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# **Directorate for Internal Audit and Assurance**

## **Internal Audit Report**

### **Social Security Scotland 2023-24**

#### **Adult Disability Payment**

**Directorate for Internal Audit and Assurance**

**Issue Date:** 18-06-2024



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\* Final Report only



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## 1. Introduction

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### 1.1. Introduction

This Internal Audit review of Adult Disability 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 system of internal control that support the achievement of the organisations policies, aims and objectives.

### 1.2. Audit Scope

Adult Disability Payment is a disability benefit designed to assist people aged between 16 and state pension age who are disabled, have a long-term health condition or have a terminal illness. The value of payment received by an eligible applicant is dependent on how a condition affects a person's ability to do everyday activities and get around.

The Official Statistics publication for Scotland Social Security Scotland Statistics on Adult Disability Payment stated, as of 31 January 2024, it was estimated that 192,575 people were in receipt of Adult Disability Payment. Of this total, 83,190 were new applicants and 109,385 had their award transferred from the Department for Work and Pensions. The total value of Adult Disability Payments issued between 21 March 2022 and 31 January 2024 was £733.5 million.

The scope of this review was to evaluate and report on the controls in place to manage the risk surrounding Social Security Scotland's delivery of Adult Disability Payment.

It is important to acknowledge that development and delivery of the systems and processes for Social Security Scotland is being undertaken following an agile methodology. As such Minimal Viable Products (MVPs) for policies, systems and processes for each benefit are designed, built, and delivered by Social Security Programme and Policy teams within the Social Security Directorate, with input



from Social Security Scotland. Systems and processes are then operationalised by Social Security Scotland. After a period of support and in some instances joint development beyond MVP, systems and processes will transition to Social Security Scotland with an understanding of live running costs and funding arrangements agreed until the end of the Social Security Programme. Once transitioned, it is the responsibility of Social Security Scotland to make arrangements to improve the systems and processes.

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

### 1.3. Assurance and Recommendations

Assurance Category	Limited		
Recommendations Priority	High	Medium	Low
	4	2	2

Our review has identified four high, two medium and two low priority recommendations. A limited assurance rating has been provided. 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.

The rationale for this is that while we note considerable areas of good practice, our work identified weaknesses in Adult Disability Payment guidance, management information and control procedures.

We are keen to highlight that our review found that where gaps and weaknesses have been identified, work was ongoing to address these, such as the set-up of training sessions for staff and the recent commission of additional decision-making guidance to address gaps in training.

We believe that implementation of our recommendations will significantly improve the risk, governance and control arrangements in relation to Adult Disability Payment and reduce the exposure to the risks highlighted in this report.

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	<a href="#">Gaps in Guidance and Training</a>  <b>Issue 1:</b> [Redacted] We also identified a misalignment of guidance on IKM with current practices.  <b>Issue 2:</b> Smaller changes in guidance are not always highlighted and effectively communicated.  <b>Issue 3:</b> Guidance within IKM was often difficult to locate and there are insufficient and unclear routes for collecting feedback related to guidance held within IKM.	A) Social Security Scotland should perform a review of all functions and roles within the administration of Adult Disability Payment to address gaps in training and guidance.  Misalignments between guidance and practical procedures along with subjective elements of guidance should be rectified to ensure proper direction and support for each function/role.	H	<b>Response:</b> Management accept the recommendation.  <b>Action:</b> [Redacted]  Enhancements to guidance is an iterative and collaborative process. New templates have been created to conduct reviews and work is currently ongoing in Payment Corrections which will improve user experience.  Ongoing requirements will be highlighted by Operational Leads and raised via the continuous improvement process. These will	March 2025



