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Directorate for Internal Audit and Assurance

Internal Audit Report

Social Security Scotland 2023-24

**Winter Heating Payment
Review**

Directorate for Internal Audit and Assurance
Issue Date: 18-08-2023

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1. Introduction

1.1. Introduction

This internal audit review of Winter Heating Payment formed part of the Audit Plan agreed by the Accountable Officer and noted by the Audit and Assurance Committee on 21 March 2023. The Accountable Officer for Social Security Scotland is responsible for maintaining a sound system of governance, risk management and internal control that supports the achievement of the organisations policies, aims and objectives.

1.2. Audit Scope

The scope of this review was to evaluate and report on the controls in place to manage the risk surrounding Social Security Scotland’s Winter Heating Payment arrangements.

The agreed Terms of Reference for this review is attached at [Annex B](#).

1.3. Assurance and Recommendations

Assurance Category	Reasonable		
	High	Medium	Low
Recommendations Priority	2	3	0

Our review has identified two high and three medium recommendations. A reasonable assurance rating has been provided. 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.

The rationale for this is that Winter Heating Payment has been successfully delivered in line with the ministerial commitment and appropriate arrangements were put in place to transfer the required data from the Department for Work and

Pensions to Social Security Scotland to aid delivery. We are aware of some teething issues experienced and that teams continue to deliver the remaining payments and work towards implementing changes ahead of year 2 delivery. There is a requirement to strengthen controls in areas such as roles and responsibilities between teams and rectify limitations in the systems, infrastructure and process to enable future payments and further roll out of Winter Heating benefits to be successful and avoid previous issues experienced from year 1.

Findings are summarised against recommendations made in the [Management Action Plan](#).

Full details of our findings, good practice and improvement opportunities can be found [in section 3 below](#).

Please see [Annex A](#) for the standard explanation of our assurance levels and recommendation priorities.

2. Management Action Plan

2.1. Management Action Plan

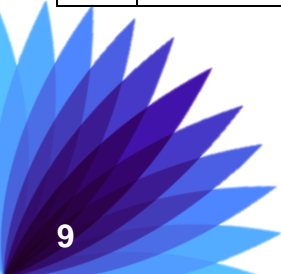
Our findings are set out in the Management Action Plan below

No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
1	<p>Issue: Roles and Responsibilities</p> <p>Chief Digital Office, Client Services Delivery and the Social Security Directorate are jointly responsible for the delivery of Winter Heating Payment. From our review, we noted there is in some instances a lack of clarity on ownership and responsibility for ongoing maintenance of the benefit and differing views of the impact and extent of delivery issues.</p>	<p>Social Security Scotland should:</p> <p>a) Gain clarity on the roles and responsibilities of development and maintenance of Winter Heating Payment.</p> <p>b) Ensure clear handover processes are in place to transfer ownership of Winter Heating Payment responsibilities where appropriate.</p> <p>c) Ensure appropriate individuals provide input and</p>	H	<p>Response:</p> <p>Management accept the recommendations.</p> <p>Action:</p> <p>a) It has been agreed that Winter Heating Payment will be delivered jointly by Social Security Directorate and Social Security Scotland for winter 2023. The Product Owner leads on the development and maintenance of Winter Heating Payment.</p> <p>b) Transitional arrangements are being developed with further detail to be finalised post winter 2023 delivery.</p>	<p>November 2023</p> <p>February 2024</p>

No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
	<p>Risk: Poor oversight, leadership and management to support the delivery for Winter Heating Payment leading to an inability to process cases and readiness for the next Payment cycle.</p>	<p>agreement throughout all aspects of development including prioritisation and scope from discovery through to release and continuous improvement for all relevant products.</p>		<p>c) Product Owner will ensure that appropriate individuals are providing input, this includes working with Client Services Delivery Operational Readiness, Implementation and Improvement Team to achieve this recommendation</p> <p>Action Owner: [Redacted], Head of Service Management & Service Development [Redacted], Head of Release Management, Transition & Lessons Learned [Redacted], Product Owner</p>	<p>November 2024</p>
2	<p>Issue: Outstanding Cases Some cases are yet to be processed due to a pending policy decision on what to do with bereavement cases without next of kin information, as well as others due to outstanding</p>	<p>Social Security Scotland should:</p> <p>a) Seek a policy decision on missing Next of Kin details to enable completion of relevant cases.</p> <p>b) Ensure technical solutions are identified and</p>	M	<p>Response: Management accept the recommendations</p> <p>Action: a) Social Security Scotland will continue to work with Social Security Directorate to develop processes in the event where payee contact has</p>	<p>November 2023</p>

