

Scottish Prison Service

Interim audit report
For the year ended 31 March 2018

May 2018

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Introduction

Introduction

1. Our External Audit Plan 2017/18 was approved by the Risk Monitoring and Audit Committee ('RMAC') on the 9th of March 2018. Our plan incorporated an audit of key financial systems and this report sets out our findings from that work.

Scope of our interim audit

2. Auditors are required to carry out the audit of financial statements in accordance with International Standards on Auditing (UK) (ISAs UK). To comply with the requirements of the ISAs (UK) we consider the key accounting systems and internal financial controls and determine whether these are adequate to prevent material misstatements in the financial statements.
3. Our approach includes documenting the processes and key internal financial controls within the key financial systems and performing walkthrough testing to confirm our understanding of those systems.

Reporting to those charged with governance

4. This report has been prepared to communicate the findings of our interim audit to the RMAC.
5. Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls.
6. International Standards on Auditing (UK) (ISAs (UK)) require us to report promptly any material weaknesses in the design or operation of internal financial controls which have come to our attention.
7. A material weakness in internal control is a deficiency which could adversely affect management's ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.
8. Any weaknesses or risks identified are only those that have come to our attention during our normal audit work, and may not be all that exist. Communication in this report of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve

those charged with governance of its responsibility to address the issues raised and to maintain an adequate system of control.

9. As required under the Code of Audit Practice, this report will be published on Audit Scotland's website: www.audit-scotland.gov.uk.

Adding value through the audit

10. All of our clients quite rightly demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Board through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way we aim to help those charged with governance to promote improved standards of governance, better management and decision making and more effective use of resources.
11. This report adds value by providing assurance around key financial controls and through the development of an agreed action plan to improve SPS's internal control framework where appropriate.

Feedback

12. We always welcome feedback on the quality of our audit work and associated outputs. Please access the following link to provide comments: <https://www.surveymonkey.co.uk/r/S2SPZBX>
13. We would like to thank management and staff who have been involved in our work for their co-operation and assistance during our audit visits.

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Summary of findings

Summary of findings

Conclusion

14. Our audit confirms that SPS's key financial systems are generally well designed and operating effectively. In this context, our interim audit work identified four areas for improvement in the design and operation of key controls within SPS. Our findings and corresponding recommendations in relation to these observations are detailed at paragraphs 14-28 of this report.

Review of SPS's key financial systems

15. To comply with the requirements of the ISAs (UK), we considered whether SPS's key accounting and internal financial controls are adequate to prevent material misstatements in the financial statements. During the interim audit we considered the systems and controls over:

- Financial Ledger and Journals;
- Payroll;
- Operating Expenditure;
- Cash and Bank;
- Provisions;
- Revenue; and
- Accounts preparation procedures

16. In accordance with our audit plan, we completed controls compliance testing over establishment posted journals.

Findings from SPS's key financial systems review

SPS Finance Manual

17. The SPS Finance Manual contains the organisations financial policies, procedures and controls. We identified that the manual has not been formally reviewed in its entirety for relevance and appropriateness since 2015. The Manual is updated on an on-going basis to ensure that it is compliant with the Scottish Public Finance Manual. We therefore recommend SPS undertakes a full review of the manual, and continues to review content on a timely basis to ensure it remains appropriate and reflects current practice (see section 3, action point 1).

Financial Ledger and Journals

18. The SPS Finance Manual states that all 'Category 1 and 2' journals require review and authorisation by another appropriate staff member before posting to the nominal ledger. Journals classed as 'Category 3' are defined by the SPS finance manual as journals which correct the coding between two income and expenditure accounts, and therefore do not require authorisation.
19. Our walkthrough of the key authorisation control identified an establishment level journal which was not secondary reviewed and authorised as required by the SPS Finance Manual.
20. As a result of identifying the failure in control operation, we undertook targeted compliance testing over establishment posted journals. We selected a sample of 30 journals and identified one which did not obtain secondary review and authorisation. We therefore recommend that the central finance team considers conducting quarterly spot checks of establishment posted journals to ensure secondary authorisation has been recorded (see section 3, action point 2).

21. From our compliance testing we identified a further 14 journals which were not secondary reviewed, all relating to the PR2 system. This journal type is not detailed within SPS's Finance Manual. These journals relate to the Prisoners Records System and transfer all prisoner earnings transactions to the ledger (for example prisoner canteen income and pin-phone income). PR2 journals are posted manually by Cashiers at the establishments. . Daily reconciliations are carried out by finance staff which would identify any variances between the PR2 system and the financial ledger.
22. We are therefore satisfied that secondary review and authorisation for PR2 journals is not required.