No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
	<p><b>Issue 4:</b></p> <p>There is no formal training specific to management roles such as Decision Team Manager and Team Manager roles or training specific to the administration of Adult Disability Payment case types such as SRTIs or unscheduled reviews.</p> <p><b>Risk 1:</b> [Redacted]</p> <p><b>Risk 2:</b> [Redacted]</p>	<p>B) Management should consider how changes to guidance could be better highlighted to staff to ensure all are aware of ongoing updates to guidance / procedures.</p> <p>C) Social Security Scotland should complete their review of IKM functionality and ensure timely action is taken on feedback from staff.</p>		<p>be assessed and prioritised in line with wider delivery requirements.</p> <p>All roles within Adult Disability Payment receive benefit specific training. Additional learning packages are being created for Case Managers and work is underway to review what additional support is required for managers.</p> <p>b &amp; c) There has been significant work undertaken to improve the useability of the Invotra Knowledge Hub (IKM). Further development will include the ability to view a feed of guidance changes which will be available on the homepage.</p> <p>The visibility of changes within the daily operational cascade will be addressed.</p> <p><b>Action Owner:</b></p>	November 2024



No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
				a) [Redacted] Operations Lead and [Redacted] Operations Lead b & c) [Redacted] Head of Change & Programme Management [Redacted] Head of User Centred Design [Redacted] Disability Benefits Live Service Manager [Redacted] Operations Support Lead	
2	<a href="#">Guidance to external stakeholders</a> <b>Issue 1:</b> A Suitability Checker for prospective applicants is available online however is located separate from the application process in a different location on the website. <b>Issue 2:</b>	A) Social Security Scotland should consider if the location of the Suitability Checker could be better placed within mygov.scot to encourage prospective applicants to complete the	L	<b>Response:</b> Management understand the recommendation. Advice is published on mygov.scot which includes fraud reporting advice and an online portal. <b>Action:</b>	



No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
	<p>There is no guidance relating to how to report fraud on Social Security Scotland's own website.</p> <p><b>Risk 1:</b> Insufficient and/or ineffective preventative controls leading to a requirement for increased resources to process applications.</p> <p><b>Risk 2:</b> [Redacted]</p>	<p>checker before submitting an application.</p> <p>B) Social Security Scotland should consider if fraud reporting could be better publicised to members of the public on their own website.</p>		<p>a) Management will review the appropriateness of relocating the suitability checker.</p> <p>b) Management will engage with communications experts to explore options and suitability of placing fraud advice on Social Security Scotland website.</p> <p><b>Action Owner:</b> a) [Redacted] , Head of Adult Disability Payment b) [Redacted] , External Investigations Lead</p>	<p>November 2024</p> <p>November 2024</p>
3	<p><a href="#">SPM Controls</a></p> <p><b>Issue:</b> There is currently no log of automated controls that are built into SPM and which ones are active/inactive.</p> <p><b>Risk:</b></p>	<p>Management should consider carrying out a review of controls built into SPM, establishing whether or not these have been activated, and assess the impact of gaps in controls</p>	H	<p><b>Response:</b> Management understand and tolerate the risk.</p> <p><b>Action:</b> The functionality to provide automated output logs is not available within SPM. There are</p>	<p>March 2025</p>



No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
	[Redacted]	to confirm if management are willing to tolerate the risk, and if not, what action they can take to mitigate the risk and improve the system control.		<p>significant controls within the system that segregate duties and role based access which limits user capabilities within the system. Management currently tolerate the risk highlighted.</p> <p>However Social Security Scotland will work with Social Security Directorate colleagues to iterate controls and functionality as we continue to design and shape our services.</p> <p><b>Action Owner:</b> [Redacted] Disability Benefits Live Service Manager</p>	
4	<p><a href="#">Lesson Learned Log</a></p> <p><b>Issue:</b> The Lessons Learned Log created following the ADP pilot contains a number of entries which are still showing as open and have no agreed action.</p>	Management should review and update the Lessons Learned Log to ensure all entries have been actioned where items remain a priority.	L	<p><b>Response:</b> Management accept the recommendation.</p> <p><b>Action:</b> Management will review the document and update appropriately.</p>	November 2024



