Wylie + Bisset

Accountants, Business & Tax Advisers

Children and Young People's Commissioner Scotland

Internal Audit 2023-24

Corporate Governance

February 2024

Overall Conclusion
Strong

TABLE OF CONTENTS

1 EXECUTIVE SUMMARY

Overview

Purpose of review

The purpose of the review was to ensure that the Organisation is actively reviewing corporate governance arrangements, and that appropriate arrangements are in place. This provided assurance to the Commissioner, via the Advisory Audit Board, that the Organisation's corporate governance arrangements are adequate and represent good practice. We also reviewed the Organisation's strategic planning processes.

This review formed part of the agreed 2023/24 Annual Internal Audit Plan.

Scope of review

Our objectives for this review were to ensure:

- There is an effective scheme of governance in place that includes coverage of effective scrutiny arrangements.
- There is effective leadership at CYPCS.
- There are effective relationships and communication channels in place.
- There is an appropriate balance of skills in place and regular training is provided in order for staff to undertake their responsibilities.
- There are clear performance arrangements in place and KPIs are in place and being reported against.
- AAB and SMT meetings are formalised with an agenda and formal minutes.
- There are appropriate strategic planning arrangements in place.

1 EXECUTIVE SUMMARY

Our approach to this assignment took the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

Limitation of scope

There was no limitation of scope.

1 EXECUTIVE SUMMARY

Background

Governance Structure

The Children and Young People's Commissioner is someone with authority and powers to promote and protect the rights of all children and young people in Scotland. The Children and Young People's Commissioner is Nicola Killean.

The office of the Children and Young People's Commissioner Scotland are the Commissioner's dedicated team of employees who help to fulfil the Commissioner's mandate and achieve the aims set out in their Strategic Plan.

The Organisation's governance structure consists of the:

- Commissioner;
- Senior Management Team (SMT); and
- Advisory Audit Board (AAB).

Commissioner/SMT

The SMT works under the delegation of the Commissioner and oversees the operation and development of the office. The SMT jointly hold responsibility for corporate governance. The SMT consists of the following:

- The Head of Advice and Investigations;
- The Head of Communications;
- The Head of Corporate Services; and
- The Head of Strategy.

During the reporting year, the SMT meet at least monthly to discuss and record key issues affecting the operation of the office. The Governance Group, which is comprised of SMT and the Commissioner, meet on a quarterly basis to monitor performance, and enact key decisions. The most recent meeting of the SMT was the 24th of January 2024.

1 EXECUTIVE SUMMARY

AAB

The AAB meet on an annual basis and report the Annual Accounts and Report to the Commissioner. The AAB is comprised of up to three independent members, one of whom is the Chair. The most recent meeting of the AAB was the 27th of October 2023.

Annual Report

The Annual Report provides a summary of the performance of the Organisation for the previous year. It also includes the audited annual accounts. The Annual Report outlines the following information:

- Performance Report;
- Performance Analysis;
- Accountability Report;
- Commissioners Report;
- Governance Statement;
- Remuneration and Staff Report;
- Independent Auditors Report; and
- Financial Statements.

Strategic Planning

The main responsibility for Strategic Planning at the Organisation lies with the Head of Strategy. The Organisation are in the process of creating the current Strategic Plan with the latest Strategic Plan due to be published on the 1st of April 2024 and will cover the period 2024-28. Please see **Section 3: Detailed Recommendations** for further information.

1 EXECUTIVE SUMMARY

Work Undertaken

Our work undertaken for this review included the following:

Objective 1. There is an effective scheme of governance in place that includes coverage of effective scrutiny arrangements.

- We reviewed the Terms of Reference in place for the AAB to confirm there is an effective scheme of governance in place.
- We reviewed the Scheme of Delegation to ensure there is effective coverage of scrutiny arrangements.

Objective 2. There is effective leadership at CYPCS.

- We reviewed the governance structure in place at the Organisation to ensure this was robust and ensured effective leadership.
- We held discussions with the Head of Corporate Services and Head of Strategy to evaluate the leadership structure in place at the Organisation.