Payroll

23. During our review of the payroll system, we identified a failure in control operation in relation to processing leaver final payments.
24. The SPS HR department submits a leaver's form to the payroll department, noting the necessary details required to calculate final payment. These details include remaining holiday pay entitlement. A payroll staff member calculates the final payment due to the employee, and passes to another member of the payroll team for secondary review. In the example we tested, the secondary review had been performed; however it not did pick up an error in the calculation. The leaver had 4 days of holiday entitlement noted on the leavers form; however this had not been included within the calculation. The secondary review control was therefore not effective in this circumstance.
25. We recommend management conduct a review of leavers in 2017/18 who have detailed holiday pay entitlement, in order to ensure final pay calculations have been processed accurately (see section 3, action point 3).
26. Due to the quantitative underpayment identified, we will design appropriate substantive procedures to perform as part of our final audit, in order to gain further assurance over leaver pay calculations.

Operating Expenditure

27. During our audit work of SPS's operating expenditure systems, we identified that SPS hold an approved signatory list for employees that have been given authority to add/amend supplier details at each establishment. SPS procedure is that this list is reviewed and updated every 2 years.
28. We identified that a senior employee had approved a request for a new supplier despite not being noted on any authorised signatory listings. Although we are content that the employee was appropriate to approve this request in this circumstance, there is an increased risk that an inappropriate employee at establishment level could approve an addition and or change to a supplier, if the signatory list is not checked by procurement before reflecting on the Agresso system.
29. We therefore recommend that the list of authorised signatories is reviewed and updated on a timely basis. We further recommend that the procurement team perform a check to ensure requests have been authorised by an appropriate employee as detailed on the signatory list before processing (see section 3, action point 4).

Preparatory final accounts audit work

30. During our interim audit we undertook preparatory work for our final accounts audit. This included the following audit work:
- discussions with management;
 - Review of SPS members' registers of interests; and
 - review of Board and committee minutes.

Wider-scope public audit

31. We have applied our audit experience from the prior year, along with discussions at the planning and interim stages of this year's audit, to inform our understanding of SPS's arrangements as they relate to the four dimensions of wider-scope public audit: governance and transparency, financial management, financial sustainability and value for money.

32. Our work on the four dimensions of wider-scope public audit will be carried out during our final audit visit. We will conclude and report on SPS's arrangements within our 2017/18 audit report.

Financial statements and the 2017/18 audit process

33. Audited central government agency financial statements must be submitted to the Scottish Government by mid-September 2018, and laid before Parliament by 31 December 2018. We will continue to liaise with management to agree respective expectations and timetables for our year-end audit. Our final audit visit is planned to commence in May 2018.

Follow up of prior year audit recommendations

34. As part of our interim audit, we have followed up on all of the recommendations we have raised in the 2016/17 audit, in order to present an up to date recommended action position to those charged with governance.
35. As noted in the table below, 8 of the 2016/17 recommendations past agreed completion dates have been implemented. Further details of the 2016/17 audit recommendations are included within section 4 (prior year action plan) of this report.

Year	2016/17	2017/18 (as at May 2018)
Total number of recommendations	11	4
Complete	8	0
Outstanding	3	0
Completion date not yet passed	0	4

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Action plan

Action Plan

Our action plan details the control weaknesses and opportunities for improvement that we have identified during our interim audit.

It should be noted that the weaknesses identified in this report are only those that have come to our attention during the course of our normal audit work. The audit cannot be expected to detect all errors, weaknesses or opportunities for improvements in management arrangements that may exist. The weaknesses or risks identified are only those which have come to our attention during our normal audit work, and may not be all that exist.