No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
	<b>Risk:</b> Insufficient action being taken to improve systems, processes and controls for the administration of Adult Disability Payment, leading to an inability to improve performance and deliver the benefit efficiently and effectively.			<b>Action Owner:</b> [Redacted] Head of Disability Benefits Project and Future Benefits  [Redacted] Change Manager	
5	<u>Quality Checks</u>  <b>Issue 1:</b> Testing highlighted inconsistencies between quality checks performed by Team Managers and Decision Team Managers. We identified missed errors suggesting quality checklists were not followed or are not understood. Furthermore we found inconsistencies in how cases were selected for DTM quality checking.  <b>Issue 2:</b> It was not always possible to link Quality Assurance checks recorded within the	A) Management should consider how inconsistencies between prepayment checks can be addressed to calibrate quality checks made across teams and ensure checks being completed are effective.  B) Management should consider how quality checks performed by	H	<b>Response:</b> Management accept the recommendation.  <b>Action:</b> a) A quality checking structure has been implemented. Learning and improvements are ongoing which will strengthen the effectiveness of checks.  Calibration sessions will be conducted.  Guidance requirements will be assessed and requested via the continuous improvement process.	March 2025



No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
	<p>Quality Database to documents/recordings within SPM or Telephony highlighting a poor audit trail.</p> <p><b>Issue 3:</b> [Redacted]</p> <p><b>Risk:</b> [Redacted]</p>	<p>managers are recorded within the ADP Quality Database to ensure all documents / recordings reviewed can be identified.</p> <p>C) Consideration should be given to the methodology for selecting cases for management review. It may be beneficial to consider risk, exceptions, etc. in order to provide the most value and effective use of the resource.</p>		<p>b) New Microsoft database is now in place to collate quality checking data. The effectiveness of this will be monitored.</p> <p>c) Management will monitor findings of quality checks and consider an approach to direct resource which reduces the greatest risk.</p> <p><b>Action Owner:</b></p> <p>a) [Redacted] Operations Lead [Redacted] Operations Lead [Redacted] Quality and Performance Lead</p> <p>b) [Redacted] Quality and Performance Lead</p> <p>c) [Redacted] Head of Adult Disability Payment [Redacted] Quality and Performance Lead</p>	<p>November 2024</p> <p>November 2024</p>
6	<p><a href="#">Management Information</a></p> <p><b>Issue 1:</b></p>	A) Management should ensure the planned review	M	<p><b>Response:</b> Management accept the recommendation.</p>	



No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
	<p>Adult Disability Payment teams rely on manual trackers to track throughout due to limited suitable data extracts from SPM.</p> <p><b>Issue 2:</b> [Redacted]</p> <p><b>Risk:</b> [Redacted]</p>	<p>of Adult Disability Payment manual trackers is completed whilst considering if required management information could be obtained through SPM or other reporting tools, rather than relying on manual trackers.</p> <p>B) Management should take action [Redacted]</p>		<p><b>Action:</b></p> <p>a) Significant work has already been undertaken to analyse, develop and test solutions to remove the need for manual trackers.</p> <p>Further work is required to establish what can be implemented in light of system capabilities. Management will decide what level of risk they are willing to accept once this is fully understood.</p> <p>Standardised and consistent usage of the reports available will be addressed.</p> <p>b) Management will work with Social Security Directorate to take actions to mitigate the risk highlighted. It is anticipated that requirements will be cross cutting and exploratory work will be undertaken.</p>	<p>March 2025</p> <p>March 2025</p>



No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
				<b>Action Owner:</b> a) [Redacted] Head of Adult Disability Payment  [Redacted] Operations Lead  [Redacted] Operations Lead  b) [Redacted] Fraud and Error Systems and Process Lead	
7	<u>Inefficient Processes and Controls</u>  <b>Issue 1:</b> We found instances of non-compliance with guidance and /or poor processes and controls in place for the administration of Adult Disability Payment.  <b>Issue 2:</b> Agr  <b>Risk 1:</b>	A) Management should seek to address the inefficient processes highlighted as part of this review to ensure the timely administration of Adult Disability Payment. Please refer to paragraphs 3.2.20 and 3.2.21 for more detail.	H	<b>Response:</b> Management partially accept the recommendation.  <b>Action:</b> a) Instances of non-compliance of guidance do occur, checking and monitoring are achieved via our quality regime. Management will monitor and evaluate, and take corrective	March 2025



