

Audit and Assurance Committee	
Date of Meeting	27 th February 2024
Subject	Internal Audit Progress Paper
Agenda No.	5
Prepared By	Directorate for Internal Audit and Assurance
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 progressing on the 2023/24 Internal Audit Plan with an update provided in this paper on each of the reviews. Work is progressing well with finalising quarter 3 reviews as well as carrying out quarter 4 reviews, with a view to having all fieldwork complete and draft reports issued prior to the year end.
- Advisory and Follow-up activity is ongoing. A summary of this is provided in the body of our report.
- Our proposed annual plan for 2024/25 has been drafted and is due to be presented at the Executive Team with a view to this being agreed by management and the Audit and Assurance Committee by correspondence prior to the start of the new audit year.

2. 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 2023-24

27 February 2024

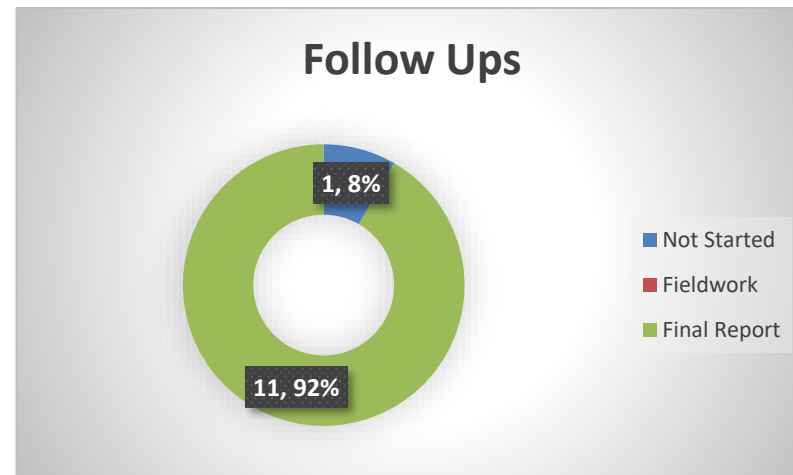
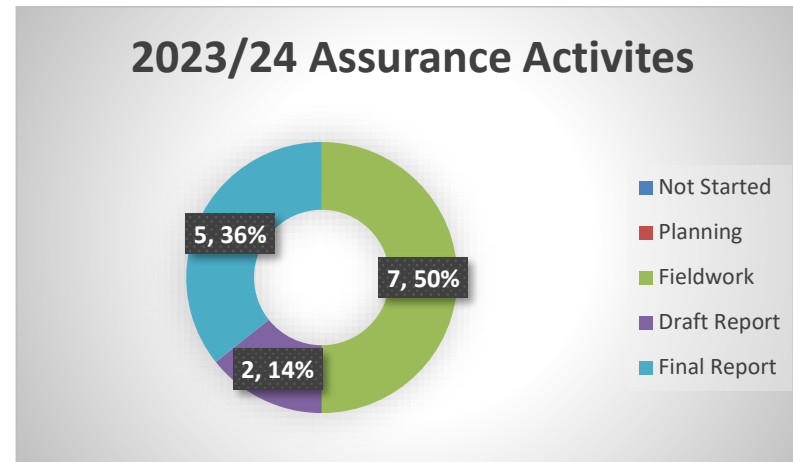
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1. Progress Highlights

1.1. Key Messages

- Work is progressing with the 2023/2024 assurance activities, as noted in the chart opposite. Delivery of the remaining reviews is on track, with a view to having all fieldwork complete and draft reports issued prior to the year end.
- Further details of Assurance work are provided in [Table 1](#).
- Details of Advisory work is provided in [Table 2](#)
- A summary of progress on the completion of follow up reviews is shown in the chart opposite, with further detail provided in [Table 3](#).
- The latest Internal Audit Strategic Matters, Integrated Assurance and Strategic Best Practice / insight sharing is provided in [Section 2](#).
- The 2024/25 annual plan has been drafted and is due to be presented to the Executive Team, thereafter it will be shared with members of the Audit and Assurance Committee by written correspondence.



2. Directorate for Internal Audit and Assurance Strategic Update

2.1. Below are key messages from the wider work of the Directorate and from stakeholder engagement which, this quarter, largely sits across the areas of: capability, capacity and wellbeing; data and systems; and governance, risk and compliance:

Key Headlines – Strong Foundations

Our Core Scottish Government Internal Audit activity in the last quarter has focused on key corporate systems and compliance. In our broader DIAA engagement, the focus across the organisation has been on financial management, budgetary control and workforce planning.

