

Audit and Assurance Committee

May 2024

Audit and Assurance Committee	
Date of Meeting	14 th May 2024
Subject	Internal Audit Progress Paper
Agenda No.	6
Paper No.	27.5a
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 almost complete on the 2023/24 Internal Audit Plan with an update provided in this paper on each of the remaining reviews.
- The 2024/2025 Internal Audit Plan has been agreed with the Accountable Officer and shared with Audit and Assurance Committee members via correspondence.
- Planning and fieldwork for the initial assurance activities included in the agreed 2024/2025 Internal Audit Plan are now underway.
- Advisory and Follow-up activity is ongoing. A summary of this is provided in the body of our report.



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.

Audit and Assurance Committee

May 2024



Directorate for Internal Audit and Assurance

Audit and Assurance Committee Progress Report

Social Security Scotland 2024-25

14th May 2024

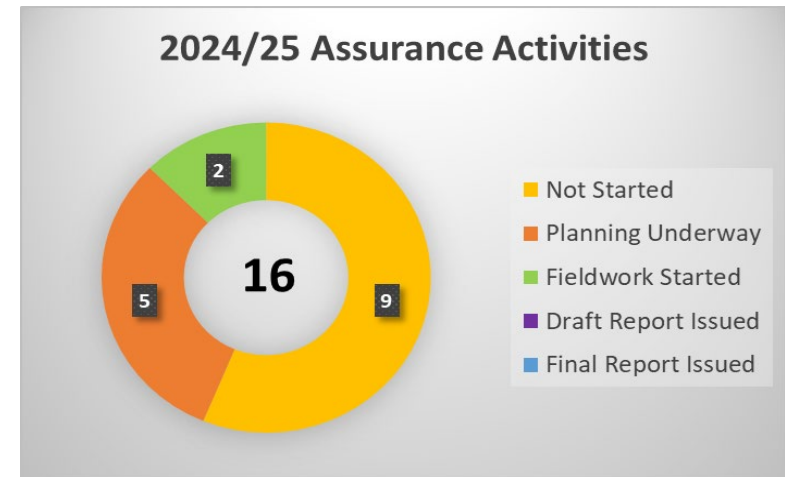
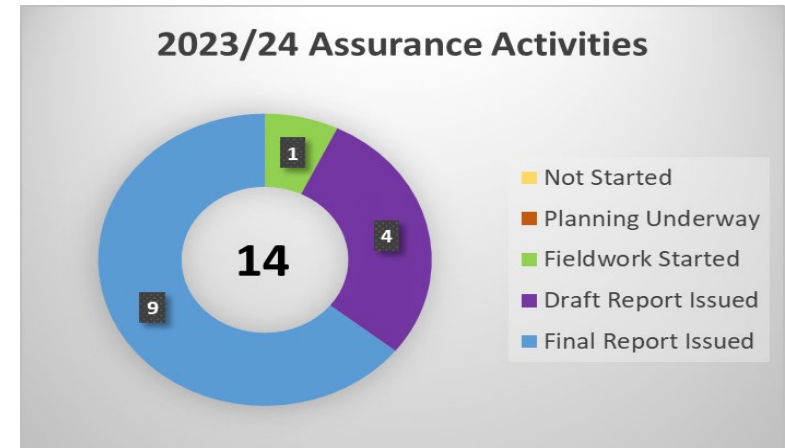
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1. Progress Highlights

1.1. Key Messages

- The 2023/2024 Internal Audit Plan is now almost complete, as summarised in the diagram opposite.
- Planning and fieldwork is underway for the first assurance activities included in the 2024/2025 Internal Audit Plan.
- Further details of Assurance work are provided in [Table 1](#) and [Table 2](#).
- Details of Advisory work is provided in [Table 3](#)
- A summary of progress on the implementation of recommendations is provided in [Table 4](#).
- Four Internal Audit Reports are tabled for discussion.
- The latest Internal Audit Strategic Matters, Integrated Assurance and Strategic Best Practice / insight sharing is provided in [Section 2](#).