Objective 3. There are effective relationships and communication channels in place.

- We reviewed the organisational structure in place to evaluate the communication channels that exist.
- We reviewed the SMT and AAB meeting minutes to ensure that communication is well maintained, and all key stakeholders are kept up to date as required.

Objective 4. There is an appropriate balance of skills in place and regular training is provided in order for staff to undertake their responsibilities.

- We discussed the training arrangements in place for SMT with the Head of Corporate Services and the Head of Strategy to ensure regular training is provided.
- We reviewed how the SMT ensures there is an appropriate balance of skills in place to ensure this was a robust process.

1 EXECUTIVE SUMMARY

Objective 5. There are clear performance arrangements in place and KPIs are in place and being reported against.

- We reviewed the Annual Accounts and Report 2022-23 to ensure that annual performance was being appropriately reported.
- We reviewed the Delivery Plan 2022-24 to ensure that performance is being appropriately monitored throughout the year.
- We reviewed the SMT and AAB meeting minutes to ensure that the performance of the Organisation was being appropriately monitored and reported.

Objective 6. AAB and SMT meetings are formalised with an agenda and formal minutes.

- We reviewed the meeting minutes from the annual AAB meeting (December 2022 and October 2023) to ensure these had a formal agenda issued and meeting minutes recorded.
- We reviewed the meeting minutes from the monthly SMT meetings (January 2023 – January 2024) to ensure these had a formal agenda issued and meeting minutes recorded.

Objective 7. There are appropriate strategic planning arrangements in place.

- We discussed the strategic planning arrangements in place with the Head of Strategy and Head of Corporate Services to ensure these were appropriate.
- We reviewed the meeting minutes from the monthly SMT meetings to ensure that strategic planning was a standing agenda item.
- We reviewed the action plan used to form the new Strategic Plan for 2024-2028 to ensure this followed a formal robust process.

1 EXECUTIVE SUMMARY

Conclusion

Overall conclusion

Overall Conclusion: Strong
We can provide strong assurance that the Organisation has appropriate governance arrangements in place and that these have been embedded throughout the Organisation. We have raised several good practice points and 4 low grade recommendations for improvement. Please see **Section 3: Detailed Recommendations** for further information.

Summary of recommendations

Grading of recommendations				
	High	Medium	Low	Total
Corporate Governance	0	0	4	4

As can be seen from the above table there were no recommendations made which we have given a grading of high.

1 EXECUTIVE SUMMARY

Areas of good practice

The following is a list of areas where the Organisation is operating effectively and following good practice.	
1.	There is an effective leadership structure in place at the Organisation with the SMT having delegated responsibility for governance. The SMT are supported by the AAB, who are provided with an annual report which includes governance updates.
2.	From our review, we can confirm that the relationships and communications channels in place at the Organisation are working effectively. Due to the size of the Organisation and the SMT, communication channels are primarily face to face, emails and phone calls. SMT meet on a monthly basis and the Head of Communication provides a communication update at every meeting.
3.	Annually, the Organisation reports on their performance against targets to the AAB. This provides a clear overview of how effectively the Organisation are performing as well as outlining future areas they plan to focus on. As well as this, the Organisation has a Delivery Plan in place that is reported against quarterly to show progress against strategic targets and KPIs.
4.	The Organsation has formal meetings for SMT every month and the AAB meet at least once a year. We reviewed the agendas and meeting minutes for both the SMT and the AAB and can confirm these are taking place as required. The minutes are also published on the Organisation's public facing website.

2 BENCHMARKING

We include for your reference comparative benchmarking data of the number and ranking of recommendations made for audits of a similar nature in the most recently finished internal audit year.

Corporate Governance

Benchmarking				
	High	Medium	Low	Total
Average number of recommendations in similar audits	0	1	2	3
Number of recommendations at Children and Young People's Commissioner Scotland	0	0	4	4

From the table above it can be seen that the Organisation has a higher number of recommendations compared to those organisations it has been benchmarked against, however these are all low grade recommendations.