Communication of the matters arising from the interim audit does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

Action plan grading structure

To assist SPS in assessing the significance of the issues raised and prioritising the action required to address them, the recommendations have been rated. The rating structure is summarised as follows:

Grade 5	Very high risk exposure – major concerns requiring attention from those charged with governance
Grade 4	High risk exposure – material observations requiring senior management attention
Grade 3	Moderate risk exposure – significant observations requiring management attention
Grade 2	Limited risk exposure – minor observations requiring management attention
Grade 1	Efficiency / housekeeping point

Action plan point	Issue & Recommendation	Management Comments
1. SPS Finance Manual	<p>Issue identified</p> <p>The SPS Finance Manual contains the organisations financial policies, procedures and controls. We identified that the manual has not been formally reviewed in full for relevance and appropriateness since 2015.</p> <p>Risk</p> <p>There is risk that the SPS Finance Manual does not reflect up to date practices, which could result in inconsistent and/or inappropriate procedures and controls being operated.</p> <p>Recommendation</p> <p>We recommend SPS undertakes a full review of the manual, and continues to review content on a timely basis to ensure it remains appropriate and reflects current practice.</p>	<p>Financial Policy & Services will continue the regular review of the FP&GM and will carry out a full review by 31 March 2019.</p> <p>Responsible officer: Head of Finance</p> <p>Implementation date: 31 March 2019</p>
Rating		
Grade 2		

Action plan point	Issue & Recommendation	Management Comments
2. Establishment Level Journals	<p>Issue identified</p> <p>Our review of journal authorisation controls identified an establishment level journal which was not secondary reviewed and authorised as required by the SPS Finance Manual. As a result of identifying the failure in control operation, we undertook targeted compliance testing over establishment posted journals. We selected a sample of 30 journals and identified one which did not obtain secondary review and authorisation.</p> <p>Risk</p> <p>There is a risk that journal authorisation controls at establishments are not operating effectively, elevating the risk of inappropriate activity and management override of controls.</p> <p>Recommendation</p> <p>We recommend that the central finance team considers conducting quarterly spot checks of establishment posted journals to ensure secondary authorisation has been recorded.</p>	<p>As part of our central review of field month end processes, we will build in additional spot checks of journals</p> <p>Responsible officer: Head of Finance</p> <p>Implementation date: 30 June 2018</p>
Rating		
Grade2		

Action plan point	Issue & Recommendation	Management Comments
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Action plan point	Issue & Recommendation	Management Comments
3. Payroll - Leavers	<p>Issue identified</p> <p>The SPS HR department submits a leaver's form to the payroll department, noting the necessary details required to calculate final payment. These details include remaining holiday pay entitlement. A payroll staff member calculates the final payment due to the employee and passes to another member of the payroll team for secondary review. In the example we reviewed, the secondary review had been performed; however it not did pick up an error in the calculation. The leaver had 4 days of holiday entitlement noted on the leavers form; however this had not been included within the calculation. The secondary review control was therefore not effective in this circumstance.</p> <p>Risk</p> <p>There is a risk of misstatement in final pay calculations of leavers.</p> <p>Recommendation</p> <p>We recommend management conduct a review of leavers in 2017/18 who have noted holiday pay entitlement, in order to ensure final pay calculations have been processed accurately.</p>	<p>In line with the recommendation, a review of 2017-18 leavers will be conducted to ensure that their holiday pay calculations were processed accurately and identifying any remedial actions as required.</p> <p>Responsible officer:</p> <p>Lindsay Docherty, HRBP HR Central Services</p> <p>Implementation date:</p> <p>31 July 2018</p>
Rating		
Grade 3		

Action plan point	Issue & Recommendation	Management Comments
4. Operating Expenditure	<p>Issue identified</p> <p>We identified that SPS holds an approved signatory list for employees that have been given authority to add/amend supplier details at each establishment. SPS procedure is that this list is reviewed and updated every 2 years. We identified that a senior employee had approved a request for a new supplier despite not being noted on any authorised signatory listings.</p> <p>Risk</p> <p>Although we are content that the employee was appropriate to approve this request in this circumstance, there is an increased risk that an inappropriate employee at establishment level could approve an addition and or change to a supplier, if the signatory list is not checked by procurement before reflecting on</p>	<p>PPSD has requested an immediate refresh of signatures from all sites as of June 18, 2018. Further to the audit recommendation, PPCD staff have been asked to conduct an annual refresh of signatures (rather than the current 2 yearly check). Sites will also be reminded that the onus is on them to remind PPCD of any further changes in order to ensure that records are kept fully up to date.</p> <p>Responsible officer:</p> <p>Head of Procurement Policy</p> <p>Implementation date:</p> <p>30 June 2018</p>
Rating		
Grade 2		

