Audit and Assurance Committee	
Date of Meeting	22nd November 2022
Subject	Internal Audit Progress Paper
Agenda No.	6
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:

- We have continued to participate in regular meetings with key stakeholders across Social Security Scotland in order to remain aware of developments and changing risks. This includes consideration of our work and ensuring this is aligned with emerging changes to ensure our work remains focussed on high risk areas for the organisation.

- Work is progressing on the 2022/23 Internal Audit Plan with an update provided in this paper on each of the reviews. Work is progressing well with the quarter 3 reviews and planning is underway for the remaining three reviews due to be undertaken in quarter 4.

- Advisory and Follow-up activity has continued. A summary of this is provided in the body of our report. We are pleased to note an increased uptake in our advisory offer which has not been utilised to its full capacity in prior years.

- We are in the early stages of planning for the 2023/2024 Internal Audit Plan. Initial meetings have been scheduled and we will keep members up to date in relation to this as we progress.

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.

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Directorate for Internal Audit and Assurance

Audit and Assurance Committee Progress Report

Social Security Scotland 2022-23

22 November 2022

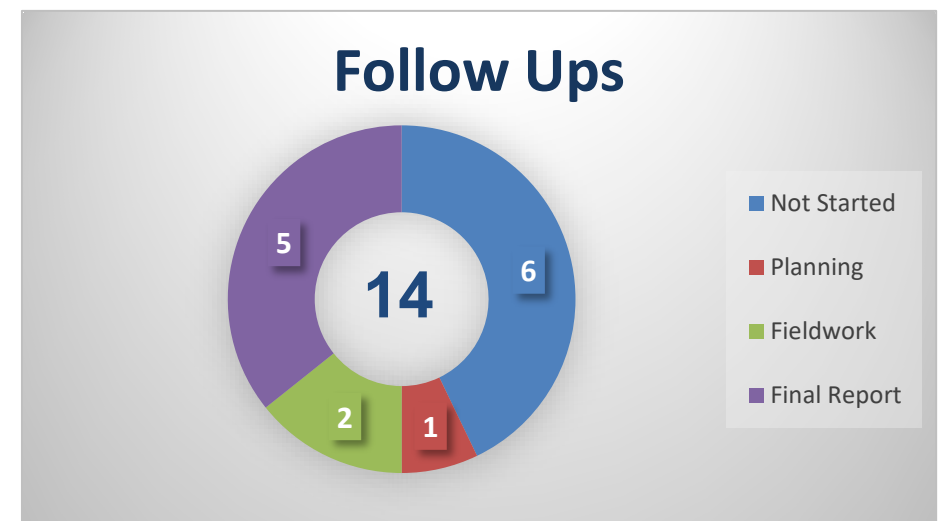**Directorate for Internal Audit and Assurance**

Issue Date: 11-11-2022

Contents

1. Progress Highlights

1.1. Key Messages

- Progress is being made against the Annual Plan as summarised in the diagrams opposite.

- Further details of Assurance work are provided in Table 1 in Annex A.

- Details of Advisory work are provided in Table 2 in Annex A.

- Progress on the implementation of recommendations is provided in Table 3 in Annex A.

- One Final Internal Audit Report is presented for discussion in Annex B.

- The latest Internal Audit Strategic Matters, Integrated Assurance and Strategic Best Practice / insight sharing is provided in Section 2.

2022/23 Assurance Activities

15

- Not Started
- Planning
- Fieldwork
- Draft Report
- Final Report

0
1
3
5
6

Follow Ups

14

- Not Started
- Planning
- Fieldwork
- Final Report

6
5
2
1

2. Directorate for Internal Audit and Assurance Strategic Update

2.1. Directorate for Internal Audit and Assurance Strategic Matters

Corporate Systems 2022-23

2.1.1. The Corporate Systems review will focus on the current systems in place and the ability to continue to operate and maintain business as usual systems and prioritise resources effectively during a period of change. Throughout the year we are undertaking a series of assurance reviews to ensure the Corporate System foundations remain robust and resilient. The first individual report, a targeted review of HR Policy, Delivery and Public Body Support Team processes undertaken as they relate to Settlement Agreements, has been completed. Fieldwork has started on the Procurement and Payroll reviews although the Finance (SEAS System Upgrade) review has been pushed back to accommodate a later upgrade implementation date.

Shared Services Programme

2.1.2. No Digital Assurance Office or Portfolio, Programme and Project Assurance reviews have been performed since the Gateway Healthcheck in June 2022 (which provided an Amber delivery confidence). The Shared Services Programme is continuing to work on their Integrated Programme Plan. DIAA are meeting regularly with the Programme Team to ensure the assurance activities are understood and planned accordingly. The next mandatory Technology Assurance Framework review is a Delivery Gate which is under discussion for early 2023.

