

## Audit and Assurance Committee

<b>Date of Meeting</b>	Tuesday 09 November 2021
<b>Time</b>	10:15 – 12:30
<b>Location</b>	Video Conference – Microsoft Teams

## Attendees

### Present

#### Non-Executive Members

Russell Frith (RF)	Chair, Non-Executive Member
Elaine Noad (EN)	Non-Executive Body Member
Naghat Ahmed (NA)	Non-Executive Body Member
Barry Matheson (BM)	Non-Executive Body Member

#### Social Security Scotland

David Wallace (DW)	Accountable Officer, Chief Executive
Miriam Craven (MC)	Deputy Director for Strategy, Change, Data and Engagement
James Wallace (JW)	Deputy Director of Finance and Corporate Services
CB	Organisational Strategy, Operational Policy and Corporate Assurance
MF	Head of Fraud and Error Resolution
AM	Chief Digital Officer
NB	Head of Finance
JC	Corporate Assurance Lead
MB	Corporate Assurance Manager
SM	Risk Manager (Item 5 only)
GD	Head of Corporate Strategy and Communications

LR Head of Client Experience Future benefits (Item 8 only)

AM Head of Corporate Services (Item 8 only)

### **Audit Scotland**

PG Senior Audit Manager

### **Internal Audit Directorate, Scottish Government**

IB Senior Internal Auditor

LS Internal Auditor

### **Secretariat**

GE Corporate Assurance Coordinator

### **Apologies**

KH Team Leader – Director General Communities Support Team

MW Senior Finance Business Partner

JH Security Operations Manager

FI Audit Scotland

CG Audit Scotland

John Campbell (JC) Deputy Director (Int) Cloud & Digital Services

### **Observers**

GH Finance Business Partner

## 1. Welcome and Conflicts of Interest

- 1.1. The Chair welcomed everyone to the meeting and noted the apologies as listed above.
- 1.2. No conflicts of interest were noted

## 2. Minutes and Action Tracker

- 2.1. The minutes from the Audit and Assurance Committee meeting held on the 21 September 2021 had been agreed and are awaiting publication.
- 2.2. All actions within the tracker have been updated.

## 3. Social Security Scotland Financial Update

- 3.1. NB was please to present the financial results up to the end of August 2021 together with the forecast for operating and benefits expenditure for 2021-22.
- 3.2. NB highlighted the position is being closely monitored and we continue to keep Central Finance up to date and will be aiming to release back administration budget to the centre at the Spring Budget Revision. CB noted that the benefit forecasts would be updated by the Scottish Fiscal Commission in December 2021.

## 4. Social Security Scotland Error, Fraud and Debt Update

- 4.1. MF was pleased to present both the Social Security Scotland Counter Fraud Report and the Error Control and Debt Management Report.
- 4.2. MF noted the following
  - Improvement in error correction from last quarter. Demand is now stabilising, however it is expected there may be a further peak with Child Disability Payment's national launch.
  - New recruits within the team have completed consolidation training and as a result the team are seeing associated improvement in velocity.
  - Higher turnover of completed correction cases compared to intake.
  - Blanket suspension on debt recovery has now ended and work to reinstate recovery activity has commenced.

- Residency data has been extracted, shared across Cabinet Office and data scientists are reviewing.
- Busy quarter for recruitment, established team members are being promoted to other roles. MF stated they are recruiting new starts.
- New Head of Counter Fraud and Intelligence Management Lead has joined the area.

4.3. MF provided an update on her assigned action. MF stated the July technical control is working well and has identified 10,000 claims with a potential match to be checked. MF stated her team are looking to collaborate with technical colleagues on possibility of use of this logic as a detective control in Quarter 3. MF will provide a Quarter 3 update at the next Audit and Assurance Committee meeting on how this is progressing.

4.4. EN highlighted Best Start Foods has a high rate of human error and asked if the technical fix will make improvements or if further training is required. MF confirmed there are a number of factors affecting this. To mitigate MF confirmed her team have undertaken work with Live Service colleagues to improve guidance, host awareness sessions and discuss further system controls.