No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
	<p>technical issues or there being no client contact details. Although this is a low percentage of overall cases, this causes implications for resources and has downstream impact on other teams. (see finding)</p> <p>Risk: Processes are ineffective leading to a requirement for increased resources to process cases or increased workloads.</p>	<p>implemented for remaining cases with technical issues.</p> <p>c) Confirm the status of whether these occurrences may reoccur in year 2 payment cycle to ensure there is awareness to all teams involved in advance to ensure sufficient resource and workaround can be put in place.</p>		<p>not been possible. Work is ongoing in this area including Finance and Policy.</p> <p>b) Social Security Scotland has continued to work with Social Security Directorate to address the remaining cases with technical issues and a number of system fixes have been deployed.</p> <p>c) A review of technical issues has taken place and system enhancements for those issues, with the highest priority and greatest impact, have been submitted for 2023. Progress will be closely monitored and resource planning will be taken into account.</p> <p>Action Owner: [Redacted], Head of Release Management, Transition & Lessons Learned [Redacted], Product Owner [Redacted], Operational Lead for Operational Readiness, Implementation & Improvement</p>	<p>November 2023</p> <p>November 2023</p>

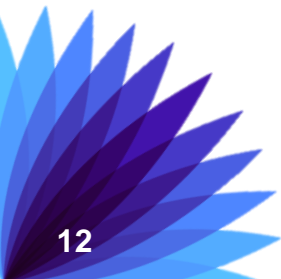
No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
3	<p>Issue: Systems and Infrastructure</p> <p>The delivery of Winter Heating Payment puts strain on Social Security Scotland’s IT Systems and Infrastructure. The time for processing batches overnight has increased and could become unsustainable as volumes increase.</p> <p>Risk:</p> <p>Poor Service Design with insufficient systems and infrastructure impacting performance leading to an inability to deliver the benefit efficiently and effectively.</p>	<p>Work should be undertaken to assess the effectiveness of the systems and infrastructure to ensure there is capability and capacity to deliver future batch runs without delays.</p>	<p>H</p>	<p>Response:</p> <p>Management accept the recommendation.</p> <p>Action:</p> <p>Social Security Scotland’s Chief Digital Office are currently reviewing the overarching end-to-end batch process. The Chief Architect has commissioned a team to address tactical solutions around the SPM batch code, infrastructure, and the supporting application stacks. Social Security Scotland and Social Security Directorate are jointly exploring a strategic solution to batch processing.</p> <p>Action Owner:</p> <p>[Redacted], Chief Architect</p> <p>[Redacted], Head of Release Management, Transition & Lessons Learned</p>	<p>November 2024</p>



No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
4	<p>Issue: Client Experience Impact</p> <p>An issue with the integration not being in real-time has led to Appeal Bundle delays which could result in legislative deadlines being missed for appeals. Workarounds have been put in place which reduce the risk of missing deadlines, however these are unsustainable.</p> <p>Risk: Social Security Scotland may not adhere to legislative requirements due to insufficient or ineffective systems and/or processes.</p>	<p>Management should ensure the root cause of integration issues is understood and that a solution is obtained and implemented.</p>	<p>M</p>	<p>Response: Management accept the recommendation.</p> <p>Action: Social Security Scotland and Social Security Directorate are jointly investigating the issues raised. A number of tickets have already been raised however this is an ongoing piece of work, systems fixes will be deployed to address integration issues. Mitigations continue to be in place until technical issues can be addressed.</p> <p>Action Owner: [Redacted], Head of Release Management, Transition & Lessons Learned [Redacted], Product Owner</p>	<p>November 2023</p>

