



## Audit and Assurance Committee

<b>Date of Meeting</b>	29 August 2023
<b>Subject</b>	Audit Recommendation Update
<b>Agenda No.</b>	12
<b>Paper No.</b>	23.10
<b>Prepared By</b>	Corporate Assurance Team
<b>Purpose</b>	Below the Line

### 1. Background

- 1.1. The Audit and Assurance Committee are invited to note the progress of audit recommendations contained within this report.
- 1.2. We will report to the Audit and Assurance Committee regularly to update members on the status of recommendations from our independent audit activity.

### 2. Key points

- 2.1. The report sets out the open and closed recommendations which have been made by independent audit reports. This includes Internal Audit reports, Health-check Reviews and Audit Scotland. The following information is provided:
  - Total Internal Audit Recommendations Progress to date;
  - An overview of open Internal Audit recommendations that have missed deadlines or are at risk of slippage;
  - A brief overview of outstanding High, Medium and Low priority Internal Audit recommendations;
  - A breakdown of Internal Audit Recommendations where timescales have been missed or at risk of slippage;
  - A table noting progress of Audit Scotland actions;
  - A table noting progress of Health-check actions.

### 3. Conclusions

- 3.1. The Audit and Assurance Committee is invited to note the progress of these recommendations and information contained within this report. Comments are also invited in relation to the revised content and format of the report.



#### 4. GOVERNANCE CHECKLIST

<b>Strategic Objective</b>	<b>Contribution</b>
<b>Dignity, fairness and respect</b>  Delivering a service with dignity, fairness and respect at its core.	This report does not have any direct contributions, however audit recommendations will frequently contribute towards each of these objectives.
<b>Equality and tackling poverty</b>  Promoting equality and tackling poverty.	
<b>Efficiency and alignment</b>  Ensuring efficiency and aligning our activities with wider public sector for the benefit of the people we serve.	
<b>Economy, society and environment</b>  Contributing to our economy, society and protection of our environment.	



<b>Strategic consideration</b>	<b>Impact</b>
Environment	This report does not have any environmental implications beyond the fact that audit recommendations may be made relating to the environment.
Governance	The Corporate Assurance Team manage the progress of external audit/assurance recommendations. Governance structures are in place to manage the corporate response to recommendations. Progress is reported to the Agency Leadership Team, Executive Team and Audit and Assurance Committee.
Data	Individual audit recommendations may impact on data management.
Finance	Individual audit recommendations may impact on finance.
Staff	Individual audit recommendations may impact on staff.
Equalities	Individual audit recommendations may impact on equalities.
Estates	Individual audit recommendations may impact on estates.
Communications and Presentation	Not applicable

<b>Impact Assessment</b>
Not applicable



## Social Security Scotland – Audit Recommendation Update

### 1 Purpose

The purpose of this document is to update the Audit and Assurance Committee on recommendations from all independent audit activity.

### 2 Context

Recommendations are broken down by each review, giving the overall assurance rating and illustrating the number of recommendations made and priority ratings they hold. Further information is contained within the following annexes:

**Annex A** – Audit Scotland Recommendation Update Tracker.

**Annex B** – Healthcheck Recommendations Update Tracker

**Annex C** – Internal Audit's Definitions of Assurance Ratings and Recommendation categories.

**Annex D** – Health-check Definitions of Ratings and Recommendations.

### 3 Summary of Progress

The Corporate Assurance Team have continued to work with action owners to facilitate implementation of recommendations across all divisions. Implementation is however the responsibility of each area.

All remaining 2022-23 reports have been finalised: Case Transfers, Local Delivery, Staff Health and Safety and Wellbeing and Health and Social Care Quality Assurance and Professional Supervision.