Action plan point	Issue & Recommendation	Management Comments
	<p>the Agresso system.</p> <p>Recommendation</p> <p>We recommend that the list of authorised signatories is reviewed and updated on a timely basis, and that the procurement team performs a check to ensure requests have been authorised by an appropriate employee as detailed on the signatory list, before processing in Agresso.</p>	

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Follow up of prior year actions

1. Fixed Asset Valuation Control

Original Rating	Grade 3
Observation	Transposition errors occurred when processing the re-valuations within the Fixed Asset System in relation to HMP Addiewell and HMP Kilmarnock. This resulted in the closing value of assets being undervalued by £1.36 million.
Recommendation	We recommend that SPS implement further preventative controls to mitigate the risk of human error moving forward.
Original management response	As part of the review of Britannia Fixed Asset System (see point 2 below) procedures for review and assurance of significant changes to asset valuations will be implemented. Responsible officer and Target Date: Head of Financial Policy & Services – 31 December 2017.
Management response update	A plan to ensure segregation of duties for updating the valuations has been developed and implemented with additional checks being carried out to ensure that no transposition errors occur. Further preventative controls to mitigate the risk of human error have been implemented in conjunction with the above.
Completion date	Closed

2. Fixed Asset System Review

Original Rating	Grade 4
Observation	Historically, the Fixed Asset System used by SPS 'Britannia', automatically applies indexation to land and building in line with accounting policies as at 31 March 2017. To stop indexation being applied on top of asset re-valuations, SPS entered re-valuations at 1 March. This resulted in a £3.9 million understated of fixed assets at 31 March 2017.
Recommendation	We recommend that SPS implement further preventative controls to mitigate the risk of human error moving forward.
Original management response	Agreed. The Britannia system will be reviewed to ensure it is fit for purpose going forward. Responsible officer and Target Date: Head of Financial Policy & Services – 31st

2. Fixed Asset System Review

	March 2018.
Management response update	Finance have made contact with NHS Ambulance Service to explore their methods for dealing with indexation and revaluation. An option for dealing with indexation has been identified by FP&S. A revised process is in place to ensure accurate application of revaluations.
Completion date	Closed

3. Review of Asset Useful Lives Accounting Policy

Original Rating	Grade 3
Observation	We identified that 68% of fixed assets within the Fixed Asset Register were held at a nil NBV. As part of our controls review, we did not identify any control deficiencies or weaknesses in SPS's asset verification procedures. This indicates the useful lives as per SPS's depreciation accounting policy could be understated.
Recommendation	We recommend SPS conduct a review of the depreciation accounting policy for reasonableness.
Original management response	Agreed. The overall depreciation policy will be reviewed and any proposed changes suggested will be considered prior to year-end March 2018. Responsible officer and Target Date: Head of Financial Policy & Services – 31 st March 2018
Management response update	An internal review of the policy has been undertaken and identified a requirement for some change to asset lives in the policy. Due to the volume of assets held at nil NBV, a longer term exercise will be necessary to confirm their status and the revised elements of the policy will be derived from this exercise.
Completion date	Open: Revise due date of 31 March 2019

4. Related Party Transactions

Original Rating	Grade 2
Observation	We identified one undisclosed interest, however we identified that the interest was declared and recorded at board meetings in 2016/17. No governance issues or material related party transactions were identified from this interest.

4. Related Party Transactions

Recommendation	In order to mitigate the risk of material related party transaction being omitted from disclosure, management should consider implementing a year end control to review the interest declarations within the board minutes.
Original management response	The risk of material related party transaction being omitted from disclosure is mitigated under existing process; our HR team request each member to disclose any relevant interests yearly, and this is then kept on our register of interest, which is reviewed/ updated with each member annually. Responsible officer and Target Date: Director of Corporate Services – In place
Management response update	As above.
Completion date	Closed

5. PFI Accounting Models

Original Rating	Grade 3
Observation	The most recent accounting models date back to 2011, which apply annual inflationary uplifts. We identified that SPS do not review and update the inflation rates used within the accounting models, to reflect periodic movements in RPI inflation rates.
Recommendation	We recommend that SPS conduct a review to ensure inflation rates used within the accounting models remain appropriate.
Original management response	Agreed. The model was reviewed in 2011 and RPI inflation has been at a historically low rate subsequently, however current inflationary pressures suggest that an annual review would be prudent. Responsible officer and Target Date: Head of Financial Policy & Services – March 2018 onwards
Management response update	Reviewed model looked at historic rates evidence. Rates used in model remain appropriate.
Completion date	Closed