Action	MF	Provide quarter 3 update on technical control
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## 5. Social Security Scotland Risk Management Update

5.1. SM was please to provide the Risk Management Function update highlighting;

- Risk 82 has been deescalated down to divisional level.
- Risk 32 was incorporated within risk 77 and also deescalated down to divisional level.
- Risk recommendations are moving along well and SM provided committee with an early draft of the Principle Risks.
- SM and team are developing a Single View of Risk with a draft report expected to be available at the end of this month. SM confirmed the Risk Register will undergo a full review in January.
- SM confirmed older risks are being rephrased and captured as new risks. SM and team will undergo work with action and risk owners in these area's which will link into the Risk Review Group and Agency Leadership team.

5.2. RF requested clarity on the importance of Principle Risks and how they will help the business highlighting all are currently amber. SM confirmed this is a draft

version and further work, including workshops, will commence which will provide further development on risk reporting.

- 5.3. SM invited the committee to confirm how often Deep Dive meetings should commence and how to proceed with the selection of risks. EN suggested 2 to 3 a year which RF agreed. EN requested focus on Fraud, Error and Cyber Security.
- 5.4. DW welcomed EN suggestion confirming importance of uninformed Change of Circumstances risk.
- 5.5. SM welcomed the Non-Executive team support. SM will spend 30 minutes monthly discussing recommendations. SM will contact JC to make arrangements for these sessions.

Action	SM	SM will contact JC to make arrangements for monthly Non-executive team risk support.
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## 6. Social Security Scotland Register of Compliance Update

6.1 JC provided an overview of the Register of Compliance, a register of all Social Security Scotland statutory and public body obligations. JC further noted;

- The Corporate Assurance team are responsible for tracking obligations by requesting updates from responsible officers and liaising with the Governance Team who notify of public body updates.
- The Corporate Assurance Team are currently tracking 33 public body obligations and 34 Social Security Scotland Act 2018 Duties.
- JC confirmed the full Register of Compliance is available upon request.

6.2 JC noted the paper on this occasion focuses on 3 key pieces of work;

- British Sign Language Act 2015 - JC was pleased to announce we are meeting our Strategic Objective of inclusive communication to meet needs of the people we serve.
- Environmental Information Scotland Regulations 2001 Act - JC noted we are following Scottish Government processes for dealing with Freedom of Information requests and Case Handlers have completed the relevant training.
- Regulations of Investigatory Powers Act 2000 - JC highlighted Authorising Officers have completed training, and a specialised counter fraud response policy was signed off in July.

- 6.3. RF asked if there are any examples of non-compliance. JC confirmed the update to the register is a work in progress and no immediate examples were known.
- 6.4. JC noted the Register of Compliance houses Equalities obligations. JC will update at the next Audit and Assurance Committee meeting how these are progressing.
- 6.5. RF requested as part of the next Register of Compliance update report if JC can provide non complaint examples or state everything is compliant.

Action	JC	Provide updates on equality obligations from Register of Compliance.
Action	JC	Provide update as part of the Register of Compliance report, areas of non-compliance or state everything is compliant.

## 7. Social Security Scotland Audit Recommendation Update

- 7.1. JC provided the committee with the Internal Audit Recommendation update. JC was pleased to highlight;
- Since September Internal Audit have finalised two further reports. The reports are Client Experience and Covid-19 Recovery.
  - An update on Internal Audit Recommendations noting open recommendations may increase on the next report due to further reviews being underway. Follow up reviews are also being undertaken therefore some recommendations will close.
  - A breakdown of all recommendations from 2018-19, 2019-20 and 2020-21.
- 7.2. RF expressed his thanks for the good progress being made. EN also shared this opinion.
- 7.3. RF requested at the next Audit and Assurance Committee meeting that more time should be devoted to the consideration of risks looking at priorities and actions required. This was agreed by the Committee.
- 7.4. EN requested a cover page showing absolute priorities and other recommendations as appendices. NA agreed and requested for a completed column to be added to the report. JC confirmed her team are open to improve the format.

