Audit and Assurance Committee

Date of Meeting	Tuesday 19 November 2019
Time	10:30 – 14:00
Location	Meeting Room 6.1, Dundee House

Attendees

Present:

Non- Executives:

Russell Frith (RF)	Chair, Non-Executive Member
Jessica Burns (JB)	Non-Executive Body Member
Douglas Hutchens (DH)	Non-Executive Body Member
Elaine Noad (EN)	Non-Executive Body Member (by telephone)

Social Security Scotland:

David Wallace (DW)	Accountable Officer, Chief Executive (by telephone)
James Wallace (JW)	Deputy Director of Finance and Corporate Services
NB	Deputy Head of Finance
CB	Strategy, Policy and Assurance Lead
MF	Fraud and Error Lead
LH	Corporate Assurance Officer

Audit Scotland:

Mark Taylor (MT)	Audit Director

Internal Audit Directorate, Scottish Government:

Jennifer Inglis-Jones (JIJ)	Deputy Director of Internal Audit and Assurance
LS	Internal Audit Manager

Also Attending:

JC	Business Resilience Manager (Item 2 only)
KC	Deputy Head of Operations (Item 2 only)
SM	Risk Co-Ordinator (Item 2 only)

| EP | Corporate Assurance Assistant (Item 9 only) |

Secretariat

| AP | Governance and Business Co-Ordinator |

Observers

EM	Trainee Accountant
MS	Trainee Accountant
HS	Operations Lead
JF	Chair of Audit Committee, Education Scotland
RM	Head of Governance, Education Scotland

Apologies

NM	Corporate Assurance Manager
FI	Senior Auditor
PM	Senior Auditor

1. Welcome and Conflicts of Interest

1.1. The Chair welcomed everyone to the meeting, introductions were made around the table.

1.2. No conflicts of interest were recorded.

2. Risk Deep Dive

2.1. Before getting started, DH and RF queried the format that was presented to Committee, and recommended this follow a more structured template provided by DH. An action was taken for the Secretariat to share this with SM for future use.

2.2. SM introduced the deep dive on Strategic Risk AS-R029, which focuses on the impact of a Business Continuity Plan. SM gave an overview of the aims of the deep dive, which were to:

- Establish if the risk is being managed effectively;
- Highlight any mitigations;
- Feedback to the action owner and risk owner; and
- Gain recommendations for future risk deep dive sessions.

2.3. SM handed over to JC who gave an overview of the risk and its current and planned mitigations.

2.4. Actions were highlighted including the implementation of "GroupCall"; a service which allows Agency colleagues to be kept updated with essential information and advice during disruptive events. JC asked the Senior Leadership Team to promote this service as colleagues must opt in.

2.5. JC noted that Social Security Scotland's Business Continuity Policy had been approved by the Senior Leadership Team and will be published in due course. A Business Continuity Framework is currently being drafted which will lay out how the policy is embedded, and an awareness campaign will soon be implemented.

2.6. Business Continuity Risks were noted, such as accommodation, service delivery in event of an outage and reliance on third party suppliers.

2.7. Before opening for discussion, JC highlighted what was being asked of the Senior Leadership Team:

- To approve framework and roles and responsibilities;
- To agree roles and responsibilities (now with new layer of Deputy Directors);
- To agree business case for additional Business Resilience support; and
- To consider Business Continuity risks.

2.8. The Chair highlighted that it is not only important to be aware of the Scottish Government's Business Continuity plans, but to also identify if they meet the Agency's needs.

2.9. The Committee then discussed Strategic Risk AS-R029 and gave feedback to SM, JC and KC. The risk scoring was discussed, and it was recommended that some more context around the scoring, and a line about the score we want to get to following the work laid out, would be useful.

2.10. JC confirmed that the Business Continuity Framework would be brought to the Senior Leadership Team in December, RF advised that this should also go to the Audit and Assurance Committee meeting in February.

2.11. DH highlighted that risk wording would have to be refined, SM confirmed that this is one of the first actions of the Agency's Risk Review Group, that is set to meet in December for the first time.

2.12. CB asked if it would be useful for the Committee to see an Action Plan in relation to planning risk, and about the type of interventions the Committee would be expecting going forward. RF suggested that next steps/actions should include key actions planned with a broad timescale, as well as a target of how and when you expect to meet this. EN also noted that it would be useful to include a line on when the SLT is expected to embed this vertically through the organisation.

2.13. Future deep dives were discussed, it was agreed that it is good practice to have one at each meeting of the Audit and Assurance Committee. SM took the action to choose a risk for the next meeting in February, and design a programme for following meetings thereafter.