- Significant challenges in delivering the path to balance in 2023/24, with enhanced measures in place to ensure all remaining spend in this quarter is unavoidable.
- The Scottish budget 2024/25 was published in December and there are challenges across all portfolios in order to set out and deliver a path to balance.
- Budget pressures are impacting on the delivery of major digital projects, including workstreams being delayed or de-prioritised. Prioritisation in practice is positive and necessary. It will however be key that the wider set of risks around delays and de-prioritisation, including impacts on controls and key dependencies are fully understood and are worked through. Ensuring appropriate governance and accountability processes are complied with is critical.

Progress on strong foundations is being made but there is more to do:

Compliance

Business Continuity and Information Governance Internal Audit reviews have identified emerging findings around the need for further development of second line controls to support better compliance and continuous improvement. These findings are aligned with other Internal Audit findings noted in our Freedom Of Information (FOI) and ePC (electronic purchase card) reports.

Capability and capacity

Digital project delivery plans remain increasingly unstable with many projects in a cycle of frequent replanning and rescheduling of assurance activities.

Business continuity and resilience

An Internal Audit review of Business Continuity is at fieldwork stage. The review is assessing governance, risk management and training/stakeholder engagement arrangements. Internal Audit has identified an emerging finding surrounding low rates of compliance with the required annual testing of Business Continuity Plans.

The Corporate Information Asset Register continues to be out of support and a route to a replacement has not been identified. Steps are being taken to address this via the Information Governance Board and in light of emerging data protection regulatory changes due in late 2024.

Information management, governance and data protection

Data Protection Officer reporting stability in compliance with asset registration review (27% of assets overdue for review).

This is a legal requirement under UK GDPR for records containing personal information.

Mandatory staff data protection training completion rates has dropped. Data handling incidents across Scottish Government core Directorates remain mostly low-impact human handling errors.

Integrated Assurance – Shared Services

- Since the last Audit and Assurance Committee meeting, it has been confirmed that the implementation of Oracle Cloud to replace the existing HR, finance and purchasing systems has been delayed and will now take place as soon as possible after April.
- An Assurance of Action Plan (AAP) Review was carried out in November 2023 as a consequence of the Amber/Red delivery confidence assessment of the Gate 0 Review in July 2023. The AAP Review reaffirmed the delivery confidence assessment as Amber/Red.
- The next key DIAA output for the programme which is at scoping stages is a tailored Technology Assurance Framework (TAF) review.
- To support successful implementation and for benefits of the system to be optimised it is essential that there is an ongoing programme of communication, engagement and training activity to support readiness – including for wider

shared service users in public bodies. Internal Audit has a placeholder in quarter four for a review of business readiness within the SG Core. The scope and timing of this work will be considered alongside the tailored TAF review. The Corporate Transformation and Estates Management review in quarter four for Social Security Scotland should also provide assurance that Social Security Scotland is actively engaging and preparing for the new system.

2.2. Portfolio, Programme and Project Assurance

The Portfolio, Programme and Project Assurance Hub is engaging with Social Security Scotland about the Social Security Place Programme, Social Security Our Ways of Working Project and Social Security Agency Set Up – with status updates awaited on all three.

A Gate 0 Review of the Social Security Programme within Social Security Directorate concluded on 7 February 2024. The report is being finalised.

2.3. Digital Assurance Office

The focus of Digital Assurance Office activity remains with Social Security Programme, however the team are continuing to engage with key contacts within Social Security Scotland to ensure that digital assurance activities are considered where appropriate.

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 – 2023/2024 Assurance Work

Audit Title	Planned Quarter	Progress to Date	Comments
Client Services Delivery Compliance	All Year	Fieldwork Ongoing	Fieldwork is now coming to an end and testing outcomes have continued to be reported to management monthly. Work is now progressing with our report to summarise the outcomes from our fieldwork. This will be shared with Audit and Assurance Committee members once agreed with management.
Integration Space	1	Closed	Final report tabled at November 2023 Audit and Assurance Committee.
Procurement	1	Closed	Final report tabled at November 2023 Audit and Assurance Committee.
Winter Heating Benefits	1	Closed	Final report tabled at August 2023 Audit and Assurance Committee.
Internal Controls – Official Error Trends	2	Final Report Issued	Final report issued 8 February 2024 with a limited assurance opinion. Final report attached as Annex B.