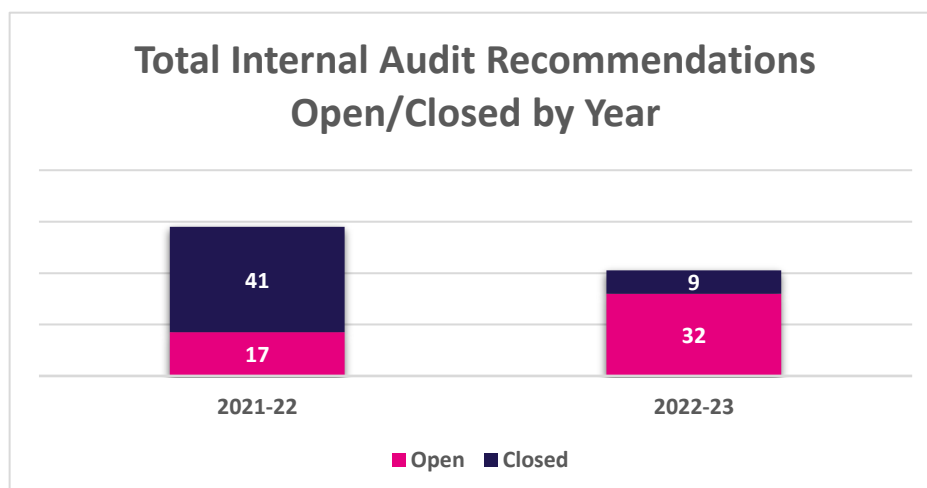
Work is ongoing on the 2023-24 Audit plan with draft reports in progress for all quarter one reviews: Winter Heating Payment, Procurement and Integration Space. Fieldwork is in progress for the quarter two Safeguarding review and Internal Controls review and preliminary work has been completed for the Child Disability Payment in Depth follow up review.

The below table indicates the overall assurance ratings from Internal Audit reports to date, with an additional breakdown for 2022-23.



Overall Assurance Level – Internal Audit Reports	Total number of reports to date	2022-23
<b>Substantial Assurance</b> Controls are robust and well managed	6	1
<b>Reasonable Assurance</b> Controls are adequate but require improvement	43	8
<b>Limited Assurance</b> Controls are developing but weak	15	4
<b>Insufficient Assurance</b> Controls are not acceptable and have notable weaknesses	0	0

#### 4 Total Internal Audit Recommendations Progress to date



The graph above shows a breakdown by year of the open and closed recommendations.

- 2021-2022 recommendations – 17 of the recommendations remain open and 41 are closed. 10 of the 17 open recommendations are proposed for closure by action owners, we therefore expect these to close over the next reporting period as Internal Audit complete follow-up reports.
- 2022-23 recommendations – 32 recommendations are open and 9 are closed. 4 of the 32 open recommendations are proposed for closure.

Although not shown in the graph, it is important to note that a further 22 recommendations are currently considered to be only partially implemented. Partially implemented recommendations have been reviewed by Internal Audit as part of a follow-up review and are considered to be closed for Internal Audit purposes, but further action is required. These recommendations are monitored locally by the Corporate Assurance team and added to the closures count once fully



completed. A review of all partially implemented recommendations was carried out with the relevant action owners. The table below indicates the progress made this quarter:

Number of outstanding partially implemented recommendations by reporting Year						
	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Previous quarter	1	6	7	12	0	26
Current quarter	1	2	2	11	6	22
+/-	0	-4	-5	-1	+6	24

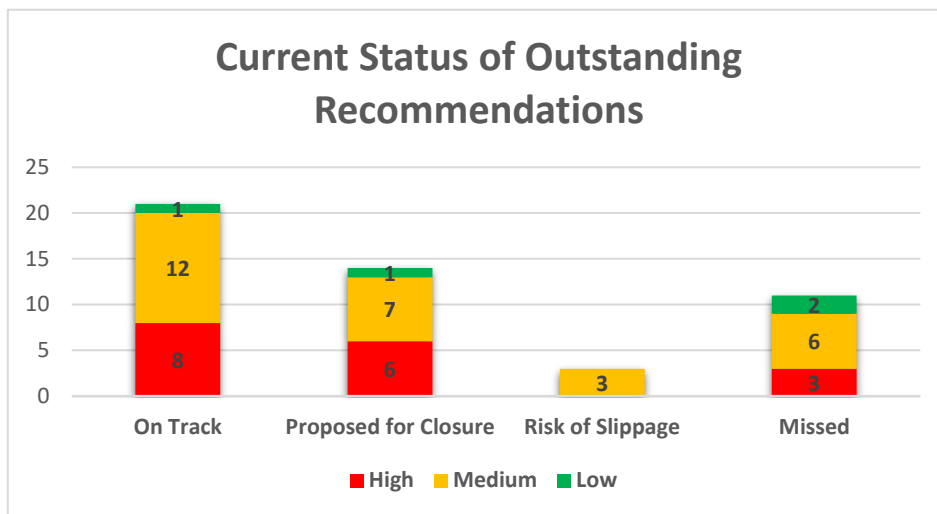
## 5 Open Recommendations that have initially missed, or are at risk of slippage, on their deadline.

The below table provides an overview of open Internal Audit recommendations which have missed their deadlines or are at risk of slippage.