No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
5	<p>Issue: Work Queues and Management Information</p> <p>a) Work queues to manage Winter Heating Payments are not being used as designed as they are not fit for purpose and cannot be used for reporting or decision making.</p> <p>b) The management information available on Winter Heating Payment is limited, therefore caseloads are unable to be easily monitored.</p> <p>c) Manual trackers maintained as a result of the insufficient work queues and management information were found to have</p>	<p>a) We recommend that work is undertaken in relation to the design and use of work queues so that appropriate action can be taken to make the process as efficient and effective as possible and minimise risk of error or non-processing of cases.</p> <p>b) Management should consider management information requirements for Winter Heating Payment and raise requirements promptly with the Social Security Directorate Winter Heating Payment Team to explore scope ahead of next year’s delivery.</p>	M	<p>Response: Management accept the recommendation.</p> <p>Action:</p> <p>a) Work has been undertaken by Social Security Directorate to consider additional automatic work queues. Development for Winter Heating Payment will be considered as part of the overall systems prioritisation.</p> <p>b) Further training has been conducted with live operational teams to utilise daily tasks and reconciliation reports. Operational Readiness Implementation and Improvement Team will make requests for further management information.</p> <p>c) Management will review the use of trackers and ensure relevant communications are provided to colleagues.</p>	<p>August 2024</p> <p>November 2023</p> <p>November 2023</p>

No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
	<p>examples of inaccurate information therefore not providing a reliable reporting mechanism.</p> <p>Risk: Insufficient system processes and design resulting in an inability to manage and monitor cases and payments.</p>	<p>c) Whilst local trackers continue to be used, we recommend that Client Services Delivery remind all relevant staff of the need to appropriately update trackers to ensure they are kept accurate and up to date.</p>		<p>Action Owner: [Redacted], Head of Low Income Benefits & Case Transfer</p> <p>[Redacted], Operational Lead for Operational Readiness, Implementation & Improvement</p>	



3. Findings, Good Practice and Improvement Opportunities

3.1. Good Practice

Delivery of Winter Heating Payment

- 3.1.1. Winter Heating Payment is an annual, one-off benefit payment. Delivery teams across Social Security Scotland and the Social Security Programme continue to work through remaining cases from year 1 as well as take proactive action to implement changes and prepare for delivery of year 2.
- 3.1.2. The vast majority (98.5%) of the 399,497 cases successfully passed through the automated process, with a small number of exception tasks for manual intervention. This was the first transfer of data on this scale.
- 3.1.3. Specific policies were published on Winter Heating Payment and an existing Policy Team is in place in Social Security Directorate to progress future policy for enhancements required for year 2 delivery, including plans to make amendments to regulations and reflect the agreed uplift rate.
- 3.1.4. Policy and legislative gaps were identified by Social Security Scotland. Relevant Policy and Programme contacts are aware and action is being taken to address these gaps, such as what to do if Social Security Scotland is unable to find or engage someone who is due to receive the benefit, an issue which affected Winter Heating Payment but is also relevant to other benefits.
- 3.1.5. In line with all other benefits, a suite of guidance and training was developed and delivered ahead of Winter Heating Payment. Enhancements and lessons learnt were captured relating to training and guidance, with clear actions being taken forward as part of planning for year 2 delivery.
- 3.1.6. Sufficient resource forecasting and modelling was evidenced for delivery of Winter Heating Payment by relevant Client Services Delivery and Analysis and Insights colleagues. A revised resourcing forecast for year 2 was completed in May 2023, which incorporated into the modelling assumptions data from year 1.
- 3.1.7. Resourcing Winter Heating Payment took place during an organisation wide recruitment freeze, Client Services Delivery recruited to a certain point and then managed resources in house, moving staff between benefits depending on resourcing needs.

- 3.1.8. An extensive risk log continues to be maintained within the Social Security Directorate capturing Winter Heating Payment risks and issues and there is evidence of effective ongoing management and monitoring of these risks.
- 3.1.9. Social Security Scotland were, and will continue to be, reliant on the Department for Work and Pensions to deliver Winter Heating Payment therefore early and effective processes for engaging with the Department for Work and Pensions were vital and we were able to evidence that this took place through the Joint Assurance Forum, the Digital Engagement Forum as well as daily end of day calls between Social Security Scotland and Social Security Directorate.