No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
	<p>Inefficient and/or ineffective processes leading to increased resources to process applications and unnecessary and/or duplicate contact with clients.</p> <p><b>Risk 2:</b> [Redacted]</p>	B) [Redacted]		<p>action as required to improve performance in this area.</p> <p>The issues highlighted at 3.2.21 in the report can occur however at a significantly low volume that management accept the risk.</p> <p>Work is ongoing to improve the process in relation to manual letters.</p> <p>b) Social Security Scotland has publicly committed to needing only one piece of supporting information from a professional to make a decision on applications for disability benefits.</p> <p>In some instances, efforts to gather supporting information from a professional will be unsuccessful. If there is good cause for not having supporting information from a professional, the case manager can still make an award.</p>	



No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
				<p>A decision making aid accompanied by mandatory learning for case managers and Practitioners, in addition to recent enhancements to guidance and training has improved the tools available when making determinations. This includes using supporting information alongside case discussions and consultations as appropriate.</p> <p>At this time no further action is planned.</p> <p><b>Action Owner:</b></p> <p>a) [Redacted] Head of Disability Benefits Project and Future Benefits</p> <p>[Redacted] Disability Benefits Live Service Manager</p> <p>[Redacted] Operations Lead</p> <p>[Redacted] Operations Lead</p>	



No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
8	<p><a href="#">Payment Correction Cases</a></p> <p><b>Issue:</b> There are a significant number of payment correction cases with overpayments awaiting action with the vast majority exceeding the 42-day limit for a client to request a redetermination or appeal.</p> <p><b>Risk:</b> An inability to clawback overpaid monies leading to a loss of public funds and reputational damage.</p>	Management should take action to address the current backlog of payment correction cases in relation to Adult Disability Payment taking into consideration how to address cases which surpass the 42-day redetermination/appeal limit. Furthermore, an appropriate action plan should be implemented to ensure sufficient resource to process payment correction cases in a timely manner.	M	<p><b>Response:</b> Management accept the recommendation.</p> <p><b>Action:</b> Work is ongoing with Social Security Scotland Directorate colleagues and Social Security Scotland Fraud and Interventions.</p> <p>An improvement action plan will be created which will ensure any resources or improvements to process will be deployed.</p> <p><b>Action Owner:</b> [Redacted] Operations Lead [Redacted] Operations Lead</p>	March 2025



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### 3. Findings, Good Practice and Improvement Opportunities

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#### 3.1. Good Practice

##### Initial Recruitment Process

- 3.1.1. A volume recruitment project was mobilised using online sifting and interviews. Sifting was carried out using situational judgement tests and personality testing, aiming to test against the organisation's values of dignity, fairness and respect. In total over 25,000 applications were received and over 2,300 job offers made, with the approach reducing time to hire by 45%, from 22 weeks to 12 weeks. In addition, it was considered that the staff recruited were more representative of the people of Scotland with 13% of offers being made to disabled candidates and 8.5% of offers to ethnic minority candidates.

##### Workforce Planning

- 3.1.2. Initial forecasting of staff numbers was based on data from various sources including the Department for Work and Pensions (DWP); Northern Ireland's Department for Communities; Model Office scenarios; and from Social Security Scotland's own data on processing Child Disability Payment, together with assumptions on staff efficiency, made using the SHelffield ELicitation Framework (SHELF). Resource estimates and corresponding assumptions are updated two to three times per year and are now more heavily focussed on data from Social Security Scotland, showing estimated staffing levels required by 2026/27 based on high, medium and low estimates.
- 3.1.3. Current workloads are monitored by Operations Leads who meet weekly to discuss resource allocations. A Capacity Planner, MI (Management Information) and manual trackers allow management to allocate staff to meet current and forecasted demands.

##### Training

- 3.1.4. Initial training was planned by Organisational Development and delivered to all new staff prior to working on live cases. This was developed based on available guidance and delivered in a blended format with a mix of group discussions, case studies, videos and handout. We consider this an effective approach as it encourages discussion and provides exposure to 'real life' examples rather than just theory.



- 3.1.5. Training needs are kept under regular review with the Product Owner and Delivery and Engagement Manager attending regular (at least once per week) stand ups with Operations Managers. This provides early sight of emerging issues. We have been provided with evidence of recent additional training events (e.g. on Supporting Information and Decision Making) or commissions for additional training (e.g. on writing up decisions) to address gaps in training.