2. Directorate for Internal Audit and Assurance Strategic Update

2.1. Directorate for Internal Audit and Assurance Strategic Message

Below are key messages from the wider work of the Directorate and from stakeholder engagement:

Key Headlines - Strong Foundations – Compliance

We have reported on compliance as a key theme in building strong foundations throughout 2023-24. Recent findings and observations relating to this theme have included:

Data Protection Officer reporting a reduction in compliance with asset registration review (35% 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 are stable at 86%. Data handling incidents across SG core Directorates rose (36 this period up from 21) and remain mostly low-impact human handling errors.

An Internal Audit review of Business Continuity is at draft report stage, with one of the emerging findings being low rates of compliance with the required annual testing of Business Continuity Plans.

Emerging findings from our reviews of Electronic Purchasing Cards (ePC) and Travel and Subsistence (T&S) highlighted opportunities for improvement in monitoring and reporting functions. We have recommended that business areas utilise data analytics to enhance the efficiency and effectiveness of second line functions, optimise value for money and support

continuous improvement.

Non-compliance with key SG policies and supporting guidance was evidenced across our reviews of ePC and T&S. Having considered the emerging findings from these reviews in the round, it is our view that the volume of individual policies for similar processes may contribute in some cases to confusion about which route/processes to follow. Lack of awareness is not justification for non-compliance with policy. It is our view that rationalising and simplifying processes and policies in these areas may drive better behaviours and compliance.

Internal Audit Charter and DIAA Strategy

The updated Internal Audit Charter has been agreed, and is shared at Annex F for your information. DIAA is refreshing its strategy for the Directorate, including to consider updates that take into account requirements under Global Internal Audit Standards which come into effect January 2025.

2.2. Digital Assurance Office

The three, active digital projects which are currently registered with the Digital Assurance Office have not required to undergo mandatory assurance and it is expected that these will be closed when the next update is received from Social Security Scotland. A fourth project (Identity and Access Management Strategic Approach) is recorded as being in early scoping and any assurance requirement will be considered once further detail is available .

2.3. Internal Audit

Following engagement with the senior management, the Executive Team and the Audit and Assurance Committee, we issued our Internal Audit Plan for 2024/25 on 27th March 2024. This final plan was shared with Audit and Assurance Committee members via correspondence, however a further copy is shared in Annex G for information. Throughout the year we will continue to review the plan and ensure it remains appropriate and focussed on key areas of risk to enable us to provide the relevant assurance and added value to the Accountable Officer and the Audit and Assurance Committee and enable us to provide our Annual Assurance Report at the end of the audit year.

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 – 2023/24 Assurance Work

Audit Title	Planned Quarter	Progress to Date	Comments
Client Services Delivery Compliance	All Year	Final Report Issued	The final report was issued on 26 th April 2024 with a reasonable assurance opinion. Final report attached as Annex B.
Integration Space	1	Closed	Final report tabled at the November 2023 Audit and Assurance Committee.
Procurement	1	Closed	Final report tabled at the November 2023 Audit and Assurance Committee.
Winter Heating Benefits	1	Closed	Final report tabled at the August 2023 Audit and Assurance Committee.
Internal Controls – Official Error Trends	2	Closed	Final report tabled at the February 2024 Audit and Assurance Committee.
Safeguarding	2	Closed	Final report tabled at the February 2024 Audit and Assurance Committee.
Child Disability Payment In-depth Follow Up	2	Final Report Issued	The final report was issued on 5 th March 2024 with a limited assurance opinion. Final report attached as Annex C.