3 DETAILED RECOMMENDATIONS

Senior Management Team Responsibilities			
Ref.	Finding and Risk	Grade	Recommendation
1.	There should be a formal document in place that outlines the roles and responsibilities of the Senior Management Team (SMT) for overseeing governance at the Organisation. From our review, while there is a formal Terms of Reference document for the Advisory Audit Board, there is no formal document that outlines the responsibilities of the SMT in relation to overseeing governance at the Organisation. There is a risk that the responsibilities for governance are not clearly understood and being carried out by the SMT.	**Low**	We recommend that the Organisation formally documents the responsibilities of the Senior Management Team in relation to governance.

Management response	Responsibility and implementation date
Agreed.	*Responsible Officer: Nicola Killean* *Implementation Date:* March 2025

Skills Mix and Training			
Ref.	Finding and Risk	Grade	Recommendation
2.	The Organisation should ensure that the Senior Management Team (SMT) has the appropriate balance of skills in place to effectively carry out their responsibilities. If any skills gaps exist, appropriate training should be provided to address this. During our review, we found that the Senior Management Team does not currently review the skills/knowledge in place across the SMT. Training is provided on an ad hoc basis depending on the requirements of the Organisation. There is a risk that the Organisation do not effectively measure the balance of skills of the SMT and provide the relevant training that is required.	**Low**	We recommend that the Organisation conduct a review of the balance of skills in place within the SMT. If any skill gaps are identified, relevant training should be provided to address this. We also recommend that a training log is created and maintained.

3 DETAILED RECOMMENDATIONS

Management response	Responsibility and implementation date
Agreed.	*Responsible Officer: Nicola Vallance-Ross* *Implementation Date: TBC*

3 DETAILED RECOMMENDATIONS

AAB Terms of Reference			
Ref.	Finding and Risk	Grade	Recommendation
3.	There should be a formal, up to date Terms of Reference in place that outlines the roles and responsibilities of the Advisory Audit Board (AAB). From our review, we found that while there is a formal Terms of Reference document for the AAB, this has not been reviewed and updated since October 2016. There is a risk that the responsibilities for governance are not clearly understood and being carried out by the AAB.	**Low**	We recommend that the Advisory Audit Board Terms of Reference are reviewed, agreed, and updated to reflect current practice.

Management response	Responsibility and implementation date
Agreed.	*Responsible Officer: Nicola Vallance-Ross* *Implementation Date:* Before the next AAB (October 2024).

Strategic Planning Process			
Ref.	Finding and Risk	Grade	Recommendation
4.	The Strategic Plan is created following a detailed, vigorous planning process in which plans are put in place to meet the short and long term objectives of the Organisation. From our review, we found that there is no formally identified and documented process in place for creating the Strategic Plan. The Head of Strategy leads on this exercise and works with the SMT, using their previous experience, to create the new Strategic Plan for 2024-2028. Without an agreed formal process in place, there is a risk that when the Strategic Plan is created, it does not follow a cohesive and comprehensive planning process.	**Low**	We recommend that the Organisation creates a formal strategic planning process that is approved by the Commissioner and follows good practice. We also recommend that all members of the SMT are made aware of this process.

3 DETAILED RECOMMENDATIONS

Management response	Responsibility and implementation date
Agreed.	*Responsible Officer: Gina Wilson* *Implementation Date: March 2025*

4 AUDIT ARRANGEMENTS

The table below details the actual dates for our fieldwork and the reporting on the audit area under review. The timescales set out below will enable us to present our final report at the next Advisory Audit Board meeting.

Audit stage	Date
Fieldwork start	29 January 2024
Closing meeting	1 February 2024
Draft report issued	12 February 2024
Receipt of management responses	7 March 2024*
Final report issued	22 March 2024
Advisory Audit Board	10 October 2024
Number of audit days	4

*meeting 21 March 2024 to discuss management responses prior to finalisation.