#### Segregation of Duties

- 3.1.6. Segregation of duties is embedded in the Adult Disability Payment application processing route - Client Advisors carry out Part 1 of the application, the basic eligibility check in relation to identity and residency, etc. and Case Managers process Part 2 of the application where they determine care and mobility needs.
- 3.1.7. We found a system control based on NI numbers in place to restrict general access to staff claims on SPM.

#### Communicating with Clients

- 3.1.8. In-keeping with the principles of dignity, fairness and respect, clients can request letters in 4 different formats (i.e. braille, large print, easy read and audio) or over 100 languages (including Urdu, Cantonese, Mandarin, Polish and Punjabi). As part of our testing, we noted that where such preferences had been highlighted these had been appropriately noted within a client's profile in SPM.

#### Management Information

- 3.1.9. Management Information is issued by Social Security Scotland's MI team on a daily and weekly basis and circulated to around 200 staff. Reports contain details of applications received and processed, method of application, outcome, numbers outstanding as well as separate figures for Special Rules for Terminal Illness (SRTI) cases and Case Transfer cases. This MI is shared with relevant colleagues to support the oversight and management of service delivery. The team also produces quarterly publications which are published online, respond to Freedom of Information (FOI) requests, Parliamentary Questions (PQs) and internal data requests.

#### Feedback and Continuous Improvement

- 3.1.10. Arrangements have been established for obtaining feedback from clients to provide direction on areas for improvement in relation to the administration of



Adult Disability Payment. Examples of this include surveys and client panels, with the latter having over 9,000 members. Results are published on Social Security Scotland's website, with key themes arising logged where actions and progress towards these are monitored.

- 3.1.11. As part of the reporting to the Error Control Working Group, business areas are required to come up with an action plan to address the top three errors identified each month, with a view to reducing instances of error and improving the Agency's ability to pay the right people the right amount at the right time. Whilst we recognise this as a positive, as the process has just started, we are unable to comment on the effectiveness.
- 3.1.12. We were supplied evidence of examples of ways in which processing of Adult Disability Payment (ADP) cases is currently being enhanced to improve efficiency. For example, the introduction of the decision-making aid, which aimed to increase the consistency of decision making across Social Security Scotland. These demonstrate that there is ongoing activity aimed at improving the efficiency and effectiveness of the service and assisting the Agency in delivering value for money.

#### Quality Assurance Checks by the Quality Support Team

- 3.1.13. A Quality Assurance Strategy for Client Services Delivery is currently being developed by the Quality Support Team, which is due for sign-off upon completion.
- 3.1.14. Independent quality checks are performed on Adult Disability Payment cases by Social Security Scotland's Quality Support Team. A monthly report is produced detailing the previous months quality checking results and volume of checks completed in conjunction with monthly meetings to consider any actions that need to be taken to reduce error and improve quality. Furthermore, we received documents evidencing a recently established arbitration process which aims to allow Adult Disability Payment colleagues to dispute errors identified by Quality Support Officers.

### **3.2. Improvement Opportunities**

#### Gaps in Guidance and Training

- 3.2.1 Guidance for all staff is held centrally on Social Security Scotland's Internal Knowledge Management Hub (IKM), which we observed all staff referring to during our review.



- 3.2.2 We reviewed legislation and policy papers related to Adult Disability Payment in conjunction with available guidance and noted that these were aligned.
- 3.2.3 While we were able to evidence guidance in place and being followed for a number of procedures, [Redacted] No guidance for Client Advisors if the client is in alternative accommodation and they are unable to establish contact (e.g. in hospital).
- Guidance referring to “potent” medication without giving examples.
- [Redacted]
- Management should review current guidance and practices to ensure any gaps are identified and resolve any misalignments between guidance and current practices. [Recommendation 1](#)
- 3.2.4 Changes to guidance are communicated through various channels such as Daily Bulletins, ADP Stand Up calls and ‘following’ IKM content. It was highlighted during our review that the Daily Bulletins don’t always highlight smaller changes and the ‘following’ guidance function on IKM does not always work effectively. Management should consider reviewing the effectiveness of how guidance changes and updates are communicated to ensure all staff are aware of any changes. [Recommendation 1](#)
- 3.2.5 We also found a function within IKM intended for highlighting technical issues such as broken links or incorrect contact details was in practice being used to flag guidance issues and highlight training/questions/case specific scenarios, etc. Issues raised via this functionality are currently being triaged however at the time of this review there were backlogs in responding within the product teams. [Recommendation 1](#)
- 3.2.6 Furthermore, guidance within IKM was often difficult to identify. Throughout walkthroughs and during testing when required to refer to specific guidance it often proved difficult for staff to locate necessary IKM pages to find guidance. We have been advised that there is an ongoing review of IKM to identify areas of improvement and make the application more user friendly.
- 3.2.7 Whilst we recognise elements of training to be sufficient, areas such as SRTIs appeared less comprehensive [Redacted] It is our view that training should be reviewed and highlighted gaps are considered for implementation within future learning plans. [Recommendation 1](#)

