

Audit and Assurance Committee	
Date of Meeting	29 th August 2023
Subject	Internal Audit Progress Paper
Agenda No.	3
Paper No.	23.2a
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 complete on the 2022/23 Internal Audit Plan with the final reports for the last three reviews included in this progress paper.
- Work is progressing on the 2023/24 Internal Audit Plan with an update provided in this paper on each of the reviews. Work is progressing well with the quarter 2 reviews and planning will soon commence for quarter 3 reviews.
- 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.

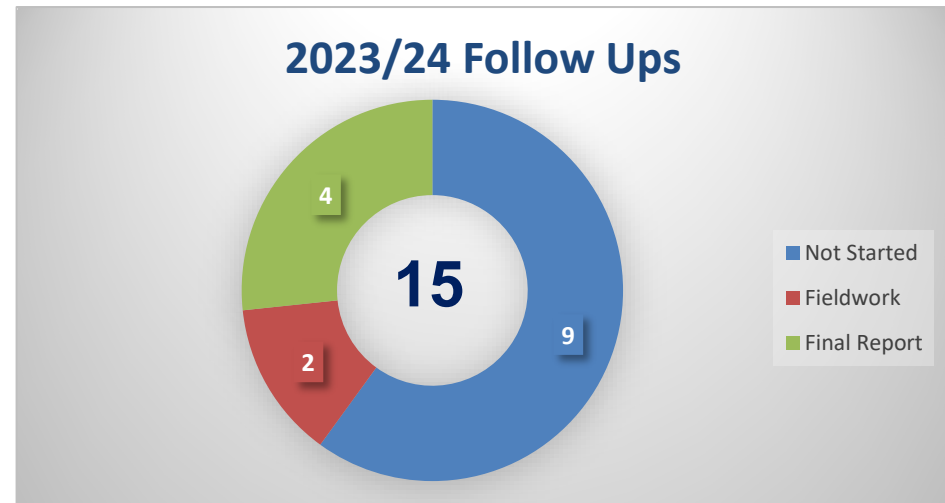
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1. Progress Highlights

1.1. Key Messages

- The 2022/2023 Internal Audit Plan is now complete and the three remaining final reports are provided as Annexes to this report.
- Work is progressing with the assurance activities included in the 2023/2024 Internal Audit Plan, as noted in the chart opposite.
- 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 completion of follow up reviews is shown in the chart opposite, with further detail provided in [Table 4](#).
- 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. Capability, capacity and wellbeing

- 'Identification and implementation of resource requirements and/or capability' was one of the three main themes arising from major digital project reviews in 2022-23 – 10% of 393 recommendations fell within this category.
- Review Teams have identified resourcing as a blocker to delivery during some Gateway Reviews.
- Internal Audit reviews completed in quarter one highlighted risks relating to the ability of business areas to respond and adapt to emerging business needs.

2.2. Data and systems

- Internal Audit reviews and stakeholder engagement in the last quarter have continued to highlight a reliance on spreadsheets and manual processes.
- There has been a marked decrease in reported data handling incidents across Core Directorates.
- Data handling incidents remain mostly low-impact human handling errors, although two incidents of covert teams recording were identified by external attendees in this reporting period.

2.3. Governance, risk and compliance

- 'Strong governance and project control' – the top ranked theme from major digital project reviews in 2022-23 – accounting for 17% of 393 recommendations. Recommendations under this banner included: needing clear remits for governance boards that are kept under review; and effective reporting mechanisms to boards.

- The need for clear Terms of Reference and roles and responsibilities was highlighted as a recommendation for improvement in one of our Internal Audit reviews delivered this quarter. There are a number of newly created/refreshed governance structures across the Scottish Government.
- Some blockers to delivery identified by Review Teams during Gateway Reviews included: agreements involving a number of organisations; ministerial or policy directions needed to proceed; insufficient legal powers; and organisation not positioned to design and implement a national service model.
- Compliance with asset registration review still requires improvement. This is a legal requirement under UK GDPR for records containing personal information.

2.4. Technology Assurance Framework (Digital Assurance Office)

2.4.1. There is no current digital assurance activity underway however the Digital Assurance Office is in ongoing liaison with Social Security Scotland to consider whether assurance will be appropriate for the Best Start Foods continuous improvement project.