Action	AP	To share Risk Template with SM
Action	SLT	To promote colleagues to opt in to GroupCall service
Action	SM	To design a programme of future risk deep dives to be discussed at each Committee meeting.

3. Minutes and Action Tracker

3.1. The minutes and actions were discussed from the Audit and Assurance Committee meeting held on 17 September 2019. MT highlighted some areas in to be refined, the Secretariat took an action to pick this up with MT following the meeting.

3.2. Once the changes are implemented the minutes will be published on the Social Security Scotland Website.

3.3. JW highlighted an action that required a verbal update and gave this under Any Other Business.

3.4. At this point the Committee agreed that it was important to note in the minutes that RF, JB and DH attended Revenue Scotland's Audit Committee last week, and how worthwhile this visit was. Lessons learned from this will be brought to

Social Security's own Audit and Assurance Committee and other meetings within the Governance Structure.

Action	AP	To implement MT changes to minutes following meeting.

4. Financial Update

4.1. NB gave an overview of the Financial Report.

4.2. NB highlighted that benefit payments forecasting had improved as discussed in the September meeting, and that initial pressures were now reduced.

4.3. The Committee discussed the format of the report and agreed that they were content with the style and content.

4.4. DH raised queries around IT Systems and the Agency Agreement which were discussed among the Committee, and JB asked for some clarity around the Local Delivery figures presented. It was highlighted that Local Delivery should also include "Client Experience", which will be added to future reports.

5. Error, Fraud and Debt Update

5.1. MF gave an update which focused on Error, Fraud and Debt, and culminated in a forward look.

5.2. MF highlighted that the Non-Statutory Code of Practice had been published in August. Work is still on-going in the Fraud space, but investigations have now taken place.

5.3. MF then discussed Debt, noting that for current benefits, on-going recovery is not an option as they are one off payments. Conversations with clients are taking place who are liable for debt, and letters sent to clients have been designed to encourage this conversation, and highlight the different options to negotiate repayment and what additional support is available.

5.4. MF then moved on to the forward look, explaining that policy and legal colleagues are currently working on laying the Fraud Regulations and Code of Practice in Parliament.

5.5. The Committee then discussed MF's report, RF highlighted that it would be helpful to see what learning has been taken from the fraud investigations that have already taken place

5.6. The Committee also discussed the cases that were investigated and handed over to and from DWP. MF confirmed that the reciprocal flow of work will be shown in future reports.

Action	MF	To implement comments/feedback on content of report ahead of next meeting.

6. Investigatory Powers Commissioner's Office (IPCO) Report Update

6.1. MF gave a brief overview of the report, noting that the only thing to highlight was that the inspector was satisfied with report and recognised the benefit of doing this proactively. The inspector offered further support going forward.

6.2. DH asked how this is being measured and recommended it be added to the Audit Tracker. MF confirmed that that this would be featured in the Audit Recommendations tracker which is maintained by EP.

7. Risk Management Update

7.1. CB provided an update on Risk Management to the Committee.

7.2. CB confirmed that he is currently in the process of increasing the Agency's resource for risk management. His team are currently sifting for two B1 roles, with an aim to interview in December/January.

7.3. These roles will provide more support to SM, and will feed into the Risk Review Group mentioned previously. The Risk Review Group's aim is to bring action owners and risk owners together and share intelligence and best practise around risk management. CB highlighted that the Terms of Reference for this group were provided to the Committee and any comments were welcome.

7.4. It was also noted that the reporting cycle of the Risk Review Group would adopt that of the Programme Risk Review Board, which meets every four weeks.

7.5. CB discussed the new governance structure within Social Security Scotland. Following the recent recruitment of three Deputy Directors, the Senior Leadership Team agreed to establish an Agency Management Group made up of functional decision makers from across the Organisation. The aim of this group is to add capacity and join up in a more cohesive way, which will positively impact that Agency's ability to respond to risk.

7.6. Before opening for discussion, CB asked the Committee if there were any comments on the addition of AS-R064 to the Register.

7.7. RF commented that the he welcomed the Risk Review Group and that it would keep risks grounded and real. He also noted that he was content with AS-R064.

7.8. CB gave some context behind the risk, noting that it is in place to ensure that the service provided by Social Security Scotland keeps pace with the development of the Agency.

7.9. DH commented that it would be beneficial to increase the visibility of the Programme's risks and how these will impact the Agency. DH suggested that it would be a good idea to include some information on this in the risk updates given to the Committee, CB agreed to consider this for inclusion in his Risk Update going forward.

Action	CB	To consider including Programme risks in update going forward.

8. Register of Compliance Update

8.1. LH provided an update on the Agency's Register of Compliance. LH asked if the Committee for comments and notes.

8.2. DH thanked LH for the succinct and helpful report provided. He suggested this should be shared with the Agency's Executive Advisory Body.