#### Guidance to External Stakeholders



- 3.2.8 A Suitability Checker for prospective applicants' tests against the eligibility criteria pre-application and informs them if they do not or may not qualify for Adult Disability Payment, depending on input responses. This is separate from the application process and is in a different location on mygov.scot. The location of the Suitability Checker should be reconsidered to encourage prospective applicants to complete the checker immediately before submitting an application, thereby increasing its visibility and use and contribute to decreasing the number of applications that do not meet the eligibility criteria. [Recommendation 2](#)
- 3.2.9 There is guidance on mygov.scot for members of the public on how to report suspected fraud to Social Security Scotland, however there is no guidance on Social Security Scotland's own website. Management should consider if fraud reporting could be better publicised. [Recommendation 2](#)

#### [SPM Controls](#)

- 3.2.10 As part of our testing, we requested a log of controls that are built into SPM, and which ones are active/inactive, however we understand that no such log exists resulting in a lack of clarity, documentation and knowledge of automated controls that are in operation, as well as those that are available within the system and not activated. This creates an inability for management to assess the impact of gaps in controls to confirm if it is a risk they are willing to tolerate, and if not, what action they can take to mitigate the risk and improve the system control. [Redacted] [Recommendation 3](#)

#### [Lessons Learned Log](#)

- 3.2.11 Following the ADP pilot 20 different lessons learned sessions were carried out during May 2022. These ranged in focus from the Digital Portal and ADP SPM development to engagement with the DWP. A log of over 200 actions from these sessions was created, and we were able to evidence closed actions within the log as being implemented. Whilst we recognise progress and action against a number of entries, the Lessons Learned Log contains entries showing as open but have no agreed action. This should be reviewed, updated and action should be taken against actions that remain a priority. [Recommendation 4](#)

#### [Quality Checks](#)



- 3.2.12 A Quality Assurance Strategy for Client Services Delivery has been developed in conjunction with the Quality Support Team – however this is still in draft and should be finalised.
- 3.2.13 Whilst we were able to evidence Quality Checklists in place for Case Managers (CM's) and Client Advisors (CA's) processing new applications, [Redacted]
- 3.2.14 [Redacted]
- 3.2.15 Other examples of inconsistencies within prepayment quality checks included some DTMs picking cases at random whereas others relied on cases sent by CMs. A random approach to case selection favours an unbiased approach to checks and drives consistency amongst Adult Disability Payment teams. Management should review training and guidance provided to managers to ensure a consistent and effective approach to prepayment quality checks.

**Recommendation 5**

- 3.2.16 It was not always possible to link Quality Assurance (QA) checks recorded within the ADP Quality Database to documents/recordings within SPM or Telephony highlighting a poor audit trail. For example, the date and time are also required to be sure of which call was quality assured. Such details are not required to be recorded by managers within the ADP QA database upon completion of a check.