Readiness for Year 2 Delivery

- 3.1.10. Multiple lessons learnt sessions were completed promptly after year 1 delivery across key areas of the business including Client Services Delivery, Finance and Chief Digital Office. An extensive lessons learnt exercise was also captured by the Social Security Directorate which included input from Social Security Scotland and enables lessons learnt to be factored into future delivery where possible, as well as sharing lessons with relevant colleagues for Pension Age payments. An example of the lessons learnt captured was that the quality and content of the data transferred was not as expected and led to unexpected data mismatches and gaps in the information received. Teams are now aware of this and are prepared for the differences in data held by the Department for Work and Pensions and that which is required by Social Security Scotland. Some lessons learnt have already been rectified, such as changes to the data scan and the dates this will be undertaken. The remaining lessons learnt actions are expected to be delivered jointly by Social Security Directorate and Social Security Scotland and confirmation of action owners and resource requirements is still to be agreed.
- 3.1.11. Although Winter Heating Payment was an annual, one-off benefit payment, delivery teams across Social Security Scotland and the Social Security Programme continue to work through remaining cases from year 1 as well as take proactive action to implement changes and prepare for delivery of year 2.

3.2. Improvement Opportunities

Roles and Responsibilities in Winter Heating Payment Delivery

- 3.2.1. Winter Heating Payment teams are established across Client Services Delivery, Chief Digital Office and Social Security Directorate, however although there is work ongoing to address lessons learnt, as highlighted in our good practice section above, there are conflicting views across teams on the impact of the remaining year 1 cases to be delivered and Social Security Scotland have concerns around assurance that improvements will be implemented in time for year 2. There is a need for good communication between these teams and clear allocation of roles, responsibilities and ownership of Winter Heating Payment. Action is also required to ensure Social Security Scotland is suitably resourced and have the knowledge, expertise and readiness to support both benefit delivery and defect management. Any handover of responsibility from Social Security Directorate to Social Security Scotland should have appropriate plans which are clear and agreed and if not, Social Security Scotland should seek assurances from Programme Directorate in advance of any transfer of responsibilities. Social Security Scotland must also ensure they are a key part of the development and prioritisation discussions and have an effective voice and input to the feedback loop to ensure there is clarity and assurances of the actions being taken for year 2 in the development phase as well as ownership of the live benefit. ([see recommendation one](#))

Remaining Winter Heating Payment Cases

- 3.2.2. At the end of the processing window on 31st March 2023 1.5% (approximately 6,000 of the Data Files transferred from the Department for Work and Pensions) were still to be fully processed. The number of outstanding cases reduced as work continued to resolve the issues with each remaining case, however at the time of our fieldwork there still remained approximately 5,000 cases (1.25%) outstanding. Extensive work has been ongoing to establish solutions and some technical solutions are planned ahead of year 2 to prevent some of these issues reoccurring, where possible.
- 3.2.3. Many of the cases outstanding are due to an unexpected increase in bereavement cases thought to be as a result of the time which passed from the week of eligibility until the time when the data was transferred by the Department for Work and Pensions and then ingested into SPM for processing, along with there being

instances where no next of kin details were available to enable payments to be made for deceased clients. The Department for Work and Pensions generally do not require to capture next of kin details in relation to their benefits and therefore do not hold this information to then share with Social Security Scotland. There are also a number of cases where contact details for a client or their representative are not known and there has been no payee engagement to enable the payment to be made. A solution for actioning these remaining cases is yet to be established and will require policy decisions to be made.

3.2.4. Other cases which remain outstanding are due to the following reasons:

- An increase in manually requested applications which may also require further information from the Department for Work and Pensions.
- 24 cases which failed to automatically activate in the overnight batch process as per design leading to the need for manual activation which also failed for these cases. Despite defect tickets being raised, these are yet to be resolved, and
- 250 cases have missing bank details and require to be re-built to enable payments to be made.

3.2.5. Before any further cases are run through the automated route via the batch process, cases which are subject to Winter Heating eligibility must be identified to prevent duplicate payments. This is a risk specifically relevant to remaining cases which are intended to be re-run by the batch process. A release took place to improve the batch process to allow for confirmation of eligibility in manual applications however there remains a lack of clarity of its success and the defect remains outstanding and Chief Digital Office resource is required to provide a solution and update. Management should ensure this issue is followed through to allow for these affected cases to be progressed.

