

Audit and Assurance Committee

Date of Meeting	20 th August 2024
Subject	Internal Audit Progress Paper
Agenda No.	3
Paper No.	28.2a
Purpose	Note

1. Background

1.1. Internal Audit Progress Report for comment and discussion

2. Key Points

2.1 Key points to note are:

- Work is now complete on the 2023/24 Internal Audit Plan with an update provided in this paper on each of the remaining assurance reviews.
- There have been some changes to the planned work for Quarter 2, ensuring our work remains focussed on areas of priority and/or risk for Social Security Scotland and adds the most value.
- Work is progressing with full year, Quarter 1 and Quarter 2 reviews from the 2024/25 plan. Details on progress with these reviews is noted in the body of this paper.
- Advisory and Follow-up activity is ongoing. A summary of this is also provided in the body of our report.



3. Conclusion

- 3.1 The Audit and Assurance Committee members are invited to note the range of activities undertaken by the Directorate for Internal Audit and Assurance since the previous meeting.

Directorate for Internal Audit and Assurance

Audit and Assurance Committee Progress Report

Social Security Scotland 2024-25

20th August 2024

Directorate for Internal Audit and Assurance

Issue Date: 8-08- 2024

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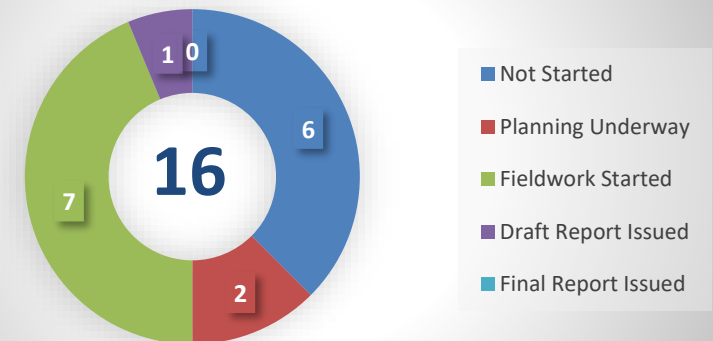
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1. Progress Highlights

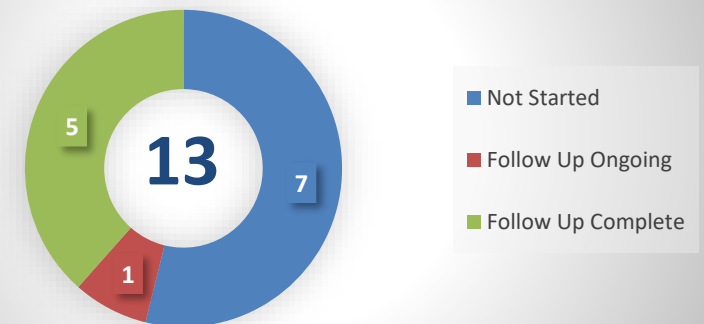
1.1. Key Messages

- 2023/2024 Plan activities are now complete and the remaining five final reports are included with this paper.
- Work is progressing with all of the Full Year, Q1 and Q2 reviews of the 2024/2025 Internal Audit Plan.
- Further details of Assurance work are provided in [Table 1](#) and [Table 2](#).
- Details of Advisory work is provided in [Table 3](#)
- A summary of progress on the implementation of recommendations is provided in [Table 4](#).
- There have been some changes to the 2024/2025 plan, these have been detailed in [Table 5](#).
- The latest Internal Audit Strategic Matters, Integrated Assurance and Strategic Best Practice / insight sharing is provided in [Section 2](#).

2024/25 Assurance Activities



2024/25 Follow Ups



2. Directorate for Internal Audit and Assurance Strategic Update

2.1. Directorate for Internal Audit and Assurance Strategic Messages

The recruitment process for appointing the permanent Director of Internal Audit and Assurance has been concluded and we are pleased to advise that Jennifer Inglis-Jones has been successful in securing the post on a permanent basis.

Since the last Audit and Assurance Committee the Directorate for Internal Audit and Assurance (DIAA) has undertaken recruitment to build capacity in both Internal Audit and Counter Fraud. Our recruitment campaigns for Internal Auditors and Internal Audit Managers resulted in promotion for a number of colleagues and secured a further four new members of staff for the Division.

Updated Global Internal Audit Standards have been launched and we are progressing with our self-assessment to identify any changes that may be required, these should be in place by the end of January 2025. We will continue to keep members informed on how this is progressing. The Director of Internal Audit and Assurance is attending the upcoming Audit Committee Chairs Network to update them on the new standards and new expectations of them as members of Audit Committees under the new standards.

Below are details of a number of items which may be of interest to Audit and Assurance Committee members:

- Our Corporate Systems Annual Assurance Report (Annex B).
- The Directorate for Internal Audit and Assurance Annual Performance Report 2023-24 (Annex C)
- Our DIAA Service Overview (Annex D).
- Our April 2024 Quarterly Bulletin (Annex E).
- Our July 2024 Quarterly Bulletin (Annex F)

- Leadership considerations in Artificial Intelligence from our co-source partners, EY (Annex G).

