health, charities, social work and social services sector and users of services as well as the Chair of the Care Inspectorate Board.

20.4 The Council comprises the Convener and nine non-executive members. Appointments are made by Scottish Ministers and are normally for a three year term with the possibility of a further term, subject to evidence

of effective performance and satisfying the skills, knowledge and experience required on the Council at time of re-appointment.

**20.5** We maintain a register of interests of the Council members which is available from our website [Register of Members' Interests](#).

**20.6** In October 2019, the Council approved changes to our governance structure and a new code of corporate governance. The code sets out the full details of the Council's role, the responsibilities of each Committee and key roles in the organisation. A Committee structure chart can be accessed here [INSERT HYPERLINK] and the Code can be found here [INSERT HYPERLINK TO CODE ON WEBSITE]. The Council reviews its effectiveness every year and the Code is subject to ongoing revisions as necessary and reviewed in detail every 3 years. Initial internal audit reports suggest that our new arrangements are working well.

#### **Council Members and Attendance**

**20.7** Council members have to comply with the SSSC's Code of Conduct for Members as well as the guidance set out in appointment letters and in On Board – A Guide for Board Members of Statutory Boards. Members are appraised on an annual basis.

**20.8** Council meetings are held in public and the minutes of each meeting are available on our website [www.sssc.uk.com](http://www.sssc.uk.com). SSSC Committee membership and Council Member attendance is detailed in the following table:

	<b>Council</b>	<b>Resources Committee</b>	<b>Audit Committee</b>
<b>Number of meetings:</b>	5	4	5
<b>Council Member</b>	<b>Attended</b>	<b>Attended</b>	<b>Attended</b>
Professor James McGoldrick, (Convener) *	1	0	0
Sandra Campbell - (Convener)	3	1 (Observer)	1 (Observer)
Theresa Allison	4	2	4
Professor Alan Baird	3	2	4
Audrey Cowie *	1	0	0
Paul Dumbleton *	1	0	0
Paul Edie (Chair, Care Inspectorate)	3	0	0

Julie Grace	2	0	0
Lynne Huckerby	2	0	0
Rona King	2	1 (Observer)	3 (1 as Observer)
Linda Lennie	4	2	2
Forbes Mitchell *	1	0	1
Peter Murray	3	0	1
Russell Pettigrew	3	1 (Observer)	3 (1 as Observer)
Keith Redpath *	0	0	1
Andrew Rome *	0	0	1
<p>Notes on the table:</p> <ol style="list-style-type: none"> <li>1. The Resources Committee was disbanded in October 2019.</li> <li>2. The Audit Committee became the Audit and Assurance Committee in October 2019.</li> <li>3. The Remuneration committee met once and three members attended. This Committee was disbanded in October 2019.</li> <li>4. The Council membership changed in September 2019. Five members and the Convener left* the Council and were replaced by new members appointed by Scottish Ministers.  <a href="#">Those that left have been marked * above.</a></li> </ol>			

## **20.9 Audit and Assurance Committee**

The Council appointed an Audit and Assurance Committee to make recommendations to the Council and Accountable Officer on risk, control and corporate governance including the mechanisms for measuring performance towards achieving strategic goals. It receives reports from internal and external audit and the auditors are able to contact the Chair directly about any concerns they have during their audit work.

## **20.10 Accountable Officer**

The Accountable Officer is personally responsible to Scottish Ministers, who are ultimately accountable to the Scottish Parliament, for securing propriety and regularity in the management of public funds and for the day-to-day operations and management of the SSSC.

The detailed responsibilities of the Accountable Officer for a public body are set out in a Memorandum from the Principal Accountable Officer of

the Scottish Administration which is issued to the Chief Executive on appointment and updated where required.

#### **20.11 Executive Management Team (EMT)**

The EMT supports the Chief Executive in her Accountable Officer role through the formal Scheme of Delegation. The EMT comprised the Director of Regulation, the Director of Development and Innovation, Director of Strategy and Performance and Executive Director of Corporate and Customer Services (Care Inspectorate). Each of these officers has responsibility for the development and maintenance of the governance environment within their own areas of control.

#### **20.12 External Audit Appointment**

Under the Public Finance and Accountability (Scotland) Act 2000 our independent auditors are appointed by the Auditor General for Scotland. Audit Scotland appointed Grant Thornton UK LLP as our independent external auditors for a five-year period from 1 April 2016. Scottish Government has decided that the contract will be extended for a further year due to the impact of covid-19.

#### **20.13 Internal audit**

The SSSC's internal audit function is contracted out. Internal audit forms an integral part of the SSSC's internal control and governance arrangements. The internal audit service operates in accordance with Public Sector Internal Audit Standards and undertakes an annual programme of work approved by the Audit and Assurance Committee. This annual programme is based on a formal risk assessment process which is updated on an on-going basis to reflect evolving risks and changes. The three-year Strategic Internal Audit Plan is also reviewed and approved annually by the Audit and Assurance Committee.