Internal Audit Report	Assurance	Missed	Risk of slippage
<b>Client Services Delivery</b>			
<u>Case Transfers</u>	Limited	2 High Priority	0
<u>Document Management</u>	Reasonable	3 Medium Priority	0
<u>Readiness for Disability and Carers Benefits</u>	Reasonable	1 Medium Priority	0
<u>Residency</u>	Reasonable	1 Medium Priority	0
<b>Finance and Corporate Services</b>			
<u>Productivity and Efficiency</u>	Limited	1 Medium Priority	1 Medium Priority
<u>Workforce Planning</u>	Reasonable	1 Low Priority	2 Medium Priority
<b>Operational Strategy and Performance</b>			
<u>Incident Management</u>	Reasonable	1 Low Priority	0
<b>Chief Digital Office</b>			
<u>SPM Management Information and reporting</u>	Limited	1 High Priority	0



## 6 Current Status of Outstanding High, Medium and Low Priority Recommendations



The graph above shows a breakdown by priority level of the outstanding recommendations.

### High Priority Recommendations (17)

- 8 are on track
- 6 are proposed for closure
- 3 have missed the deadline (SPM Management Information and Reporting and Case Transfers).

### Medium Priority Recommendations (28)

- 12 are on track
- 7 are proposed for closure
- 3 are at risk of slippage (Productivity and Efficiency and Workforce Planning)
- 6 have missed deadlines (Residency, Readiness for Disability and Carers Benefits, Productivity and Efficiency and Document Management).

### Low Priority Recommendations (4)

- 1 is on track
- 1 is proposed for closure
- 2 have missed the deadline (Workforce Planning and Incident Management).

We have been provided revised deadlines by action owners where available for the recommendations that have missed their original deadline. The table below provides a current status update for the Internal Audit recommendations which have missed their deadlines or are at risk of slippage.

## Internal Audit Recommendations - Missed or at Risk of Slippage.

Workforce Planning			
Rec	Recommendation	Update	Status
W2 – Medium Recommendation	The Workforce Planning team should produce process documentation that describes the overall workforce planning process. The process documentation should include documentation aimed at those out with the workforce planning team, which should be concise, highlight the key activities / controls, and the various team's roles and responsibilities.	No further progress as ERP (Enterprise Resource Platform) element has been delayed until February 2024. All other actions complete.  Expected date of completion – Q2 2024.	Risk of Slippage
W3 – Medium Recommendation	The Workforce Planning team should continue works to implement a workforce planning tool in conjunction with the wider Scottish Government.	As above.	Risk of Slippage
W5 – Low Recommendation	The Workforce Planning team should work with Recruitment and Finance to produce MI packs that: <ul style="list-style-type: none"> <li>• Are more focused on forecasting and the risks to fulfilling the workforce plan</li> <li>• Give more complete metrics (original plan, revised, actuals, estimated actuals, FTE numbers and financials)</li> <li>• Contain brief and clear narrative to flag the Workforce Planning Team's insights</li> <li>• Produced for audiences across the organisation, e.g. division specific for divisions, in depth for the Workforce Planning Committee, brief 1 or two pages for Agency Leadership Team.</li> </ul>	With the exception of the data team (which remains on hold while more senior level structures are appointed), all other actions have been completed.  Expected date of completion – Q4 2023	Missed



Document Management			
Rec	Recommendation	Update	Status
DM1 - Medium	Management should consider the current arrangements for ownership of the mailroom function and development needs and ensure where there are gaps action is taken.	No further progress. This is a finite piece of work looking at improvements to the physical space and processes. The role of Business Owner is on the radar of the Business Owner team and is currently on the backlog. In the interim, the project team have set up a working group and project board to act as a governance/decision making mechanism for the mailroom	Missed
DM2 - Medium	<p>a) Appropriate guidance should be put in place for all Mailroom processes to ensure that they are performed in the appropriate and complete manner.</p> <p>b) Where procedures are drafted or updated and include Mailroom practices, the said department should be advised in order to provide input and to acknowledge the new/changed processes.</p> <p>c) The processes for telephone re-determination and appeals applications should be reviewed to ensure the process is efficient and compliant with Data Protection requirements.</p>	<p>a) Mailroom operational guidance has undergone extensive review. Content Designers are now in place and are in the process of rewriting all operational guidance.</p> <p>Expected date of completion – November 23</p>	Missed
DM3 - Medium	Management should reconsider the location and setup of both mailrooms and ensure sufficient space for the volume of inbound/outbound mail is provided to the teams, in order for the Mail Advisors to perform their duties in a manner that is efficient, effective and does not hinder data protection compliance.	The Mailroom Improvement Project are still finalising sign off of the location move. Although there is justification around the need for new space, we cannot confirm the suitability of the solution in the long term until the mailroom has sufficient forecasting data to allow workload planning to be carried out for the next few years. Due to this we cannot confirm the	Missed

