



Audit and Assurance Committee

Date of Meeting	14 November 2023
Time	10:00 – 13:00
Location	Video Conference – Virtual Only

Attendees

Present

Non-Executive Members

Russell Frith (RF)	Chair, Non-Executive Member
Naghat Ahmed (NA)	Non-Executive Member
Barry Matheson (BM)	Non-Executive Member

Social Security Scotland

David Wallace (DW)	Accountable Officer, Chief Executive
James Wallace (JW)	Deputy Director, Finance and Corporate Services
LS	Risk and Assurance Team Leader
DP	Head of Strategy and Corporate Support
MF	Head of Fraud and Error Resolution
SM	Risk Team Manager
MB	Corporate Assurance Manager
SG	Corporate Finance Lead
RM	Finance Business Partner
ID (Item 9)	Organisational Strategy Manager

Internal Audit

LC	Senior Internal Audit Manager
MH	Internal Audit Manager
LB	Assurance Support Officer
PM	Internal Audit Manager

Audit Scotland

LD	Audit Scotland
PG	Audit Scotland
PM	Audit Scotland



Observers

Jennifer Inglis-Jones (JI)

Director Of Internal Audit and Assurance

Nicola Rudnicki

Deputy Director, People and Place

Apologies

Gayle Devlin (GD)

Deputy Director Health and Social Care

NB

Head of Finance

Secretariat

GE

Corporate Assurance Coordinator



1. Welcome and Conflicts of Interest.

- 1.1. The Chair (RF) welcomed everyone to the meeting and noted the apologies as listed above.
- 1.2. RF welcomed the two observers to the meeting, Jennifer Inglis-Jones, Director of Internal Audit and Assurance and Nicola Rudnicki, Deputy Director, People and Place.
- 1.3. No conflicts of interest were noted.

2. Minutes and Action Tracker.

- 2.1. The minutes from both the August and October 2023 Audit and Assurance Committee have been agreed and are awaiting publication.
- 2.2. All actions from both minutes are complete.

3. Social Security Scotland Finance Update September 2023.

- 3.1. SG provided the Committee with an update on Social Security Scotland's September 2023 financial results and noted the following:
 - The report format has been updated to streamline reporting.
 - Tracking is as expected on all lines of expenditure.
 - There is an emerging risk on the staffing forecast.
 - Charges for DWP Formal Agreements are yet to be confirmed. The confirmed position will be provided at the February 2024 Audit and Assurance Committee meeting.
 - The current full-year forecast for Transition items totals £8.0 million with £3.0 million funded from Social Security Programme.
 - £10.0 million will be provided to the Social Security Programme to progress the Single Prioritised Backlog.
 - The Benefit Forecasting Review Group conducted an annual Deep Dive into Benefit Expenditure in preparation for the Spring Budget Revision.
- 3.2. DW highlighted the staffing forecast risk was anticipated and managed by considering the 2024-25 budget.
- 3.3. RF and the Committee commended the finance dashboards, highlighting they are succinct and easy to understand.
- 3.4. The Chair and the Committee thanked SG and noted the report.



4. Social Security Scotland Fraud and Error Resolution Update.

- 4.1. MF presented the Counter Fraud, Error Interventions and Debt Management and Payment Resolution quarter two reports and noted the following:
- The Counter Fraud report provides an update on investigatory work with cases coming to fruition.
 - An annex has been provided within the Error Report to provide insight into the Scottish Child Payment exercise to estimate official error.
 - [Redacted]
- 4.2. BM thanked MF for the update and highlighted a Deep Dive into the different areas within Fraud and Error Resolution would be beneficial. It would be preferable when the team are more established in order to explore how each operates and interacts with each other.
- 4.3. BM highlighted the staffing position and questioned the return on investment to break even. MF advised the numbers can be provided in correspondence. MF provided further information on ongoing efforts to improve efficiency for managing and recovering debt.
- 4.4. JI added further information to BM's question stating the Public Sector Fraud Authority are actively enhancing efforts to gather more data and intelligence which will support a return on investment. This will help Social Security Scotland.
- 4.5. [Redacted]
- 4.6. The Chair and the Committee thanked MF and noted the report.