Audit Title	Planned Quarter	Progress to Date	Comments
Case Discussions	3	Draft Report Issued	The draft report for this review was issued on 15 th March 2024 with an emerging reasonable assurance opinion. The final report will be shared with members once agreed by management.
Risk Management	3	Final Report Issued	Final report was issued on 26 th April 2024 with a reasonable assurance opinion. Final report attached as Annex D.
Governance	3	Draft Report Issued	The draft report for this review was issued on 28 th March 2024 with an emerging reasonable assurance opinion. The final report will be shared with members once agreed by management.
Continuous Improvement	3	Final Report Issued	Final report was issued on 19 th April 2024 with a limited assurance opinion. Final report attached as Annex E.
Adult Disability Payment In-Depth Review	4	Draft Report Issued	The draft report for this review was issued on 28 th March 2024 with an emerging limited assurance opinion. The final report will be shared with members once agreed by management.
Corporate Transformation and Estates Management	4	Draft Report Issued	The draft report for this review was issued on 29 th April 2024 with an emerging reasonable assurance opinion. 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 Complete	<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.</p> <p>An exit meeting has been held and a report is currently being drafted.</p>

Table 2 – 2024/2025 Assurance Work

Audit Title	Planned Quarter	Progress to Date	Comments
Client Services Delivery Compliance	All Year	Fieldwork Ongoing	<p>Planning for this review is now complete and a terms of reference has been drafted and distributed to key contacts for agreement.</p> <p>Fieldwork will commence during May and testing outcomes will be reported to management monthly.</p> <p>A report will be produced at the end of the year and this will be shared with Audit and Assurance Committee members once agreed with management.</p>
VFM - Fiscal Sustainability - Change - Savings Work	All Year	Planning Underway	A planning meeting with key contacts to discuss the scope of this review has been scheduled for mid-May following which a Terms of Reference will be drafted and agreed.
Transition - Programme Closure	All Year	Planning Underway	A planning meeting with key contacts to discuss the scope of this review has been scheduled for mid-May following which a Terms of Reference will be drafted and agreed.
Data Sharing and Data Governance	1	Planning Underway	<p>Planning for this review is underway and a Terms of Reference has been drafted and distributed to key contacts for agreement.</p> <p>Fieldwork is scheduled to be carried out during May and early June.</p>
Electronic Purchase Card Usage	1	Planning Underway	Planning is underway with meetings held with key contacts to discuss the scope of this review.

Audit Title	Planned Quarter	Progress to Date	Comments
			The Terms of Reference is now in progress and fieldwork is due to commence in June.
Mailroom	1	Planning Underway	Planning for this review is underway and a Terms of Reference drafted and distributed to key contacts for agreement.. Fieldwork is due to commence 13 th May 2024.
GP Payments	1	Fieldwork Ongoing	Planning has been undertaken and the Terms of Reference has been agreed with management. Fieldwork commenced on 29 th April 2024 and is now ongoing.

Table 3 - 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
Client Services Delivery - Health & Social Care Pilot re Improved Ways of Working	Planning Underway	Planning underway with discussions ongoing to agree scope and coverage of the advisory activity.
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.
Measurement - Estimation of Fraud and Error	Ongoing	Our fieldwork is now complete, and a draft management letter is in progress.
Fraud and Error Unit – Performance Management Advisory	Ongoing	Meetings with each division has taken place and work is ongoing to review findings and make suggestions for improvement.
Protective Security	Ongoing	New team established in February 2024 and so delayed start of advisory to allow for new team to settle in and start progressing their activities. Fieldwork started in mid-April and is due to be completed and feedback provided to management by the end of May.

Advisory Title	Status	Progress to Date
Corporate Finance – Structure and Ways of Working	Complete	Fieldwork and final management letter was issued to management on 21 st February 2024.
Budget Setting Assumptions	Not Started	

Table 4 – Follow Ups

The following table is an overview of the follow up activity progress since the last Audit and Assurance Committee in March 2024.

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

Report Title	Recommendations	Progress to Date
Procurement	3 Medium 1 Low	Complete All recommendations fully implemented
Cyber Security Governance	3 High 2 Medium	Fieldwork ongoing
Debt Arrangements	1 Medium 1 Low	Fieldwork ongoing
Internal Controls - Post Award Controls	3 High 1 Medium	Fieldwork ongoing
Integration Space	2 Medium 1 Low	Fieldwork ongoing
Productivity and Efficiency	2 Medium	Deferred An update on revised timescales for implementation of these recommendations has been provided by management. Planned implementation dates are now scheduled for March 2025 and so our follow up will be undertaken in April 2025