2.5. Internal Audit

2.5.1. Provided below are details of a number of items which may be of interest to Audit and Assurance Committee members:

- The Directorate for Internal Audit and Assurance issued a Quarterly Bulletin in June, please see Annex B.
- The Directorate For Internal Audit and Assurance Annual Report for 2022/23, please see Annex C.
- The Scottish Government Annual Corporate Systems Assurance Report 2022/23 issued in April, please see Annex D.

Please note these annexes are for members information only, and not for wider sharing or publishing.

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 – Remaining 2022/23 Assurance Work

Audit Title	Planned Quarter	Progress to Date	Comments
Social Security Scotland - Local Delivery	Q3	Final Report Issued	The audit is complete and we have provided a Reasonable assurance opinion. The final report can be found at Annex E.
Social Security Scotland – Case Transfer Process	Q4	Final Report Issued	The audit is complete with a Limited assurance opinion given. The final report can be found at Annex F.
Social Security Scotland – Staff Health and Safety/Wellbeing	Q4	Final Report Issued	The audit is complete and we have provided a Substantial assurance opinion. The final report can be found at Annex G.

Table 2 – 2023/2024 Assurance Work

Audit Title	Planned Quarter	Progress to Date	Comments
Client Services Delivery Compliance	All Year	Fieldwork Ongoing	Fieldwork is ongoing and testing outcomes are being reported to management monthly. 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.
Integration Space	1	Fieldwork Complete	The fieldwork for this review is now complete and the draft report is in progress. The final report will be shared with members once it has been agreed by management.

Internal Audit – Audit and Assurance Committee Progress Report

Audit Title	Planned Quarter	Progress to Date	Comments
Procurement	1	Draft Report Issued	The fieldwork for this review is now complete and the draft report issued on 28 th July 2023 with an emerging Reasonable Assurance opinion. This report will be shared with members at the November meeting, once agreed with management.
Winter Heating Benefits	1	Final Report Issued	The final report was issued on 18 August 2023 with Reasonable Assurance. Please see Annex H.
Internal Controls – Official Error Trends	2	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.
Safeguarding	2	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.
Child Disability Payment In-depth Follow Up	2	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.
Adult Disability Payment In-Depth Review	3	Not Yet Started	Planning is due to begin this month, with fieldwork then undertaken in Q3.
Case Discussions	3	Not Yet Started	Planning is due to begin this month, with fieldwork then undertaken in Q3.
Transition	3	Not Yet Started	Planning is due to begin this month, with fieldwork then undertaken in Q3.

Audit Title	Planned Quarter	Progress to Date	Comments
Risk Management	3	Planning Underway	The initial planning meeting has been scheduled for 22 nd August 2023 with fieldwork due to be undertaken during Q3.

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
Quality Assurance Framework	Complete	Our fieldwork is now complete and a management letter issued as output from this piece of work.
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.
Client Services Delivery Quality Checking	Ongoing	Our fieldwork is ongoing providing advice to Client Services Delivery on the development of their Quality Checking arrangements .
Measurement - Estimation of Fraud and Error	Not yet started	Our fieldwork is due to be undertaken in Q3 and the focus will be on providing advice to the Fraud and Error Unit on their work to establish measurement estimation of Fraud and Error.
Fraud and Error Unit – Performance Management Advisory	Fieldwork Ongoing	Internal Audit is reviewing the arrangements being established by the Fraud and Error Resolution Unit to record and measure the quality and performance of the division.

Table 4 – Follow Ups

The following table is an overview of the follow up activity progress since the last Audit and Assurance Committee in May 2023.

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

Report Title	Recommendations	Progress to Date
SPM Technical Debt	2 High 2 Medium	Complete 3 Fully Implemented 1 Not Implemented
Budget Setting	3 Medium 1 Low	Complete 3 Fully Implemented
IT Supply	1 High 4 Medium 2 Low	Complete 2 Fully Implemented 3 Partially Implemented
Readiness for Disability and Carer's Benefits	1 High 2 Medium	Fieldwork ongoing
Health and Social Care Quality Assurance and Professional Supervision	4 medium 1 Low	Complete 1 Fully Implemented 3 Partially Implemented
Child Disability Payment In-Depth Review	1 Medium 4 High	Fieldwork ongoing