6. Financial Management

Original Rating	Grade 3
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6. Financial Management

Observation	SPS's 13 Finance Managers are directly accountable to the operations directorate of SPS; however the HQ Finance Directorate is accountable to the Chief Executive Office. Limited assurance financial control reviews were identified by internal audit in 2016/17.
Recommendation	In conjunction with movement in the governance structure in alignment with the new 2017-2020 SPS Corporate Plan, SPS should consider the suitability of finance professionals along with training and development needs. SPS should also consider if the current accountability structure of the Establishment Finance Managers to the Operations Directorate is most effective.
Original management response	A training package and professional development plan for Finance Managers will be developed between Operation Directorate and Corporate finance. The current line management and performance assessment of Finance Managers in prison will be reviewed. Structural options which offer closer technical oversight and professional development will be considered. Responsible officer and Target Date: Director of Operations / Head of Financial Policy and Services - 31 March 2018
Management response update	HQ Finance has provided resource to mentor a number of Finance Managers. Tri - Directorate work is on-going regarding the management and performance assessment of Finance Managers in prisons. SPS has implemented a number of actions 1. A series of pre audit support visits were instigated and undertaken by a member of the AAU. 2. A quarterly finance managers' meeting has been formalised. 3. To further support the management of finances throughout establishments, two mentoring programmes have been established- one for newly appointed Finance Managers and one for Accounts Managers who are temporarily acting into this role. A corporate job description has been introduced. This outlines the need for a minimum of an HND Accountancy or equivalent qualification. 4. The CEO has instructed a Finance Structure Review (FSR) be undertaken, led by a member of the CEO's Office. This action is underway with a project plan being devised and critical dates identified.
Completion date	Revised date of March 2021 to complete FSR.

7. Governance and Transparency

Original Rating	Grade 3
Observation and Risk	The new 2017-2020 Corporate Plan brings change to SPS's future operational service model, performance management framework and indicates movement in the governance structure and reporting lines.
Recommendation	SPS should consider constructing a Corporate Communications Strategy, to ensure all changes and movement in relation to the new 2017-2020 Corporate Plan are transparent and communicated effectively.
Original management	A Corporate Communications Strategy to ensure all changes and movement in relation to the new 2017-20 Corporate Plan will be constructed to maintain

7. Governance and Transparency

response	transparent and effective communication. Responsible officer and Target Date: Head of Corporate Affairs - 30 November 2017
Management response update	At the request of the Chief Executive, an extraordinary meeting of the EMG took place on 27 November 2017 to focus specifically on Communications for the organisation, which will cover the action raised by this report. Progress has been made in devising communications strategies for 2 priority projects, namely women and smoke free prisons and having a dedicated Communications team member as point of contact for each project, thus improving continuity. It is anticipated that through regular review, feedback, and lessons learned activities during the first 3-6 months of these projects, we will be in a position to deliver a comprehensive communications strategy which can be used for any significant project within the organisation.
Completion date	Closed

8. Governance and Transparency

Original Rating	Grade 3
Observation	In compliance with Public Sector Internal Audit Standards (PSIAS), AAU has not yet had an independent review of arrangements.
Recommendation	SPS should put appropriate arrangements in place to obtain an independent review of AAU in compliance with PSIAS.
Original management response	The Chief Executive is aware of the importance of compliance by the Audit and Assurance Unit (AAU) with PSIAS and is currently awaiting the results of a self-assessment exercise by the AAU examining compliance with PSIAS. Preliminary indications are that there are a number of areas for development for AAU but there are no areas of fundamental non-compliance with PSIAS. Once the AAU self-assessment has generated an action plan a formal PSIAS peer review will be undertaken to satisfy this requirement Responsible officer and Target Date: Head of Audit and Assurance – 31 December 2017
Management response update	A self-assessment checklist for compliance with PSIAS has been developed by the Audit and Assurance Unit and approved by the Head of Audit and Assurance. This checklist has been developed using the HM Treasury Internal Audit Quality Assessment Framework published in May 2013 to help public sector bodies evidence effective internal auditing in line with the PSIAS. The self-assessment process is now complete and an action plan produced to address any areas where full compliance with PSIAS cannot be readily evidenced. Any changes arising from PSIAS published in April 2017 will be taken into account to ensure self-assessment is against the latest PSIAS. Initial steps were taken to identify a suitably qualified peer reviewer. A peer review of Internal Audit was carried out in March 2018 by a senior internal auditor attached to a local authority and his report will be presented to the RMAC on