3.2.6. Whilst we acknowledge that the number of remaining cases left to be processed is low overall and the team have been working to understand the issues and how to resolve these cases, the need to manually re-build and take clerical action has a resource impact on Client Services Delivery and technical support which has moved onto other priorities therefore there is an increased risk to Social Security Scotland's ability to ensure these cases are progressed, remaining issues are resolved and payments issued. Assurance should be sought that remaining cases can be addressed promptly through policy and technical changes. There is also an impact to downstream teams including the Payment Resolution Team and Finance

if processes are not robust to identify and action bereavement cases. ([see recommendation two](#))

Personal Information on Active Cases

- 3.2.7. During the Winter Heating Payment batch run it was identified that the batch run was updating personal detail records in cases where there was already an open application case in SPM (Social Security Scotland's client management system used for the administration of benefits). A priority 1 incident was raised which found the design should have also considered records with an open application case as these are details that a client has provided for the purpose of another benefit and therefore should be considered the most up to date. Detailed analysis was undertaken, Data Protection advice sought and temporary guidance established for Client Advisors to undertake with any open application cases and clients contacted. Colleagues identified 9,157 material changes across all personal detail types and 58,453 non-material changes (details were overwritten with the same information). Data Protection colleagues noted that they were alerted to data concerns by Client Advisors reporting the issue as they progressed cases which meant this was not immediately after the incident was identified and through the expected route for escalation. As of May 2023, 26% of the manual remediation had been cleared and Social Security Scotland determined that there was no reportable data breach. We are content that remedial action is being taken and lessons learnt from this potential data breach and therefore we will not make any recommendations, however Social Security Scotland should ensure where potential data breaches are identified, that Data Protection colleagues are alerted at the earliest possible time to ensure that legislative requirements can be adhered with.

Systems and Infrastructure

- 3.2.8. The volume of Winter Heating Payment cases ran through the batch process tested the capabilities of Social Security Scotland's systems and their ability to ingest the required amount of data, with Winter Heating being the largest amount of data to be ingested to date. This resulted in the batch runs taking longer to run with batches not completed until the following morning. As volumes increase across all benefits and Winter Heating Payment increases to include Pension Winter Heating Payments, there is a need to ensure the systems and processes to generate the

batch runs are sufficient and do not delay delivery. This also has an impact on the delivery of other benefits. Work should be prioritised between Chief Digital Office and the Social Security Directorate to ensure the infrastructure to deliver the benefit is sufficient and has suitable capacity to run increasing batch run volumes. ([see recommendation three](#))

Client Experience impact and workarounds

- 3.2.9. An issue with system integration not being in real-time has led to delays in producing Appeal Bundles which could result in legislative deadlines being missed for appeals. Whilst we acknowledge that this issue became apparent during the administration of Winter Heating Payment but is not specific to Winter Heating Payment and a workaround is in place which involves clerical processes, this is not sustainable and the root cause, whilst continuing to be investigated, is not yet known. ([see recommendation four](#))

Work Queues and Management Information

Work Queues

- 3.2.10. Work queues to manage Winter Heating Payment cases in SPM are not being utilised as designed resulting in a lot of manual intervention which is both time consuming and increases the risk of error. Due to a lack of reporting functionality, local processes were developed which has impacted on the ability to report on certain case types. During sample testing of seven cases, we found one case which was not in the correct work queue. There is a need for improvements to work queue management to ensure Client Services Delivery can effectively manage their case load as well as enabling appropriate reporting and monitoring of cases.
- 3.2.11. There is also no system solution to monitor those tasks which cannot currently be completed whilst awaiting further information or subject to a system issue. Client Advisors are expected to manage their own cases and refer back to check the status of each of their cases therefore there is a risk that cases are not followed up appropriately. ([see recommendation five](#))

Management Information

- 3.2.12. Daily dashboard data is available for Winter Heating Payment, similar to other benefits, to provide high level management information on cases. A reconciliation

report is also produced to monitor cases, this has evolved and additional criteria has been added once reporting requirements were known. However the data and tools remain limited and the reliance on manual data capture impacts the ability to process cases and has a wider resource impact to maintain and report on payment progress. We raised weaknesses in relation to the tools available and the processes for improving Management Information and Reporting in our recent report on SPM – Management Information and Reporting. Recommendations from this previous review were accepted and the Chief Data Officer and Social Security Directorate Head of Data were noted as the action owners. Whilst implementation of the agreed recommendations from our previous review should result in improvements in relation to all benefits, including Winter Heating Payment, we also note that the specific requirements needed by Social Security Scotland for Winter Heating Payment should be documented and brought to the attention of developers promptly to enable options to be explored for the scope of work being undertaken in relation to year 2 payments. ([see recommendation five](#))