		<p>long-term value for money of the solution. The team are now looking at alternative temporary solutions until such time that the forecasting and financial situation is known.</p> <p>Expected date of completion – November 23</p>	
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### Residency

Rec	Recommendation	Update	Status
Res 2 – Medium Recommendation	Management should ensure that effective and efficient processes are put in place for reviewing the returned mail report and taking appropriate action to verify clients addresses and ensure benefits are only paid to those who are eligible.	<p>Work is ongoing in this area, the main returned mail process for low-income benefits has been agreed which aligns the process across both low income and disability benefits. Work continues to reach agreement on the sub-processes.</p> <p>Expected date of completion – Mid August</p>	Missed

### Readiness for Disability and Carers Benefits

Rec	Recommendation	Update	Status
RDC3 – Medium Recommendation	<p>Management should review current arrangements for obtaining and collating management information and ensure where possible the most efficient and effective methods, through automated tools and functionality, are implemented.</p> <p>Management should also consider their management information needs and where appropriate ensure appropriate data analysis and reporting is implemented to provide relevant information on</p>	<p>Continue to work closely with the Corporate Transformation team on the implementation of an ERP (Enterprise Resource Platform) which will allow greater opportunity to ensure streamlined management information. Work is continuing to evolve the data offering via the tools currently available.</p> <p>Ongoing</p>	Missed

	progress and performance in order to aid oversight and decision making.		
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Productivity and Efficiency			
Rec	Recommendation	Update	Status
P1 – Medium Recommendation	Social Security Scotland should establish a productivity and efficiency framework and aim to embed it across the organisation.	<p>Insights and Engagement continue to utilise monthly reporting information and review the matrix being considered. However more recently attention within Social Security Scotland has been directed at Disability and Carers performance. A Disability Action Plan has been established to address factors that were considered priority areas for performance, namely processing waiting times from application, oldest cases, head of work volumes, actual &amp; forecasted clearance rates by case managers.</p> <p>Management Information is being reported via fortnightly dashboards produced by analysts in conjunction with Operational Leads and are being reviewed with the wider disability action team. All colleagues within Client Services Delivery have been involved in performance expectation setting. Client Services Delivery are currently exploring how performance will feature as a key work objective for 2024/25.</p> <p>Expected date of completion – March 24</p>	Missed
P1 – Medium Recommendation	Social Security Scotland should produce a data and reporting plan for productivity and efficiency. This	Work continues to evolve on the provision of management information and the recommendations in relation to productivity and	Risk of slippage

	<p>should build off the monitoring it requires and include areas identified.</p>	<p>efficiency. This includes the reporting and data delivery train, data platforms and data strategy/business intelligence work. Progress suggests that there will be slippage with the deadline previously established as this piece of work is complex and wide reaching. Interim data capture and reporting has been focused on Disability &amp; Carers Benefits and work continues in relation to securing a richer and automated source of data via a workforce scheduling tool.</p> <p>Expected date of completion – March 24</p>	
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<b>Incident Management</b>			
<b>Rec</b>	<b>Recommendation</b>	<b>Update</b>	<b>Status</b>
<p>IM5 – Low Recommendation</p>	<p>Management should ensure sufficient controls are in place to ensure that all reports and logs for major incidents are completed in line with the Major Incident Response guidance. Exceptions to this should be examined. Roles and responsibilities for this should be formally assigned.</p>	<p>A tracker is now in place to monitor the return of required paperwork. The business resilience co-ordinator progresses outstanding paperwork and escalates to the Business Resilience Lead for non-compliance. Further escalation requirements to be considered and included in next version of Business Continuity Framework</p> <p>Expected date of completion – September 23</p>	<p>Missed</p>

SPM Management Information and Reporting			
Rec	Recommendation	Update	Status
SPMMI2 – High Recommendation	Management should take action to improve the culture and awareness of data and the tools available for this. This should be supported by an appropriate data dictionary and training and guidance to all relevant business areas.	<p>Development of the improvement plan for communications, guidance and training has slipped due to progressing other recommendations and priority business. Expected date of completion – December 23</p> <p>Continuous Improvement on the Data Dictionary contents and alignment of data across the enterprise continues, with engagement between Release project teams and Data Management Team using established processes to update the dictionary. Several education sessions on access, updating and use of the data dictionary were held with those involved in the design. Data Management Release Checklist ensures all teams are engaged in updating and using the Data Dictionary. This part of the action is now complete.</p>	Missed

Case Transfers			
Rec	Recommendation	Update	Status
CT4 – High Recommendation	Social Security Scotland should ensure a decision is made on how to manage cases without the original application forms and evidence which considers the legal and financial implications for future needs when changes are reported, or case reviews are due.	Finalisation of the fix is ongoing and will be deployed when finalised.	