Action	JC	More time devoted to consideration of risks – looking at priorities and actions required.
Action	JC	Cover page added showing priorities and other recommendations as appendices with a completed column.

## 8. Internal Audit Update

8.1. IB provide the Internal Audit update and noted the following;

- Two final reports are being presented. One further report has been issued in draft and a further draft report is due to be issued later this week.
- IB confirmed all quarter 3 work are at fieldwork stage or dates have been agreed for completing fieldwork by the end of quarter 3.
- IB confirmed his team will be utilising EY contractor resourcing in quarter four.
- Advisory work continues and there has been further requests for this. Follow up work is on track and scheduled for December to January.

8.2. IB advised the committee of emerging findings from the Equality and Diversity review. This report is awaiting management response and is likely to be presented at the February Audit and Assurance Committee. Although the draft report has advised of limited assurance overall, it also highlighted good practice within Social Security Scotland systems. Further discussion with Internal Audit to be scheduled with MC and DW.

8.3. LS provided committee with an update on Client Experience Report and Covid-19 Recovery Report.

8.4. BM asked what best practices on decision making were found during the Covid-19 Recovery review. AM confirmed decision making was streamlined allowing for swift decisions to be made.

Action	IB	Arrange discussion with MC and DW around Equalities and Diversity Report.
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## 9. Social Security Scotland Terms of Reference Update

9.1. JC presented the Terms of Reference for the Corporate Assurance Team noting it has been updated to reflect the change in membership of the committee.

- 9.2. NA praised the Terms of Reference highlighting clarity of the report. NA suggested changes be highlighted for meeting items. JC confirmed items listed are standard agenda items and need to be presented each year.

## 10. Assessment of External Audit Update

- 10.1. The Chair provided a brief update on the Assessment of External Audit, noting the requirement to consider External Audit performance annually. RF declared an interest in the circulated ICAS checklist as he is a principle author.
- 10.2. RF highlighted External Audit process has gone well and we have good relationships with Internal Audit.
- 10.3. RF highlighted the benchmarking External Audit do around their own performance. PG will consider how this links into Audit Scotland and will provide an update at next meeting.

Action	PG	PG to consider External Audit benchmarking and will provide an update at next meeting on how this links into Audit Scotland.
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## 11. Any Other Business

- 11.1. Thanks were expressed to Social Security Scotland colleagues, Internal Audit and Audit Scotland for the work completed for today's meeting.
- 11.2. No other business was recorded.

**Date of next Meeting – 15 February 2022**





Action(AP)/Decision(DP)	Detail	Owner	Due Date	Status
<b>AP – 09/11/2021 - 01</b>	Provide quarter 3 update from technical control.	MF	15 February 2022	Complete
<b>AP – 09/11/2021 - 02</b>	SM will contact JC to make arrangements for monthly Non-executive team risk support.	SM	15 February 2022	Complete
<b>AP – 09/11/2021 - 03</b>	Provide updates on equality obligations from Register of Compliance.	JC	15 February 2022	Ongoing
<b>AP – 09/11/2021 – 04</b>	Provide update as part of the Register of Compliance report, areas of non-compliance or state everything is compliant.	JC	15 February 2022	Ongoing
<b>AP – 09/11/2021 – 05</b>	More time devoted to consideration of risks –	JC	15 February 2022	Complete



	looking at priorities and actions required.			
<b>AP – 09/11/2021 - 06</b>	Cover page added showing priorities and other recommendations as appendices with a completed column.	JC	15 February 2022	Ongoing
<b>AP – 09/11/2021 – 07</b>	Arrange discussion with MC and DW around Equalities and Diversity Report.	IB	15 February 2022	Complete
<b>AP – 09/11/2021 – 08</b>	PG to consider External Audit benchmarking and will provide an update at next meeting on how this links into Audit Scotland.	PG	15 February 2022	Complete