5. Social Security Scotland Risk Management Update.

- 5.1. SM provided the Committee with an update of Risk Management activity noting the following:
- The risk score for CR-005, Culture and Inclusion, has increased to 12.
 - The risk Score for CR-009, Delivering For Our Clients, has increased to 20.
 - The Risk CR-002, Asset Security, will be reframed to include Fraud and Error.
 - Assessments have taken place with all risk owners and a monthly reporting cycle is now in place.
 - A Management Information risk was presented to the October 2023 Risk Review Group.

- A Personal Security risk and Data Protection risk will be assessed before acceptance at the November 2023 Risk Review Group.
 - The Strategic Issues approach is being refreshed in conjunction with the Risk Review Group. Work is underway to review our Operating Model and Fraud and Error Systems.
 - Fieldwork is underway with interviews taking place for the Risk Management Audit.
- 5.2. RF commended the work of the Risk Team for building a strong Strategic Risk Register stating it will be beneficial for discussions on Risk for the Executive Team and Audit and Assurance Committee.
 - 5.3. RF stated the Strategic Risk Register is a strong foundation for a Committee Deep Dive and revisited BM’s request for a Fraud and Error Resolution Deep Dive. It was agreed in February 2024 a Deep Dive will be scheduled to discuss the Quality Risk, then another in May 2024 to discuss Fraud and Error Resolution.
 - 5.4. LS confirmed the Quality Deep Dive is beneficial and it can be linked into outstanding assurance recommendations. The Corporate Assurance Team will ensure a representative from Social Security Scotland is in attendance to discuss the Quality Assurance Framework.
 - 5.5. DW placed on record his thanks to SM and the Risk team for the work developing the Strategic Risk Register. The Executive Team recognise the risks and will provide support to continue with the development.
 - 5.6. BM praised the Strategic Risk Register and recognises the links to the four key Business Plan themes. BM suggested exploring a clear link between the Risk Register and audit recommendations. SM provided the Committee with a comprehensive overview of the Risk Teams plans with audit recommendations.
 - 5.7. SM discussed how divisional level risks will be linked to corporate level risks.
 - 5.8. JI praised the Strategic Risk Register stating it is a comprehensive overview of Social Security Scotland’s current position and Internal Audit recognise the top risks.
 - 5.9. RF thanked SM and the Committee noted the contents of the report.

Action	Corporate Assurance	Schedule a Deep Dive in February 2024 for the Quality Risk
Action	Corporate Assurance	Schedule a Deep Dive in May 2024 for Fraud and Error Resolution