<p>CT7 – High Recommendation</p>	<p>Social Security Scotland should review the process for obtaining client information and evidence [Redacted]</p>	<p>Social Security Scotland have reviewed and continue to monitor all instances where there is a need to share sensitive data outside of the file transfer process. A risk assessment has been undertaken and appropriate mitigating actions have been implemented.</p> <p>Remedial action has been taken to reduce instances of data sharing outside of the file transfer process. In instances where email template requests between Social Security Scotland and DWP are still required, mitigations are in place to ensure information is shared in a protected format, and that no superfluous information is shared. We will continue to monitor the risk.</p> <p>Expected date of completion – November 23</p>	
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## 7 Closed Internal Audit Recommendations

Follow-up reviews were completed by Internal Audit in this period for the following reviews: IT Supply, Health and Social Care Quality Assurance and Professional Supervision, SPM Technical Debt and Budget Setting.

A Follow-up review is currently in progress for the Disability and Carers Benefits Readiness review.

The Corporate Assurance Team will continue to internally monitor and report on the partially implemented recommendations, and will ask for evidence to ensure they are completed.

## 8 Agency Health-check review

Updates from the 2022 Health-check report are at [Annex B](#).

## Conclusion

The Corporate Assurance team will continue to liaise with recommendation owners, specifically those with a rating of high, to track and report all outstanding recommendations. This will support more targeted discussion with Internal Audit colleagues on any follow-up work.

This report will continue to be used to capture all independent audit and assurance activity. The continuous tracking and reporting of progress to the Audit and Assurance Committee will ensure that the committee has the means to monitor how effectively high priority recommendations have been implemented.

## Annex A: Audit Scotland

2021-22 Recommendations	Status
1. Social Security Scotland should review and refine its year end preparation process for the delivery of the performance report to ensure it is realistic. Project management principles should be applied to ensure it can be delivered within agreed timescales and to appropriate standards	On track.
2. Social Security Scotland must develop its understanding of the associated risks of fraud and error within the range of benefits being delivered.	On track.
3. Social Security Scotland should continue to work with the programme to develop systems that are fit for purpose. This should include a structured approach to dealing with technical debt and system development.	On track.
4. Social Security Scotland should continue to develop performance management arrangements. This should include setting a range of measurable metrics to support robust analysis over time.	On track.

National Performance Report 2022 Recommendations	Status
1. The Scottish Government should detail more clearly the intended impact of the Scottish social security system on outcomes for the people of Scotland, linking directly to the National Performance Framework. This is central to being able to evaluate value for money and inform decisions about future social security interventions.	On track
2. Social Security Scotland should strengthen its role in the prioritisation of development activity to ensure its operational needs are appropriately considered and that it has the systems and processes in place to administer benefits in the way intended.	On track
3. Social Security Scotland should continue to review and update its workforce planning to build the capacity and capabilities needed for its growing remit. This should draw on learning from live administration of benefits, such as processing times and service user behaviours, and the impact of further system developments including the automation of processes.	On track
4. The Scottish Government and Social Security Scotland should plan for how they will measure the impact of the benefits being introduced, and how they will evaluate and report on progress against outcomes. In doing so they should ensure that suitable data gathering, and reporting processes are established.	On track
5. The Scottish Government and Social Security Scotland should put into action their learning from previous benefit launches by ensuring that future delivery timelines include sufficient time for system testing ahead of launches. They should also agree periods of protected time for system development and improvement, to build stability and resilience in the digital infrastructure.	On track



<p>6. The Scottish Government and Social Security Scotland should plan for how the significant investment in staffing for this programme of work, and the skills, knowledge and experience gained, can be best used to support areas of future service development. This should include robust approaches to support knowledge transfer from contractors to permanent staff.</p>	<p>On track</p>
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## Annex B: Healthcheck