Each year our internal auditors provide the Audit and Assurance Committee with assurance on the whole system of internal control. In assessing the level of assurance to be given for 2019/20, our internal auditors take into account:

- all reviews undertaken as part of the 2019/20 internal audit plan
- any scope limitations imposed by management
- matters arising from previous reviews and the extent of follow-up action taken, including in year audits

- expectations of senior management, the Council and other stakeholders
- the extent to which internal controls address the client's risk management/control framework
- the effect of any significant changes in the SSSC's objectives or systems
- the proportion of the SSSC's internal audit coverage achieved to date.

The internal auditor's overall opinion for 2019/20 was:

"the SSSC has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, effective and efficient achievement of objectives and the management of key risks."

#### **20.14 Risk management**

The SSSC has a Risk Management Policy. The main priorities of this policy are the identification, evaluation and control of risks which threaten our ability to deliver our objectives. The policy provides direction on a consistent, organised and systematic approach to identifying risks, the control measures that are already in place, the residual risk, the risk appetite and action that is necessary to further mitigate against risks.

Risks identified are maintained on a Strategic Risk Register and addressed in the preparation of the Strategic Plan. The Strategic Plan has been developed to show clear links between risks identified on the Risk Register and the SSSC's strategic objectives. As a result, the risks identified become embedded in managers' work plans for the year. The Council has agreed a risk appetite statement to underpin the SSSC's approach to risk management and control.

#### **20.15 Information governance**

We have information governance policies and procedures in place to ensure we handle data responsibly and comply with data protection and freedom of information laws. We self-reported [four-one](#) incidents to the Information Commissioner's Office (ICO) during 2019/20. [To-date, the ICO has not taken any further action. The ICO has concluded their investigation and has taken no further action.](#)

## **20.16 System of internal financial control**

Within the SSSC's overall governance framework specific arrangements are in place as part of the system of internal financial control. This system is intended to ensure that reasonable assurance can be given that assets are safeguarded, transactions are authorised and properly recorded, and material errors or irregularities are either prevented or would be detected within a timely period.

The SSSC's system of internal financial control is based on a framework of financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability. Development and maintenance of the system is the responsibility of managers within the SSSC. In particular, the system includes:

- Financial Regulations and Standing Orders
- comprehensive budgeting systems
- regular reviews of periodic and annual financial reports which indicate financial performance against forecast
- a comprehensive set of control reconciliations performed regularly
- regular compliance testing
- setting targets to measure financial and other performance
- clearly defined capital expenditure guidelines.

## **20.17 Review**

The effectiveness of our Code of Corporate Governance is reviewed annually. Individual policies and procedures that contribute towards the overall governance framework are also subject to periodic review. This review is informed by:

- the views of Audit and Assurance Committee on the assurance arrangements.
- the opinions of internal and external audit on the quality of the systems of governance, management and risk control.
- "Certificates of Assurance" supplied by EMT members to the Accountable Officer following a review of the governance arrangements within their specific areas of responsibility.
- feedback from managers and staff within the SSSC on our performance, use of resources, responses to risks, and the extent to

which in-year budgets and other performance targets have been met.

#### **20.18 Significant issues**

2019/20 saw the implementation of significant changes to our corporate governance. There is more information in section 20.6 and 20.9 above. Initial indications are that this is working well.

#### **20.19 Corporate Governance**

Our strategy is set out in a three-year Strategic Plan supported by annual business plans. Since October 2019, we report on our financial position, strategic performance and key risks in our assurance report which is scrutinised every quarter by the Audit and Assurance Committee and recommendations made to the Council from the Committee on the assurances that can be taken.

The effectiveness of those arrangements is reviewed on an annual basis with the next review to take place in December 2020. Other planned corporate governance work includes:

##### Quality assurance

We are members of Quality Scotland and have adopted the European Foundation Quality Management (EFQM) framework. Working with Quality Scotland and undertaking a programme of self-evaluation we have identified a number of areas for improvement and are working towards a Recognised for Excellence Award. This work will continue in 2020/21.

##### Risk management

Work is continuing to embed risk management throughout the organisation by developing operational risk registers and understanding the links between strategic and operational risk. The risk management framework will be reviewed during 2020/21.

##### Shared Services

In collaboration with the Care Inspectorate we have reviewed our joint shared service strategy and will implement revised governance arrangements, management agreement and service specifications during 2020/21.

This includes the appointment of a new SSSC Director of Finance and Resources to replace the shared SSSC/Care Inspectorate post.

#### Internal Audit

Henderson Loggie have been appointed as new internal auditors with effect from 1 April 2020. A new strategic internal audit plan will be prepared. We will work at developing an effective and productive relationship with the new internal auditors during 2020/21.

#### Areas Identified by the Directors' Review

As part of the directors' annual review and the Certificate of Assurance process the areas below were identified for further development or attention:

- further work to bring the Business Continuity Management System up-to-date and full effectiveness
- a need to develop a corporate workforce plan to assist with matching resources to priorities and to support increased diversity.
- our approach to equality and diversity requires further improvement
- several areas were identified where additional training and support to managers would be beneficial.

#### **20.20 Certification**

The SSSC's governance framework has been in place for the year ended 31 March 2020 and up to the date of signing of the Accounts.

It is my opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the SSSC's systems of governance. Although areas for further improvement have been identified the annual review has provided sufficient evidence that the SSSC's governance arrangements have operated effectively and that the SSSC complies with all relevant guidance and generally accepted best practice in all significant respects.