Public Audit Committee – Major IT projects

2.1.3. This is to make members aware that the Public Audit Committee (PAC) has indicated that they wish to take evidence on Major IT Projects from officials on 8 December. The areas that they have indicated that they wish to cover include the Digital Assurance Office; the Scottish Digital Academy; and progress that has been made towards implementing the recommendations from the Session 5 Committee's report "Key audit themes: Managing ICT projects", specifically those around procurement processes, recruitment practices, skills development and the embedding of lessons learned. The Directorate for Internal Audit and Assurance will be contributing to the evidence.

Counter Fraud

2.1.4. Since the previous report, the Counter Fraud Service has progressed the fraud risk mapping project across Director Generals (DGs), which utilises the Strategic Fraud Risk Profiling (SFRP) tool. Thirteen SFRP exercises together with a number of Fraud Risk Assessments are currently underway, and nine have been completed across DGs and Scottish Government organisations. This project is being undertaken in a phased approach.

Data Protection Officer

2.1.5. The Information Commissioner's Office (ICO) has undertaken a consensual audit of Scottish Government compliance with data protection regulations. An interim report has been produced and a summary is set out below:

Audit Scope area	Assurance Rating	Overall Opinion
Governance and Accountability	**Reasonable**	There is a reasonable level of assurance that processes and procedures are in place and are delivering data protection compliance. The audit has identified some scope for improvement in existing arrangements to reduce the risk of non-compliance with data protection legislation.
Information Risk Management	**Reasonable**	There is a reasonable level of assurance that processes and procedures are in place and are delivering data protection compliance. The audit has identified some scope for improvement in existing arrangements to reduce the risk of non-compliance with data protection legislation.
Role of the DPO	**High**	There is a high level of assurance that processes and procedures are in place and are delivering data protection compliance. The audit has identified only limited scope for improvement in existing arrangements and as such it is not anticipated that significant further action is required to reduce the risk of non-compliance with data protection legislation.

2.2. Integrated Assurance Update

Portfolio, Programme and Project Assurance (PPPA)

2.2.1. Common themes arising from across Portfolio, Programme and Project Assurance reviews are the need to explore an SG Portfolio Management approach, unrealistic expectations of what is deliverable and resource challenges (people and funding).

<u>Digital Assurance Office (DAO)</u>

2.2.2. Across wider work the Digital Assurance Office is observing increased fluidity in the scope and plan of some projects, often due to resourcing and budget considerations, although there are other factors such as supplier performance. This is making it more challenging to plan out appropriate assurance activities which, at times, are necessarily tactical because a roadmap or plan is not in place to enable a strategic approach. Increasingly, the Digital Assurance Office is having to respond to short notice requests or late delivery of evidence in support of assurance reviews. There has always been an element of this and the Digital Assurance Office has endeavoured to be flexible and absorb the impact of this however it is becoming more difficult to do given the increased volume and volatility of projects in a scenario whereby the Digital Assurance Office's work is largely demand driven.

2.2.3. Accessibility continues to be given insufficient attention with project teams often de-scoping accessibility without a full risk analysis or understanding of how many users have accessibility requirements and whether legal responsibilities are being met.

2.2.4. Basic governance and good project controls are not evident in all projects across Central Government bodies. It is not uncommon to find that projects do not understand the need for formal record keeping in respect of evidence based decision making or approvals. Digital Standard Assessments of non-major projects often find that roles and responsibilities are unclear and that project boards do not have any formality or clear terms of reference. Release Management is another area which is not always managed well and projects would benefit from learning from the mature model that exists within the Social Security Programme.

<u>Internal Audit</u>

2.2.5. Attached for your information is the Institute of Internal Audit's (IIA's) Risk In Focus report for 2023. We utilise this as part of our annual planning process but also keen to share with Audit Committee members for their information and consideration. Please see Annex C.

2.2.6. Also attached for information is our most recent Quarterly Bulletin which is focussed on Information Governance and Data Protection. Please see Annex D.

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 – 2022/23 Assurance Work

Audit Title	Planned Quarter	Progress to Date	Comments
Client Services Delivery Compliance	All Year	Fieldwork Ongoing	Fieldwork commenced in June 2022. Weekly testing is ongoing with sampling across the main live Low Income and Disability Benefits. Management have been provided with monthly output detailing the samples reviewed and the outcome of our testing. As this is a full year review a final report will not be provided to Audit and Assurance Committee members until the audit is concluded.
IT Supply	Q1	Final Report Issued	The final report was issued on 10th October 2022 with Reasonable Assurance. Please see Annex B.
Cyber Security Resilience	Q2	Fieldwork Complete	The fieldwork for this review is now complete and the draft report is in progress. The final report will be shared with Audit and Assurance Committee members once agreed by management.
Debt Arrangements	Q2	Draft Report Issued	The fieldwork for this review is now complete and the draft report issued on 29th September with an emerging Reasonable Assurance.

