



Audit and Assurance Committee

Date of Meeting	16 May 2023
Time	10:00 – 12:30
Location	Video Conference – Hybrid

Attendees

Present

Non-Executive Members

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

Social Security Scotland

David Wallace (DW)	Accountable Officer, Chief Executive
Gayle Devlin (GD)	Deputy Director Health and Social Care
James Wallace (JW)	Deputy Director Finance and Corporate Services
DP	Head of Strategy and Corporate Services
MF	Head of Fraud and Error Resolution
SM	Risk Team Manager
NB	Head of Finance
RM	Finance Business Partner
SG	Corporate Finance Lead
MM	Senior Benefit Accounting and Forecasting Manager

Internal Audit

IB	Lead Senior Internal Audit Manager
LS	Internal Audit Manager

Audit Scotland

PM	Audit Scotland
----	----------------

Secretariat

GE	Corporate Assurance Coordinator
----	---------------------------------



Apologies

Barry Matheson	Non-Executive Member
LS (2)	Risk and Assurance Team Leader
Ally MacPhail	Deputy Director Strategy, Change, Data and Engagement
MH	Internal Auditor

1. Welcome and Conflicts of Interest

- 1.1. The Chair welcomed everyone to the meeting and noted the apologies as listed above.
- 1.2. The Chair advised the Business Resilience Annual Update, which was due to be presented today and has been circulated, has been deferred to August. Should The Committee have any questions about the report, they should contact the secretariat.
- 1.3. No conflicts of interest were noted.

2. Minutes and Action Tracker

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

3. Audit Scotland 2022-23 Financial Year Update

- 3.1. PM presented a verbal update to The Committee and noted the following:
 - Interim audit work is progressing well.
 - Audit Scotland have started engagement with the Social Security Scotland Finance team on the application of IFRS 16 in the accounts, with discussions being positive.
 - Audit Scotland have recurring meetings with Fraud, Error and Debt and the Statistics team, this is to discuss the planned exercise to estimate the Scottish Child Payment error rates.
 - Social Security Scotland progress against recommendations in the performance audit report is being monitored by the audit team.
- 3.2. RF asked PM if the audit plan timetable is on track. PM confirmed everything is running to schedule and the financial statement audit will commence at the end of June.

3.3. The Audit and Assurance Committee thanked PM and noted the update.

4. Internal Audit Directorate Update

4.1. IB presented the Directorate for Internal Audit and Assurance update and noted the following:

- All reports from the 2022-23 Audit Plan have been issued, with three of them in draft report format and on course to be finalised.
- Internal Audit have had a positive start to 2023-24 with four reviews underway, two of which are currently at the fieldwork stage, while the remaining two are at the planning stage.
- Jennifer Inglis-Jones is the new Director for Internal Audit and Assurance. Jennifer brings a wealth of experience and will be invited to the August Audit and Assurance Committee.
- The Digital Assurance Office are working with Corporate Assurance and the Chief Digital Office. This is to identify ownership of digital assurance when it transitions from Social Security Programme to Social Security Scotland.
- The corporate systems assurance rating in Core Scottish Government is “reasonable”. This report was shared at the recent Director General Corporate meeting.
- Cyber Security Governance findings were discussed.

4.2. LS noted the four other included Internal Audit reports and the assurance ratings:

- Client Services Delivery Benefit Compliance – Reasonable assurance.
- Incident Management – Reasonable assurance.
- Client Experience Disability and Carer's Benefits Redeterminations and Appeals – Reasonable assurance.
- Health and Social Care Quality Assurance and Professional Supervision – Reasonable assurance.

4.3. RF requested, due to a longer action date in recommendation one, for an interim follow up to be completed in August 2023 for the Client Experience Disability and Carer's Benefits Redeterminations and Appeals review. This is due to recommendation one having a completion date one year later than the other recommendations.

4.4. The Chair thanked IB and LS and The Committee noted the contents of the report.

Action	GE	Invite Jennifer Inglis-Jones to the August Audit and Assurance Committee
--------	----	--



5. Internal Audit Annual Assurance 2022-23

- 5.1. IB presented the Directorate for Internal Audit annual assurance opinion and noted the following:
- Internal Audit are providing “reasonable” assurance on Social Security Scotland’s risk management, governance and control arrangements.
 - An increase in Internal Audit advisory work throughout the year has helped influence this opinion.
 - Strong relationships continue between Social Security Scotland and Internal Audit.
- 5.2. DW conveyed appreciation for all the support provided by Internal Audit and highlighted the importance of a strong relationship.
- 5.3. The Chair thanked IB and Internal Audit and The Committee noted the contents of the report.