**Recommendation 5**

- 3.2.17 [Redacted]. **Recommendation 5**

**Management Information**

- 3.2.18 Through our discussions we were advised that the MI from SPM was limited, resulting in Operations Teams using manual trackers – these are primarily used to show throughput, however a review is planned to develop more meaningful ones. With the use of manual trackers there is the risk of errors and omissions and inefficient use of resources as they are time consuming to compile and check. Social Security Scotland should review the use of MI that is required and establish if this can be obtained through SPM or other reporting tools, rather than relying on manual trackers. **Recommendation 6**

- 3.2.19 **Furthermore** [Redacted] **Recommendation 6**

**Inefficient Processes and Controls**

- 3.2.20 [Redacted]
- 3.2.21 Our review also found inefficient processes which cause delays to decision-making or contribute to additional contact with clients. For example,



- where a client applies online, there is often an issue with the bank details transferring across to SPM due to a system bug.
- Clients are issued separate manual letters for backdated payments and overpayments – in some cases both letters are required on the same case which causes confusion for clients.
- We also found application forms did not ask enough detail to capture pertinent information from clients (e.g. alternative medical contacts or details of alternative accommodation).

Management should consider carrying out a proportionate review to understand where inefficient practices exist and their impact, determining remedial action where appropriate [Recommendation 7](#)

- 3.2.22 Social Security Scotland accepts a wide range of supporting information for ADP applications to minimise barriers to applying. [Redacted] [Recommendation 7](#)

#### Payment Correction Cases

- 3.2.23 Following the conclusion of our fieldwork it was brought to our attention that there are a significant number of Adult Disability Payment cases with open Payment Correction Cases (PCCs) created before February 2024 and total to a value of around £1.5 million. We have been notified of over 6,000 overpayments with the vast majority surpassing the 42-day period to request a redetermination or appeal to challenge liability. We understand a meeting has been set up between the Error Control and Debt Management Team and Client Experience to address potential impacts on these areas, however we would like to highlight that management should take remedial action to address this backlog and make sure sufficient processes are put in to place to mitigate against such heads of work in the future and ensure the timely administration of payment correction cases. [Recommendation 8](#)



## Annex A Definition of Assurance and Recommendation Categories

### Assurance Levels

<b>Substantial Assurance</b> <b>Controls are robust and well managed</b>	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.
<b>Reasonable Assurance</b> <b>Controls are adequate but require improvement</b>	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.
<b>Limited Assurance</b> <b>Controls are developing but weak</b>	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.
<b>Insufficient Assurance</b> <b>Controls are not acceptable and have notable weaknesses</b>	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.

### Recommendation Priority

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



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## **Annex B – Terms of Reference**

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# **Directorate for Internal Audit and Assurance**

## **Internal Audit Terms of Reference**

### **Social Security Scotland 2023-24**

### **Adult Disability Payment**



## Key Audit Contacts

<b>Audit Year:</b>	2023-24
<b>Client Accountable Officer:</b>	David Wallace, Chief Executive
<b>Deputy Director:</b>	Janet Richardson, Deputy Director Client Services Delivery
<b>Client Audit Contact(s):</b>	[Redacted] Operations Lead (Dundee) [Redacted] Operations Manager [Redacted] Client Services Delivery Support Senior Officer [Redacted] Head of Operations (Glasgow) [Redacted] Head of Operations (Disability Benefits Process Improvement) [Redacted], Service Manager [Redacted] Head of Operations (Health and Social Care) [Redacted] Head of Business Change Management [Redacted] Service Owner [Redacted] Service Manager [Redacted] Product Owner [Redacted] Service Manager
<b>Senior Internal Audit Manager:</b>	[Redacted]
<b>Internal Audit Manager:</b>	[Redacted]
<b>Assurance Support Officers:</b>	[Redacted]



## Estimated Reporting Timescale

<b>Fieldwork Starts:</b>	8 <sup>th</sup> January 2024
<b>Fieldwork Ends:</b>	1 <sup>st</sup> March 2024
<b>Draft Report Issued:</b>	15 <sup>th</sup> March 2024
<b>Final Report Issued:</b>	5 <sup>th</sup> April 2024
<b>Estimated Resource Days:</b>	45