Audit Title	Planned Quarter	Progress to Date	Comments
Safeguarding	2	Final Report Issued	Final report issued 9 February 2024 with a limited assurance opinion. Final report attached as Annex C.
Child Disability Payment In-depth Follow Up	2	Draft Report Issued	The draft report for this review was issued on 21 st December 2023 with a revised version issued 30 th January 2024 following a number of clarifications being made. An emerging limited assurance opinion has been provided. The final report will be shared with members once agreed by management.
Case Discussions	3	Fieldwork Complete	The fieldwork for this review is now complete and the exit meeting has been held with the draft report now in progress. The final report will be shared with members once agreed by management.
Risk Management	3	Draft Report Issued	The draft report for this review was issued on 7 th February 2024 with an emerging reasonable assurance opinion for risk management and limited assurance for issue management. The final report will be shared with members once agreed by management.
Governance	3	Fieldwork Ongoing	The fieldwork for this review is now almost complete, with the exit meeting scheduled for 19 th February 2024. The draft report will be issued following this meeting and the final report will be shared with members once agreed by management.
Adult Disability Payment In-Depth Review	4	Fieldwork Ongoing	The fieldwork for this review is ongoing. The final report will be shared with members once agreed by management.
Corporate Transformation and Estates Management	4	Fieldwork Ongoing	The fieldwork for this review is now underway. The final report will be shared with members once agreed by management.

Audit Title	Planned Quarter	Progress to Date	Comments
Role Based Access Controls	4	Fieldwork Ongoing	<p>This review is being undertaken in the place of the Embedding and Enhancement review that was cancelled, as detailed in our November progress paper – please see Annex B for further details of the change made.</p> <p>The fieldwork for this review is now underway.</p> <p>The final report will be shared with members once agreed by management.</p>

Table 2 - 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
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.
Client Services Delivery Quality Checking	Complete	Our fieldwork is now complete and focussed on review and provision advice to Client Services Delivery on the development of their Quality Checking arrangements. Output from this has been produced which details areas of good practice identified along with some suggestions for improvement for management to consider.
Measurement - Estimation of Fraud and Error	Ongoing	Our planning meeting has been held and we have ongoing engagement with the team, with fieldwork due to commence shortly. The focus will be on providing advice to the Fraud and Error Unit on their work to establish measurement estimation of Fraud and Error.
Fraud and Error Unit – Performance Management Advisory	Ongoing	Internal Audit is reviewing the arrangements being established by the Fraud and Error Resolution Unit to record and measure the quality and performance of the division.

Advisory Title	Status	Progress to Date
Physical Security	Ongoing	Our planning meeting has been held and we have ongoing engagement with the team, with fieldwork due to commence shortly. The focus will be on providing advice to management on the current arrangements for physical security and further work that may be required to be undertaken.
Corporate Finance – Structure and Ways of Working	Ongoing	Internal Audit is reviewing the arrangements being considered for improving financial modelling across the organisation. Our fieldwork is now complete and work is ongoing to provide feedback to management.

Table 3 – Follow Ups

The following table is an overview of the follow up activity progress since the last Audit and Assurance Committee in November 2023.

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

Report Title	Recommendations	Progress to Date
Readiness for Disability and Carer's Benefits	1 High 2 Medium	Complete All recommendations fully implemented
Child Disability Payment In-Depth Review	1 Medium 4 High	Complete 2 fully implemented 3 partially implemented
Incident Management	4 Medium	Complete All recommendations partially implemented
Workforce Planning	4 Medium	Complete All recommendations fully implemented
Document Management	5 Medium	Complete 1 fully implemented 4 partially implemented

Report Title	Recommendations	Progress to Date
Productivity and Efficiency	2 Medium	<p style="text-align: center;">Delayed</p> <p>This follow up review is now overdue. The follow up has been delayed following discussions with management due to delays with progressing the implementation of the agreed actions from this audit.</p> <p>An update on revised timescales for implementation is to be provided by management and our follow up will then be rescheduled to align with these revised implementation dates.</p>

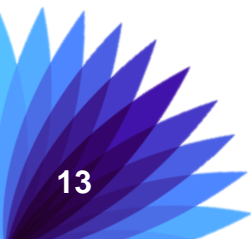


Table 4 – Revised Annual Plan

Activity Title	Estimated Budget Days	Activity Type	Outline of Scope	Original Quarter	Revised Quarter	Comments
Role Based Access Controls	30	Assurance	<p>This review replaces the Embedding and Enhancement review which has been cancelled, per our previous update to the Audit and Assurance Committee.</p> <p>This review of Role Based Access Controls will provide assurance over the arrangements in place to ensure staff have the required access to systems to enable them to undertake their roles, together with how Social Security Scotland maintain sound controls in relation to information security, data protection and segregation of duties to ensure colleagues only have access to systems, functionality and data which is relevant to their roles.</p> <p>This will also consider arrangements for Access Management and System Administration including the processes for new system access requests, temporary access, staff changing roles or leaving Social Security Scotland and access for stakeholders external to Social Security Scotland.</p>	-	Q4	Review added to the Audit Plan in place of the cancelled Embedding and Enhancement review.