8.3. EN added that when sharing this with the Executive Advisory Body, members should be invited to volunteer to be a Critical Friend for Assurance Mapping.

Action	LH	To share register of compliance with Executive Advisory Body Members
Action	LH	To invite Executive Advisory Body Members for volunteers to become a Critical Friend for Assurance Mapping.

9. Audit Recommendations Update

9.1. EP joined the meeting to provide the Audit Recommendations Update. He highlighted the key points and ask of the Committee, noting that some dates have passed due to varying business demands. The Committee were asked for comments on the addition of Heat Map, and if they were content with the level of depth provided.

9.2. Generally the Committee were content with the report, giving some recommendations for inclusion such as context behind medium and low priority items, and action taken in order to close these off.

9.3. MT noted the lack of External Audit recommendations, EP confirmed that these have not been included due to the timing of the report.

Action	EP	To implement comments/feedback on content of report ahead of next meeting.

10. Internal Audit Update

10.1. LS and JIJ gave an update on work on-going within Internal Audit. NM joined from the Chief Digital Office.

10.2. LS highlighted that the only change to their plan is regarding the Stakeholder Engagement Audit, in that through their discussions they are now required to undertake advisory work.

10.3. LS then discussed current work and highlighted that any feedback from the Committee on where they could add value would be welcomed.

10.4. The IT Systems report was discussed, RF noted his appreciation for how helpful and easy to understand it was.

10.5. EN highlighted the Shared Services Review, and asked if it was ready yet. LS confirmed that the Review would be ready by the end of the month once all evidence was received. An action was taken for LS and JIJ to pick this up with EN outside of the Committee meeting.

Action	LS & JIJ	To pick up Shared Services Review with EN following meeting.

11. Audit Scotland Update

11.1. MT provided an update on behalf of Audit Scotland. MT discussed Audit Scotland's attendance at Committee meetings going forward, explaining that Gemma Diamond's replacement, Carol Grant should be invited to future meetings. The Committee noted their congratulations for Gemma's promotion.

11.2. MT confirmed that the Annual Audit Plan would be brought to the next meeting in February.

11.3. A paper was highlighted which was published on the technicalities of the fiscal framework, and flagged issues coming out of "technical bulletins".

11.4. DH noted that a lot had been produced around digital, and asked how this is being used to shape our services. JW confirmed that this was taken into account, and that the Social Security Programme have multi-disciplinary teams tasked with providing a platform to deliver the best possible service, and the Agency works closely with them.

11.5. The Committee suggested that it may be helpful for Audit Scotland to keep Social Security Scotland abreast of what is being commissioned so that planning can take place and can be shared with DWP. NB highlighted that good relationships have already been built in order to do this.

12. Audit and Assurance Committee Self-Assessment

12.1. LH introduced this item, and thanked the Committee for completing the assessments as previously issued. LH provided an action plan and sought comments from the Committee.

12.2. The action plan was found helpful by the Committee. It was noted, however, that the list of questions could be refined.

12.3. RF highlighted the action around the Committee gaining an understanding of management's procedures for preparing the body's annual accounts, noting that he welcomes this, especially in terms of information obtained from DWP to support the accounting for social security assistance.

12.4. RF asked DW is there was anything the Committee could do to be more effective, DW noted his appreciation for the rate at which the Audit and Assurance Committee had developed, and highlighted that regular updates at the Executive Advisory Body meetings were useful to convey this wider. David

explained that he takes comfort from the Committee, particularly around the development of the Annual Report and Accounts.

12.5. LH then raised the Committee's Terms of Reference, noting that this had been updated in terms of membership and work plan. The Committee noted some changes in wording for LH to implement following the meeting, and DH suggested that terms of appointment be added for Non-Executives on the Committee.

Action	LH	To implement comments/feedback on content of Terms of Reference ahead of next meeting.

13. Assessment of External Audit

13.1. RF gave an overview and discussed the relationship between Social Security Scotland and External Auditors.

13.2. Members endorsed and agreed with comments, noting that the report is a useful tool for tracking how the Committee has matured.

13.3. MT noted that he will circulate the Annual Quality Report, which considers financial audits and performance.

13.4. DH noted that he found the evaluation checklist helpful, and concluded the item by acknowledging the well balanced relationship between external audit and the Agency.

14. Any Other Business

14.1. JW gave an update on his action on the tracker which focused on the number of Carer's Allowance Supplement payments being higher than Carer's Allowance. JW noted that this can be attributed to the timing differences between Social Security Scotland and DWP reporting.

14.2. DH suggested that agendas for the Committee should be refined, with more descriptive "purposes" attached to agenda items.