Local Trackers

- 3.2.13. Local trackers are also maintained by the operational Winter Heating Payment team our sample testing found one case out of the seven tested which had not been updated on the local tracker and therefore not reflecting the current status of the case. As such, there is an increased risk that decisions made or action taken to manage caseloads may not be appropriate as they are based on out of date and inaccurate information. Management should ensure if trackers are required, that users are aware of the need to update the tracker. ([see recommendation five](#))

Insufficient Notes

- 3.2.14. We undertook testing on a small sample of cases and found in two of the seven we tested there was a lack of notes relating to the action taken on the case and there was no evidence that the process to contact the Department for Work and Pensions or client had commenced in line with guidance. To ensure appropriate audit trail and compliance with processes Client Advisors should ensure sufficient notes are retained on cases which require Client Advisor input. This finding is consistent with other reviews and a noted trend as an area of weakness. As previous recommendations have been made in relation to this no additional

recommendations will be made, however management should ensure guidance is clear on emphasising the need for clear notes.

Straight Through Processes

- 3.2.15. There are no checks on cases which go through the 'straight through' automated process, which is the majority of cases. Although this is in line with the design and there is no evidence of material error, we found during sample testing one case out of seven tested which progressed through to payment with an outstanding relationship verification to verify the appointee on the case and therefore we have concerns that the straight through process has gaps in its processing and controls. In this instance, we were satisfied that the client was eligible and therefore no financial error occurred however if there are gaps in the straight through processes and controls there may be an increased risk that payments may be made to individuals who are not eligible with both financial and reputational implications for Social Security Scotland. Internal Audit had a similar finding in our audit of Case Transfers where we highlighted this risk however management determined that checking of these cases would be disproportionate and would not identify any potential error in advance of payment. Due to the similarities of findings and risk no further recommendation has been made in this review but we do highlight that the risk of error occurring in straight through cases remains and management should remain aware of this risk and manage it appropriately.

Annex A Definition of Assurance and Recommendation Categories

Assurance Levels

<p>Substantial Assurance 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>Reasonable Assurance 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>Limited Assurance 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>Insufficient Assurance 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>

Recommendation Priority

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

Annex B – Terms of Reference



Directorate for Internal Audit and Assurance

Internal Audit Terms of Reference

Social Security Scotland 2023-24

Winter Heating Payment Review

Key Audit Contacts

Audit Year:	2023/24
Client Accountable Officer:	David Wallace Chief Executive
Client Audit Contact(s):	[Redacted], Head of Operations; [Redacted], Operational Lead; [Redacted], Operations Lead; [Redacted], Project Manager; [Redacted], Operations Manager; [Redacted], Product Owner; [Redacted], Project Lead; [Redacted], Operations Support Lead; [Redacted], Performance Manager; [Redacted], Product Owner; [Redacted], Service Manager; [Redacted], Technical Platform Owner; [Redacted], Service Owner; [Redacted], Client Experience Business Owner; [Redacted], Live Service Manager.
Senior Internal Audit Manager:	[Redacted],
Internal Audit Manager:	[Redacted],
Internal Auditor	[Redacted],
Assurance Support Officer	[Redacted],

Estimated Reporting Timescale

Fieldwork Starts:	25 April 2023
Fieldwork Ends:	19 May 2023
Draft Report Issued:	02 June 2023
Final Report Issued:	23 June 2023
Estimated Resource Days:	30

1. Introduction

1.1. This internal audit review forms parts of our planned audit coverage agreed by the Accountable Officer and noted by the Audit and Assurance Committee on 21 March 2023.