Audit Title	Planned Quarter	Progress to Date	Comments
			The final report will be shared with Audit and Assurance Committee members once agreed by management.
Incident Management	Q2	Fieldwork Complete	The fieldwork for this review is now complete and the draft report is in progress. The final report will be shared with Audit and Assurance Committee members once agreed by management.
Social Security Scotland - Internal Controls - Post Award Controls	Q2	Draft Report Issued	The fieldwork for this review is now complete and the draft report issued on 13th October with an emerging Limited Assurance. The final report will be shared with Audit and Assurance Committee members once agreed by management.
Social Security Scotland - Document Management	Q2	Draft Report Issued	The fieldwork for this review is now complete and the draft report issued on 17th October with an emerging Reasonable Assurance. The final report will be shared with Audit and Assurance Committee members once agreed by management.
Social Security Scotland - Client Experience – Disability and Carers Benefits Re-determinations and Appeals	Q3	Fieldwork Ongoing	The fieldwork for this review is now underway. The final report will be shared with Audit and Assurance Committee members once agreed by management.
Social Security Scotland - SPM (Management Information and reporting)	Q3	Fieldwork Ongoing	The fieldwork for this review started in mid-October 2022 and is almost complete. The final report will be shared with Audit and Assurance Committee members once agreed by management.

Audit Title	Planned Quarter	Progress to Date	Comments
Social Security Scotland - Health and Social Care Quality Assurance and Professional Supervision	Q3	Fieldwork Ongoing	The fieldwork for this review is now underway. The final report will be shared with Audit and Assurance Committee members once agreed by management.
Social Security Scotland - Workforce planning	Q3	Planning Ongoing	Planning Meetings for this audit have been undertaken and the Draft Terms of Reference has been issued. Fieldwork is due to commence at the end of November.
Social Security Scotland - Local Delivery	Q3	Terms of Reference Agreed	Planning for this audit has been undertaken and the Final Terms of Reference has been agreed with management. Fieldwork for this audit is due to commence on 28th November 2022.
Social Security Scotland – Case Transfer Process	Q4	Planning Underway	The planning meeting for this review is scheduled for 14th November. The Terms of Reference will be drafted and shared with management for agreement prior to fieldwork starting in quarter 4.
Social Security Scotland – Staff Health and Safety/Wellbeing	Q4	Planning Underway	The planning meeting for this review is scheduled for 29th November. The Terms of Reference will be drafted and shared with management for agreement prior to fieldwork starting in quarter 4.
Social Security Scotland – Quality Assurance Framework	Q4	Planning Underway	The planning meeting for this review is scheduled for 14th November. The Terms of Reference will be drafted and shared with management for agreement prior to fieldwork starting in quarter 4.

Table 2 – Advisory Work

We are pleased to note an increased uptake in Advisory Work across Social Security Scotland. The main advisory work undertaken to date this year are noted in the below table:

Advisory Title	Status	Progress to Date
Quality Assurance Framework	Ongoing	Ongoing engagement with the Product Owner, providing advisory support as and when requested.
Business Owner Branch Development	Ongoing	Social Security Scotland are undertaking a proof of concept exercise in relation to a Business Owner Branch. Internal Audit are providing ongoing advisory support as requested.
Review of outstanding recommendations	Complete	Internal Audit reviewed the listing of current recommendations with a view to identifying if any longer-term recommendations can now be closed due to being superseded by more recent recommendations, followed up as part of more recent assurance activity or due to some other reason. This activity is now complete and feedback was provide to the Corporate Assurance Team.
Health and Social Care input to Appeals and Redeterminations for Child Disability Payment	Complete	Internal Audit were asked to provide some advisory support in relation to Redeterminations and Appeals and the processes in place for Health and Social Care colleagues to support this.
Business Resilience Governance	Fieldwork Complete	Provision of advisory support in relation to the governance arrangements for business resilience including consideration of roles, responsibilities, lines of authority and accountability and reach across the organisation. Meetings have been held with all key contacts and work is progressing to provide feedback on the outcome of this piece of work.

Advisory Title	Status	Progress to Date
Client Services Delivery Awareness Sessions	Complete	A series of sessions were held with colleagues across Client Services Delivery in order to raise awareness of Internal Audit and the Corporate Assurance Team. Our main aim was to focus on those most likely to be involved in our audits so that they understand our processes and our expectations and what they can expect from us.
Error Control Working Group	Ongoing	We are participating in the monthly Error Control Working Group set up by Social Security Scotland.
Internal Control Staff Training	Complete	Social Security Scotland are developing training material for staff and requested Internal Audit provide feedback on the training material.
Benefit Forecasting	Planning Underway	As set out in the Internal Audit Plan for 2022/23, a piece of advisory work is due to be undertaken in relation to benefit forecasting. We are currently in the process of planning and agreeing the scope for this piece of work with colleagues in Corporate Finance.

Table 3 – Follow Ups

The following table is an overview of the follow up activity progress since the last Audit and Assurance Committee in May 2022.

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

Report Title	Recommendations	Progress to Date
Stakeholder Engagement – External Communication	3 Medium 3 Low	**Complete** All partially implemented
Chief Digital Office – Transition into Social Security Scotland	3 Medium 2 Low	**Complete** All fully implemented
Equalities and Diversity	3 High 1 Medium 3 Low	Fieldwork ongoing
Recruitment	2 Medium 3 Low	Fieldwork ongoing