Ref No.	Recommendation	Status
R1	The Agency should work with Programme on the revision of the Programme Business Case.	Cleared
R2	The Agency should ensure that the Continuous Improvement function is designed, with all associated costs, including the impacts of Technical Debt, fully identified in the Programme Business Case or other suitable artefact (or if appropriate a separate business case).	On track
R3	Comprehensive transition roadmaps, including target outcomes for each component of the current Programme and future Agency capability should be agreed with the Programme. An overall Transition Strategy with jointly agreed guiding principles should also be developed.	On track
R4	The planning and preparations for transition management should reflect the state required at the commencement of the Embedding and Enhancement period and the level of progress to be made by its conclusion.	Cleared
R5	The Agency, in conjunction with programme, should develop an End of Programme Operating Model by the end of the Embedding and Enhancement period.	On track
R6	The Programme, in conjunction with the Agency, should give consideration to the development of a method of traceability to evidence how Programme and Agency delivery has contributed to National Outcomes and achieving a positive and supportive client experience.	On track
R7	Areas of transition where there may be competing requirements should be identified early with agreement reached on associated planning assumptions.	On track
R8	There should be clarity regarding the scope of Minimum Viable Product, further programme delivery, acceptance criteria and Continuous Improvement.	On track
R9	Workforce planning should consider alternative recruitment arrangements involving both Programme and Agency to support future transition arrangements. For example, the potential for roles to be jointly recruited with the Programme with the posting being initially with the Programme before transitioning to the Agency.	On track

R10	The programme, supported by the Agency, should determine the range of relationships and management arrangements required with DWP and schedule their implementation.	Cleared
R11	The Agency and the Programme, should plan the transition from the DWP Central Payments System, including contingency arrangements.	On track

## Annex C: Definition of Assurance Ratings and Recommendation Categories

Internal Audit use the following grading structure and this has been applied to all Internal Audit recommendations within this report.

### Assurance

<p><b>Substantial Assurance</b></p> <p>Controls are robust and well managed</p>	<p>Risk, governance and control procedures are effective in supporting the delivery of any related objectives. Any exposure to potential weakness is low and the materiality of any consequent risk is negligible.</p>
<p><b>Reasonable Assurance</b></p> <p>Controls are adequate but require improvement</p>	<p>Some improvements are required to enhance the adequacy and effectiveness of procedures. There are weaknesses in the risk, governance and/or control procedures in place but not of a significant nature.</p>
<p><b>Limited Assurance</b></p> <p>Controls are developing but weak</p>	<p>There are weaknesses in the current risk, governance and/or control procedures that either do, or could, affect the delivery of any related objectives. Exposure to the weaknesses identified is moderate and being mitigated.</p>
<p><b>Insufficient Assurance</b></p> <p>Controls are not acceptable and have notable weaknesses</p>	<p>There are significant weaknesses in the current risk, governance and/or control procedures, to the extent that the delivery of objectives is at risk. Exposure to the weaknesses identified is sizeable and requires urgent mitigating action.</p>

### Recommendations

<p><b>High Priority</b></p>	<p>Serious risk exposure or weakness requiring urgent consideration</p>
<p><b>Medium Priority</b></p>	<p>Moderate risk exposure or weakness with need to improve related controls.</p>
<p><b>Low Priority</b></p>	<p>Relatively minor or housekeeping issue.</p>

## Annex D: Agency Health-check Review – Delivery Confidence Assessment RAG

The below table applies to the recommendations made in Section 7 “‘Essential’ and ‘Critical’ Recommendations Status Update – Agency Healthcheck Review”

<u>RAG</u>	<u>Criteria Description</u>
<b>Green</b>	Successful delivery of the programme/project to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery.
<b>Amber /Green</b>	Successful delivery appears probable. However, constant attention will be needed to ensure risks do not materialise into major issues threatening delivery.
<b>Amber</b>	Successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and, if addressed promptly, should not present a cost/schedule overrun.
<b>Amber /Red</b>	Successful delivery of the programme/project is in doubt with major risks or issues apparent in a number of key areas. Urgent action is needed to ensure these are addressed, and establish whether resolution is feasible.

Each recommendation given in the Agency Healthcheck Review has been given Critical, Essential or Recommended status. The definition of each status is as follows:

**Critical (Do Now)** – To increase the likelihood of a successful outcome it is of the greatest importance that the programme/project should take action immediately.

**Essential (Do By)** – To increase the likelihood of a successful outcome the programme/project should take action in the near future.

**Recommended** – The programme/project should benefit from the uptake of this recommendation.