5 KEY PERSONNEL

We detail below our staff who undertook the review together with the Organisation staff we spoke to during our review.

Wylie & Bisset LLP			
Partner	Graham Gillespie	Partner	graham.gillespie@wyliebisset.com
Director	Stephen Pringle	Director of Internal Audit	stephen.pringle@wyliebisset.com
Auditor	Andrew Thomson	Internal Auditor	andrew.thomson@wyliebisset.com

Children and Young People's Commissioner Scotland			
Key Contacts:	Nicola Vallance-Ross	Head of Corporate Services	Nicola.Vallance-Ross@cypcs.org.uk
	Gina Wilson	Head of Strategy	gina.wilson@cypcs.org.uk
Wylie & Bisset appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and co-operation.			

APPENDICES

A GRADING STRUCTURE

For each area of review, we assign a level of assurance in accordance with the following classification:

Assurance	Classification
Strong	Controls satisfactory, no major weaknesses found, no or only minor recommendations identified.
Substantial	Controls largely satisfactory although some weaknesses identified, recommendations for improvement made.
Weak	Controls unsatisfactory and major systems weaknesses identified that require to be addressed immediately.
No	No or very limited controls in place leaving the system open to significant error or abuse, recommendations made require to be implemented immediately.

A GRADING STRUCTURE

For each recommendation, we assign a grading either as High, Medium or Low priority depending on the degree of risk assessed as outlined below:

Grading	Classification
High	Major weakness that we consider needs to be brought to the attention of the Advisory Audit Board and addressed by Senior Management of the Organisation as a matter of urgency.
Medium	Significant issue or weakness which should be addressed by the Organisation as soon as possible.
Low	Minor issue or weakness reported where management may wish to consider our recommendation.

B ASSIGNMENT PLAN

Purpose of review

The purpose of the review is to ensure that the Organisation is actively reviewing corporate governance arrangements, and that appropriate arrangements are in place. This will provide assurance to the Commissioner, via the Advisory Audit Board, that the Organisation's corporate governance arrangements are adequate and represent good practice. We will also review the Organisation's strategic planning processes.

This review forms part of the agreed 2023/24 Annual Internal Audit Plan.

Scope of review

Our objectives for this review are to ensure:

- There is an effective scheme of governance in place that includes coverage of effective scrutiny arrangements.
- There is effective leadership at CYPCS.
- There are effective relationships and communication channels in place.
- There is an appropriate balance of skills in place and regular training is provided in order for staff to undertake their responsibilities.
- There are clear performance arrangements in place and KPIs are in place and being reported against.
- AAB and SMT meetings are formalised with an agenda and formal minutes.
- There are appropriate strategic planning arrangements in place.

Our approach to this assignment will take the form of discussion with relevant staff, review of documentation and where appropriate sample testing.

Limitation of scope

There is no limitation of scope.

Audit approach

Our approach to the review will be:

- Discussions with relevant individuals, to establish the current governance arrangements in place at the Organisation.
- Evaluation of these arrangements to assess their adequacy and whether they comply with current guidance and good practice.
- Review of Governance documentation to assess whether it is fit for purpose and in line with current guidance and good practice.
- Review of a sample of AAB and SMT agendas and minutes, along with management information (including KPI’s) presented to each meeting.
- A review of the Organisation Website.
- A review of the Leadership Structure in place at the Organisation.
- Review of the communication channels in place.
- Assessment of skills and training in place.
- Review of the strategic planning arrangements in place.

Potential key risks

The potential key risks associated with the area under review are:

- There is not an effective scheme of governance in place that includes coverage of effective scrutiny arrangements.
- There is not effective leadership at CYPCS.
- There are not effective relationships and communication channels in place.

- There is not an appropriate balance of skills in place and regular training is not provided in order for staff to undertake their responsibilities.
- There are not clear performance arrangements in place, with KPIs being reported against.
- AAB and SMT meetings are not formalised with an agenda and formal minutes.
- There are not appropriate strategic planning arrangements in place.