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## 1. Introduction

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- 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. In spring 2022 the pilot phase of Adult Disability Payment launched, this was followed by the national roll out of the benefit in August 2022. We propose to undertake a review to assess the processes and controls in place for the administration and delivery of Adult Disability Payment, and provide assurance over the management of governance, risk and control in relation to this new benefit and whether the processes established are efficient and effective in allowing correct determinations to be made, minimise the likelihood of fraud and error and ensure the correct individuals receive the money they are due.
- 1.3. This review will focus on new claims for Adult Disability Payment, including cases following the Special Rules for Terminal Illness process, and will consider the work of Client Services Delivery and Health and Social Care colleagues
- 1.4. Separate reviews of Case Transfers, Case Discussions and Redeterminations and Appeals have, or are, being undertaken. Where possible we will avoid duplication in testing and place reliance on these other assurance activities.
- 1.5. It is important to acknowledge that development and delivery of the systems and processes for Social Security Scotland is being undertaken following an agile methodology. As such Minimal Viable Products (MVPs) for policies, systems and processes for each benefit are designed, built, and delivered by Social Security Programme and Policy teams within the Social Security Directorate, with input from Social Security Scotland. Systems and processes are then operationalised by Social Security Scotland. After a period of support and in some instances joint development beyond MVP, systems and processes will transition to Social Security Scotland with an understanding of live running costs and funding arrangements agreed until the end of the Social Security Programme. Once transitioned, it is the responsibility of Social Security Scotland to make arrangements to improve the systems and processes.



- 1.6. The following risks have been identified within Social Security Scotland's Business Plan and Strategic Risk Register, respectively:

*Business Plan Risk 02 - Working with the Scottish Government's Social Security Programme on maturing and developing the performance of our systems and processes to manage an increasing caseload, including improving management and performance information and our fraud and error controls.*

*Corporate Risk 003a – Value for Money - Social Security Scotland must demonstrate that its operations secure value for money, that we are operating economically, efficiently and effectively. Failure to demonstrate this may undermine public confidence in the organisation and lead to reputational damage and public and stakeholder criticism.*

*Corporate Risk 004 – Quality - Social Security Scotland's efficacy as a public body delivering benefits is reliant on us making the correct decisions on benefit entitlement. Without the systems and processes that both support and demonstrate accurate decision making, the level of fraud and error is likely to significantly increase, leading to increased financial loss, loss of client and public confidence and reputational damage.*

*Corporate Risk 009 – Delivering for our clients - Acknowledging our growth and Operational maturity we need to sustain appropriate operational processes, systems and controls to support delivery in line with our Charter. If we do not, then we risk the reputation on which we rely to secure engagement with the public and stakeholders.*

- 1.7. We held a planning meeting with key contacts on 15<sup>th</sup> November 2023 to discuss relevant risks and scope of this review. Our key risks below have been developed through this discussion 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 delivery of Adult Disability Payment.

### 2.2. Remit Item 1 – **Policies, procedures, guidance and training**

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

Key Risks:

- [Redacted]
- [Redacted]
- Ineffective resourcing leading to the inability to process the benefit effectively resulting in delays in payments being made leading to financial hardship of clients.

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

To assess the processes and controls in place for the administration of Adult Disability Payment and assess for efficiency and effectiveness. This includes consideration of how recipients are identified, how applications are received and processed, how the various teams involved in the administration of the benefit engage and work together, arrangements for assessments, decision making processes, how payments are authorised and processed, arrangements for payment exceptions and management information and reporting.

Key Risks:

- Social Security Scotland encountering financial loss and reputational damage due to:
  - Adult Disability Payment being paid to individuals who are not eligible;
  - Changes to clients circumstances not being identified or implemented accurately;
  - Adult Disability Payment not being paid to individuals who are eligible;
  - Incorrect levels of support being awarded and incorrect amounts being paid to recipients.
- [Redacted] Processes being inefficient and/or ineffective leading to:



- Requirement for increased resources to process applications;
  - Unnecessary and/or duplicate contact with clients;
  - Delays in issuing payments to clients who are eligible;
  - [Redacted]
  - [Redacted]
  - [Redacted]
- 
- Reputational damage due to ineffective arrangements for dealing with client feedback in relation to Adult Disability Payment.
  - [Redacted]
  - Ineffective management oversight leading to poor service delivery and an inability to achieve strategic objectives.
  - [Redacted]

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### 3. Approach

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- 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 contacts for this audit. Internal Audit appreciate feedback and to facilitate continuous improvement, we would be grateful if you could complete and return the questionnaire.
- 3.3. Management are reminded of our need for timely access to people and responsiveness to information requests, to enable the reporting timetable to be met.