Please note these annexes are for members information only, and not for wider sharing or publishing.

2.2. Digital Assurance Office (DAO)

There has been no change in the status of Digital Assurance activity since our last update as the Social Security Scotland Project Register Return is due to be supplied to the DAO imminently. Therefore activity remains as previously reported. There are three, active digital projects registered with the Digital Assurance Office which have not required mandatory assurance and it is expected that these will be closed when the next update is received from Social Security Scotland. A fourth project (Identity and Access Management Strategic Approach) is recorded as being in early scoping and any assurance requirement will be considered once further detail is available.

2.3. Internal Audit

We are currently undertaking our annual Internal Quality Assessment and due to have an External Quality Assessment carried out in late Autumn. Findings from these will also help inform our readiness for the new Standards.

Following completion of the work for Social Security Scotland's 2023/2024 Internal Audit Plan we have updated our Annual Assurance Report for 2023/24. Whilst there have been no significant changes to the outcomes of the remaining reviews, the report now reflects the final outcomes from our work. A copy of this is attached for information at Annex H.

Annex A Internal Audit Plan and Progress

The following tables provide an update on the progress of our Internal Audit work since the previous Audit and Assurance Committee and highlights progress with our assurance, advisory and follow up activities.

Table 1 – Remaining 2023/24 Assurance Work

Audit Title	Planned Quarter	Progress to Date	Comments
Case Discussions	3	Final Report Issued	The final report for this review was issued on 7 th June 2024 with reasonable assurance opinion. Final report is included at Annex I.
Governance	3	Final Report Issued	The final report for this review was issued on 5 th August 2024 with a reasonable assurance opinion. Final report is included at Annex J.
Adult Disability Payment In-Depth Review	4	Final Report Issued	The final report for this review was issued on 18 th June 2024 with a limited assurance opinion. Final report is included at Annex K.
Corporate Transformation and Estates Management	4	Final Report Issued	The final report for this review was issued on 28 th June 2024 with a reasonable assurance opinion. Final report is included at Annex L.
Role Based Access Controls	4	Final Report Issued	The final report for this review was issued on 2 nd August 2024 with a limited assurance opinion. Final report is included at Annex M.

Table 2 – 2024/2025 Assurance Work

Audit Title	Planned Quarter	Progress to Date	Comments
Client Services Delivery Compliance	All Year	Fieldwork Ongoing	Fieldwork is ongoing and testing outcomes are being reported to management monthly. A report will be produced at the end of the year and this will be shared with Audit and Assurance Committee members once agreed with management.
VFM - Fiscal Sustainability - Change - Savings Work	All Year	Fieldwork Ongoing	The scope of this review has been agreed with management. This audit is being considered as part of each review during the year. Targeted work will also be undertaken as agreed with management.
Transition - Programme Closure	All Year	Planning Underway	Planning is ongoing with a draft terms of reference shared with management. This audit is being considered as part of each review during the year. Targeted work will also be undertaken as agreed with management.
Data Sharing and Data Governance	1	Fieldwork Complete	Fieldwork is complete and the draft report is in progress. The final report will be shared with members once agreed with management.
Electronic Purchase Card Usage	1	Fieldwork Complete	Fieldwork is complete and the draft report is in progress. The final report will be shared with members once agreed with management.
Mailroom	1	Draft Report Issued	Fieldwork for this review is complete and the draft report was issued 10 th July 2024 The final report will be shared with members once agreed with management.
GP Payments	1	Fieldwork Complete	Fieldwork for this review is complete and the draft report is in progress. The final report will be shared with members once agreed with management..

Audit Title	Planned Quarter	Progress to Date	Comments
Complaints	2	Fieldwork Started	Planning has been undertaken and the fieldwork has commenced. The final report will be shared with members once agreed with management.
Learning and Development	n/a	Fieldwork Started	This audit has been added to the plan in place of the review of People Survey Outcomes which was scheduled for Q3. Further details of this change can be found in Table 5. Planning has been undertaken and the fieldwork has commenced. The final report will be shared with members once agreed with management..
Governance – Portfolio Sponsor Arrangements	n/a	Planning Scheduled	This audit has been added to the plan in place of the review of Travel and Subsistence which was scheduled for Q3. Further details of this change can be found in Table 5. Planning is scheduled for August with fieldwork planned to be undertaken during September. The final report will be shared with members once agreed with management..