6. Directorate for Internal Audit and Assurance Update.

- 6.1. LC presented the Directorate for Internal Audit and Assurance update and noted the following:
- A brief overview of wider Directorate activity.
 - Amendments have been made to the 2023-24 Audit Plan. The Adult Disability Payment review will now commence in quarter four with the Governance Audit taking place in quarter three.
 - Transition and Embedding and Enhancement have been removed from the Audit Plan, this has been accepted by Social Security Scotland's management. In place, a review of Continuous Improvement has been added.
 - In quarter four there are available days for additional Internal Audit activity. Social Security Scotland management are progressing with discussions about what review will be scheduled in this time.
- 6.2. LC presented the two final Internal Audit reports, the assurance ratings and a breakdown of the recommendations:
- Review of Integration Space – Substantial assurance.
 - Review of Procurement – Reasonable assurance.
- 6.3. RF highlighted it would have been beneficial to include within the Procurement report contextual information about contracts and values that Social Security Scotland have to demonstrate the strategic importance of the area under review. RF suggested including similar contextual information in future reports
- 6.4. JW, in response to RF question, provided an overview of how Social Security Scotland spend their budget and various contracts that are in place.
- 6.5. DW advised the Committee of two key aspects of the upcoming Governance review. The first, getting adequate sponsorship arrangements in place and assuring they are valid, correct and follow best practice with the Director General. Secondly the correct governance in place from Social Security Programme, in particular for Transition to make sure Social Security Scotland has a greater voice.
- 6.6. BM discussed the need to get Transition correct and championed the role Internal Audit can play from an advisory perspective in achieving this. BM, giving an example from experience, highlighted early advisory work will be beneficial in the long run by giving foresight into potential issues. JI was happy for Internal Audit to play a key role in supporting.
- 6.7. LS advised the planning for the 2024-25 Audit Plan will begin shortly with consultation to be scheduled with the Non-Executive Members in January 2024.
- 6.8. JI shared key themes from other Director General forums, these included:
- Fiscal challenges.
 - Workforce morale.
 - Corporate transformation of shared systems.
 - New Internal Audit standards are being introduced in 2024.



6.9. The Chair thanked LC and the Committee noted the contents of the report.

7. Assessment of External Audit

- 7.1. RF provided a brief update on the Assessment of External Audit, noting the requirement to consider External Audits performance annually.
- 7.2. DW and RF both expressed satisfaction with the value Audit Scotland provide to Social Security Scotland.
- 7.3. PG confirmed this years audit was positive and productive with Audit Scotland building strong relationships with Social Security Scotland. PG highlighted the benefit of on-site auditing, emphasising the role it played in building engagement and enhancing knowledge during the financial and performance audits.

8. Audit and Assurance Committee Terms of Reference.

- 8.1. RF provided the Committee with an updated Terms of Reference. The Committee were advised of no major changes with updates consisting of individuals names and job titles being amended.
- 8.2. The Committee accepted the updated Terms of Reference.

9. Annual Report and Accounts Lessons Learned

- 9.1. DP presented the Annual Report and Accounts Lessons learned, this item was agreed at the October 2023 meeting. The following points were discussed and agreed:
 - When the Annual Report and Accounts is published, DP will email the document to the Non-Executive Members.
 - Early insight and input towards the Social Security Scotland Accounting Policies is beneficial to the Non-Executive Members and this should continue.
 - Better engagement with the Non-Executive Members of the Audit and Assurance Committee and Executive Advisory Body in the drafting process was suggested. A draft of the document should be provided in good time that allows for any suggestions made to be considered and incorporated..
 - The Calendar of Business has been updated to include space for an early draft to be shared with the Non-Executive Members in August and an ad-hoc meeting can be arranged if required.



- Audit Scotland praised the engagement of Social Security Scotland colleagues throughout the process.
- 9.2. DW expressed the importance of Non-Executive Member involvement. DW thanked everyone for the work in producing the Annual Report and Accounts.
- 9.3. DP concluded the discussion by placing on record his thanks to ID, LS, SG, the Finance team and Audit Scotland for their contributions to the Annual Report and Accounts process.

Action	DP	Provide the Non-Executive members with a copy of the published Annual Report and Accounts.
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10. Any Other Business / Below the Line Papers.

- 10.1. No other business was recorded. RF thanked everyone in attendance and concluded the meeting.

Date of next Meeting – 27 February 2024

Action(AP)	Detail	Owner	Due Date	Status
AP – 14/11/2023 - 01	Schedule a Deep Dive in February 2024 for the Quality Risk	Corporate Assurance	Next Meeting	Complete
AP – 14/11/2023 - 02	Schedule a Deep Dive in May 2024 for Fraud and Error Resolution	Corporate Assurance	Next Meeting	Will be scheduled for the afternoon of the May 2024 meeting.
AP – 14/11/2023 - 03	Provide the Non-Executive members with a copy of the published Annual Report and Accounts.	DP	Next Meeting	Complete