6. Social Security Scotland Fraud, Error and Debt Annual Report 2022-23

- 6.1. MF presented the 2022-23 Counter Fraud, Error Control and Debt Management Annual Reports and noted the following:
- The Committee are invited to provide feedback for the three annual reports being presented.
 - The reports highlight a year of recovery from the pandemic. Debt Management and Counter Fraud activities that were paused have now been reinstated.
 - The efficiency of the Error Team has advanced in its ability to recognise trends and promote continuous improvement.
 - Positive results are emerging from the end to end Counter Fraud process.
 - RF thanked MF and advised the reports were of a high quality.
- 6.2. RF questioned MF about estimation of monetary value of fraud and error. MF provided a breakdown of methodologies considered, and explained how DWP statistics may assist in understanding inter-departmental transferred risk.
- 6.3. RF and MF discussed recharge of Funeral Support Payment to estates.
- 6.4. The Chair thanked MF and the committee noted the contents of the report.

7. Social Security Scotland – Risk Management Update



- 7.1. SM provided The Committee with an update of the risk management activity noting the following:
- All divisions have participated in a risk workshop and by using feedback from each we have nine strategic key risk themes.
 - The first revised Risk Review Group took place in April 2023. Productive discussions regarding the risks took place. Members have been tasked with rephrasing and scoring ahead of the next meeting later this month.
 - The aim is for strategic risks to be shared with the Executive Team this summer, then with the Audit and Assurance Committee.
 - The Audit and Assurance Committee Chair will be attending the next Risk Review Group meeting.
- 7.2. NA asked how does the Risk Review Group link up with Internal Audit. SM confirmed the Corporate Assurance Team and Risk Team work very closely together and both attend a monthly meeting with Internal Audit.
- 7.3. RF thanked SM for the invite to the Risk Review Group and commended all the hard work by the Risk team.

8. Social Security Scotland Finance Update and Approach to Accounts Preparation and Accounting Policies

- 8.1. SG provided a verbal update to The Committee and noted the following:
- Finance are undergoing their year-end processes.
 - An update on the 2022-23 financial position.
- 8.2. RF asked regarding the outturn position on benefit expenditure if the Scottish Government Finance team are aware. SG confirmed the position is within the range that has been reported and that a meeting with SG finance colleagues is arranged to discuss the position in detail.
- 8.3. SG provided an update on the 2022-23 Accounts Preparation and Draft Accounting Policies and noted the following:
- Various stakeholders have been included to review and update our 2022-23 Accounting policies.
 - The main changes were: Winter Heating Payment is now included, and our accounting policies have been updated to reflect the change in accounting standard for IFRS16 leases, the wording has been agreed in principle with Audit Scotland.
- 8.4. The Committee engaged in a discussion regarding benefit payment recognition, focusing on questions about benefit payment times and the impact they have.
- 8.5. The Audit and Assurance Committee thanked SG for both updates.

9. Social Security Scotland – Audit Recommendations Update

9.1. DP presented the Audit Recommendations update and noted the following:

- The report provides an update on Internal Audit, Audit Scotland and Healthcheck recommendations.
- Annex A will be updated to include the recent Audit Scotland report recommendations.

9.2. RF asked if there is still benefit in tracking partially implemented recommendations from previous years? RF requested they be reviewed and removed if possible. DP and DW agreed stating focus should move to newer recommendations.

9.3. RF asked DP if the Annual Report and Accounts is on track. DP confirmed yes and will provide a progress update at the August Meeting.

9.4. The Audit and Assurance Committee thanked DP and noted the update.

Action	Corporate Assurance	Include Audit Scotland recommendation updates in Annex A in August's paper.
Action	Corporate Assurance	Review partially Implemented recommendations.
Action	DP	Provide a progress update for the Annual Report and Accounts

10. Any Other Business/Below the Line Papers

10.1. RF provided questions in regards to the Register of Compliance update, DP confirmed responses will be provided via correspondence.

10.2. No other business was recorded and RF concluded the meeting.

Action	Corporate Assurance	Provide responses to RF questions regarding the Register of Compliance.
--------	---------------------	---

Date of next Meeting – 29 August 2023

Action(AP)/Decision(DP)	Detail	Owner	Due Date	Status
AP – 16/05/2023 - 01	Invite Jennifer Inglis-Jones to the August Audit and Assurance Committee	GE	Next Meeting	Complete
AP – 16/05/2023 - 02	Provide Audit Scotland recommendation updates in Annex A in August's paper.	Corporate Assurance Team	Next Meeting	Complete
AP – 16/05/2023 - 03	Review partially Implemented recommendations.	Corporate Assurance Team	Next Meeting	Complete
AP – 16/05/2023 – 04	Provide a progress update for the Annual Report and Accounts.	DP	Next Meeting	Complete
AP – 16/05/2023 - 05	Provide responses to RF questions regarding the Register of Compliance.	Corporate Assurance Team	Next Meeting	Complete