8. Governance and Transparency

	30 May 2018.
Completion date	Closed

9. Value for Money

Original Rating	Grade 3
Observation	SPS have reduced the complexity of the new 2017-2020 Corporate Framework, through the segregation of fewer core improvement actions, and business as usual actions. However, SPS's 2017-2020 Performance Framework is not formally documented.
Recommendation	It is recommended that SPS formally document their new 2017-2020 Performance Management Framework.
Original management response	The Performance Management Framework will be further developed during the course of 2017/18 and formally consolidated into a single Performance Management Framework document which will be issued via a Governors and Managers Action Note for information to all staff. Explicit linkages will be made with the KPI Framework (See Recommendation 11 below). Responsible officer and Target Date: Director of Strategy and Innovation – 30 th September 2018
Management response update	A draft SPS Performance Management Framework has been produced and was discussed at the Strategic Development Board (SDB) of 5 October 2017 to inform content and structure. A final draft will be submitted to EMG for discussion and approval in due course. SPS PMF agreed by EMG on 13 December 2017 and presented to Advisory Board on 24 January 2018. PMF issued via GMA on 15 February 2018.
Completion date	Closed

10. Value for Money

Original Rating	Grade 3
Observation	Scottish Government KPI's reported in the annual performance report do not feed into the strategic priorities of SPS's Corporate Plan. The KPI's are agreed and required by the Scottish Government, but have not been revised in several years. These KPI's remain unlinked to the success outcome/indicators within the new 2017-2020 Corporate Plan.
Recommendation	SPS should conduct an exercise in conjunction with the Scottish Government to refresh the KPI trackers reported, and link appropriately to the 2017-2020 Corporate Plan Success Outcomes.

10. Value for Money

Original management response	<p>A process will be commenced in 2017/18 to review and refresh the KPIs in order to ensure that they are aligned with the Corporate Plan. The refreshed KPIs will require to take account of the major initiatives and change programmes set out in the Corporate Plan. It is therefore anticipated that this piece of work may extend across the life of the Corporate Plan.</p> <p>Responsible officer and Target Date: Director of Strategy and Innovation – 31st March 2018</p>
Management response update	<p>Proposals for the review of KPIs were discussed by SDB on 5 October 2017 and agreed. Following on from the meeting, a critical path is being prepared and it is anticipated that the review process will formally commence early in 2018.</p> <p>The proposals were discussed and agreed by EMG on 13 December 2017. Advisory Board advised of review on 24 January 2018. Directors were invited to nominate representatives to a KPI Review Reference Group in February 2018. The Director of S&I will liaise with SG Directorate for Justice regarding SG representation. The action relates to the commencement of the review process and the review process will have formally commenced and the action completed by the due date of 31 March 2018. However, the work of the Review Group will continue throughout 2018. It is anticipated that proposals will be presented to EMG for consideration in December 2018.</p>
Completion date	Open. Revised due date: 31 December 2018

11. Value for Money

Original Rating	Grade 3
Observation	<p>There are currently no benchmarking/comparative arrangements between the 13 public and the 2 private prisons. There are currently limited actions in place to encourage sharing of good operational practise between the public and the private prisons. The public prisons have a monthly governors meeting where they can share good practise, however the private prisons are no involved in this.</p> <p>Quarterly Business Meetings are held with the Directors of the 2 private prisons to keep them informed of activity within SPS. Monthly Board Reports are also shared with the Directors of the private prisons. Any potential learning from these QBR meetings is fed to the Policy Leads within SPS. Internal Audit conduct 'key theme' audits at both private prisons to gain limited assurances over operational control.</p>
Recommendation	SPS should review its information sharing arrangements to ensure operational good practise/lessons learned are discussed between public and private establishments.
Original management response	<p>The current Operational Directorate led Quarterly Business Review process will be reviewed, options to consider thematic and best practice issue sharing, across public and private prisons will be considered as part of this review.</p> <p>Responsible officer and Target Date: Director of Strategy and Innovation – 31st March 2018</p>
Management response update	Good practice and learning sessions are now embedded in all GiCs meetings. Similarly, good practice / learning is now embedded in all private prison business

11. Value for Money

	reviews.
Completion date	Closed



Scott-Moncrieff
business advisers and accountants

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