Table 3 - Advisory Work

The main advisory work undertaken since the previous Audit and Assurance Committee is noted in the below table:

Advisory Title	Status	Progress to Date
Client Services Delivery - Health & Social Care Pilot re Improved Ways of Working	Cancelled	Planning commenced with discussions undertaken to agree scope and coverage of the advisory activity, however as this progressed it was found that due to timing and changing priorities this piece of work was no longer required. As such the review was cancelled. Discussions are ongoing to identify an alternative advisory activity to replace this review and utilise the remaining time available.
Error Control Working Group	Ongoing	We continue to participate in the monthly Error Control Working Group set up by Social Security Scotland.
Internal Control Steering Group	Ongoing	We continue to participate in the monthly Internal Control Steering Group which has been established by Social Security Scotland as well as a sub-group which is now established.
Measurement - Estimation of Fraud and Error	Draft Management Letter issued	Our fieldwork is now complete, and a draft management letter has been shared with management.
Fraud and Error Unit – Performance Management Advisory	Draft Management Letter issued	Meetings with each division has taken place and a draft management letter detailing the findings and suggestions for improvement has been shared with management.
Protective Security	Ongoing	Due to competing priorities this piece of work has not yet been finished. Fieldwork is almost complete and outcomes from this will be shared with management in due course.
Budget Setting Assumptions	Fieldwork Started	We have agreed the scope of this advisory with management and fieldwork has now commenced.

Table 4 – Follow Ups

The following table is an overview of the follow up activity progress since the last Audit and Assurance Committee in March 2024.

Please note, our follow ups only focus on High and Medium priority recommendations.

Report Title	Recommendations	Progress to Date
Cyber Security Governance	3 High 2 Medium	Follow Up Complete One recommendation is fully implemented, the other four are partially implemented.
Debt Arrangements	1 High 1 Medium	Follow Up Complete The high recommendation has been fully implemented with the medium being partially implemented.
Internal Controls - Post Award Controls	3 High 1 Medium	Fieldwork ongoing
Integration Space	2 Medium 1 Low	Follow Up Complete. One recommendation not implemented and one partially implemented.
SPM Management Information and Reporting	3 High	Follow Up Complete Two recommendations partially implemented, one recommendation not implemented.

Table 5 – Changes to the Annual Internal Audit Plan

Activity Title	Estimated Budget Days	Activity Type	Outline of Scope from Audit Plan	Original Quarter	Revised Quarter	Comments
Client Services Delivery / Health & Social Care Pilot re Improved Ways of Working	10	Advisory	A pilot activity was being undertaken until February 2024. Our advisory work would follow on from this pilot exercise to support next steps with this piece of work.	Q1	n/a	Due to timing and changing priorities this piece of work was no longer required by management
People Survey Outcomes	30	Assurance	This review was due to assess the action being taken by Social Security Scotland in relation to the outcome of the 2023 People Survey results and the changing absence, staff turnover and people engagement scores with a view to providing assurance that the Agency is taking appropriate action and managing the risk effectively.	Q3	n/a	<p>Due to action being taken by Social Security Scotland in relation to last year's people survey it was not felt that assurance work at this time would add value.</p> <p>Audit has been replaced with Learning and Development – External / Procured Spend, and brought forward to Q2.</p>
Travel and Subsistence	15	Assurance	This audit was due to evaluate and report on the controls in place to	Q3	n/a	Further discussion with management noted that this was not an area of significant risk for

Activity Title	Estimated Budget Days	Activity Type	Outline of Scope from Audit Plan	Original Quarter	Revised Quarter	Comments
			<p>manage the risks surrounding Travel and Subsistence (T&S) arrangements.</p> <p>Using Data Analytics we were due to analyse T&S activity and also test to ensure compliance with guidance in relation to propriety and approval.</p>			<p>the agency and as such not a priority for assurance activity.</p> <p>Audit has been replaced with a review of Governance – Portfolio Sponsor Arrangements, and brought forward to Q2.</p>
Recruitment	30	Assurance	<p>There has been a lot of change to this service and as such management were keen to get assurance in relation to this. It is anticipated that this review would need to link in with Workforce Planning as this informs recruitment.</p> <p>Through discussions risk in relation to interviews being undertaken remotely via Teams, the potential that applicants may be coached or have an earpiece or similar and also the risk of applicants utilising Artificial Intelligence</p>	Q2	Q4	<p>Management requested that this review be delayed until Q4 whilst further consideration is given to the focus and need for this review.</p>

Activity Title	Estimated Budget Days	Activity Type	Outline of Scope from Audit Plan	Original Quarter	Revised Quarter	Comments
			<p>or coaches to complete/submit applications can be a risk which we can consider as part of this review.</p> <p>If controls are weak at the recruitment and pre-employment stages there is increased risk that staff recruited may not be appropriate, may not have the capacity and/or capability to deliver in the role and ultimately will impact Social Security Scotland's ability to achieve its strategic objectives.</p>			
Learning and Development – External / Procured Spend	30	Assurance		n/a	Q2	Review added to the Audit Plan in place of the People Survey Outcomes review, and brought forward to Q2.
Governance – Portfolio Sponsor Arrangements	15	Assurance		n/a	Q2	Review added to the Audit Plan in place of the Travel and Subsistence review, and brought forward to Q2.