1.2. The Social Security Scotland Risk Register includes the following risks:

IF we are not clear on our requirements to deliver services effectively, efficiently and to budget with its dependencies THEN the Agency staff could be underprepared to deliver services RESULTING IN a service that lacks quality, efficiency and economy with financial and reputational impact on the Agency and Scottish Government. [Redacted],

1.3. To aide understanding it is important to clearly set out the relationship between Social Security Scotland and the Social Security Directorate (Programme). Social Security Directorate is responsible for developing the policies and designing and building the new Scottish social security services and is delivering the components on an incremental day to day basis through an agile environment. Minimal Viable Products are designed by the Social Security Directorate, in collaboration with Social Security Scotland from early discovery through to transition when Social Security Scotland will be supported to develop these as necessary.

- 1.4. This audit will provide a focus on the end to end arrangements for delivery of Winter Heating Payment, which is a yearly payment of £50 that is paid automatically to help people on low income benefits who might have extra heating needs that launched in February 2023. The review will assess the processes and controls in place for the delivery of Winter Heating Payment, with the overall aim to provide assurance on the efficiency and effectiveness of these.
- 1.5. We met with the key contacts in Client Services Delivery involved in Winter Heating Payment and relevant colleagues from the Programme Directorate to discuss relevant risks and agree the details of this review on 29 March 2023.
- 1.6. Our key risks below have been developed through these discussions and our knowledge of Social Security Scotland and its objectives.

2. Scope

- 2.1. To evaluate and report on the controls in place to manage the risk surrounding Social Security Scotland's Winter Heating Payment arrangements.
- 2.2. Remit Item 1 – **Policies, procedures and guidance**

To review policies, procedures and guidance in relation to Winter Heating Payment to confirm that these are sufficient to support delivery of the benefit payments consistently and effectively.

Key Risks:

- A failure to establish timely policies and procedures and guidance leading to an inconsistent or ineffective approach to delivery increasing the possibility that payments will not be administered correctly resulting in ineligible or incorrect payments being made.
- Ineffective training for staff and poor communication of guidance and processes leading to lack of staff knowledge and an inability to deliver benefits resulting in poor quality and diminished service levels, financial loss and reputational damage.

- Ineffective resourcing leading to the inability to process the benefit resulting in possibility that payments will not be administered timely resulting in delays in payments being made and a backlog of cases.
- Lack of lessons learnt from Winter Heating Payment resulting in issues not being addressed and improvements to processes not being implemented leading to an inability to process the next Winter Heating Payment cycle.
- Poor oversight, leadership and management to support the delivery for Winter Heating Payment leading to an inability to process cases and readiness for the next Payment cycle.
- Insufficient arrangements for data transfer with the Department for Work and Pensions resulting in an inability to effectively process automatic payments to the right people at the right time.

2.3. Remit Item 2 – **Processes and Controls**

To assess the processes and controls in place for the administration of Winter Heating Payment and assess for efficiency and effectiveness. This includes consideration of how recipients are identified and processed, how payments are authorised and processed and management information and reporting.

Key Risks:

- Social Security Scotland encountering financial loss and reputational damage due to:
 - Winter Heating Payment being paid to individuals who are not eligible including where there has been a change in the clients circumstances;
 - Winter Heating Payment not being paid to individuals who are eligible as a result of the automation failing, incorrect data received or otherwise;
 - Lack of Management Information and Reporting in relation to Winter Heating Payments resulting in an inability to monitor cases and payments.
- Poor Service Design with insufficient systems and infrastructure impacting performance leading to an inability to deliver the benefit efficiently and effectively.
- Processes being inefficient and/or ineffective leading to:
 - Requirement for increased resources to process cases or increased workloads for impacted teams such as Finance and Fraud & Error;

- Delays in issuing payments to clients who are eligible resulting in backlogs in processing payments;
- Requirement for manual processes or workarounds;
- An inability to process cases due to technical issues;
- An inability to process cases due to capacity of operational resources.
- [Redacted],

3. Approach

- 3.1. We will undertake the audit in compliance with the Internal Audit Charter and the Memorandum of Understanding agreed between Internal Audit and Social Security Scotland.
- 3.2. At the conclusion of the audit a customer satisfaction questionnaire will be issued to the main client audit contact. Internal Audit appreciate feedback and to facilitate continuous improvement, we would be grateful if you could complete and return the questionnaire.
- 3.3. Social Security Scotland is reminded of our need for timely access to people and responsiveness to information requests, to enable the reporting timetable to be met.