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Directorate for Internal Audit and Assurance

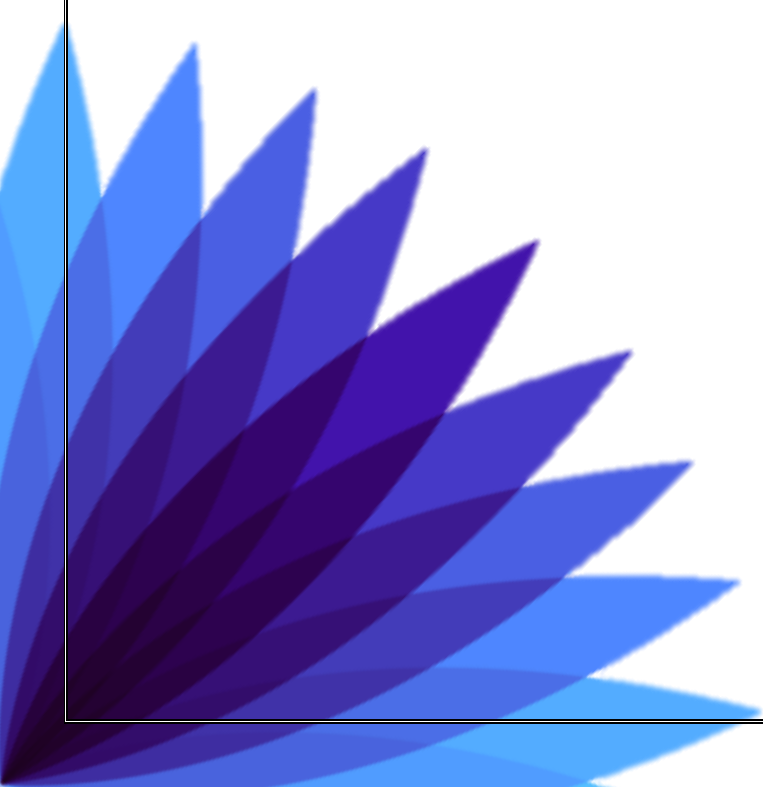
Audit and Assurance Committee Progress Report

Social Security Scotland 2022-23

17 May 2022

Directorate for Internal Audit and Assurance

Issue Date: 9-05-2022



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1. Progress Highlights

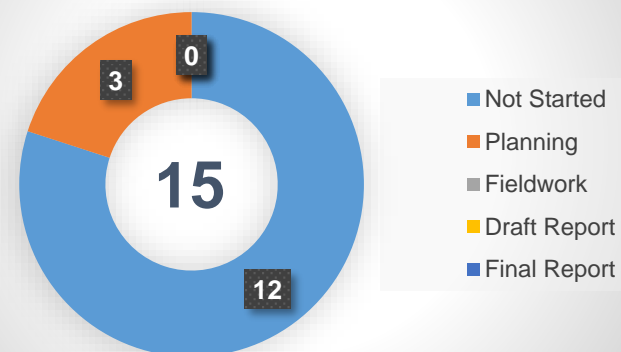
1.1. Key Messages

- Progress is being made against the Annual Plan as summarised in the diagrams opposite.
- Further details of Assurance work are provided in [Table 1a](#) and [Table 1b](#) 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](#).
- Final Internal Audit Reports are presented for discussion in Annexes C to I.
- The latest Internal Audit Strategic Matters, Integrated Assurance and Strategic Best Practice / insight sharing is provided in Section 2.

2021/22 Assurance Reviews



2022/23 Assurance Reviews



- Revised Annual Plan is shown in [Annex B](#).

2. Directorate for Internal Audit and Assurance Strategic Update

2.1. Internal Audit Strategic Matters

Scottish Government Core Planning

2.1.1. The 2022-23 Scottish Government (SG) Core Internal Audit Plan was presented to the Scottish Government Audit and Assurance Committee (SGAAC) on 21 March 2022, and was recommended to Corporate Board for approval thereafter. In recent years, the SG core Internal Audit Plan and resource has been focused on cross-cutting risks, with less focus on Directorate General (DG) Family specific risks and audit activity. Internal Audit has reflected on the risks, challenges and benefits of this approach and has considered feedback from DGs, NXDs and Audit Scotland colleagues in developing the planning approach for 2022-23. The 2022/23 SG Core Plan and targeting Internal Audit resource within SG Core in 2022-23 will focus on the below key areas;

- continuing to support counter fraud assurance work across the SG;
- continuing corporate systems assurance work to ensure the foundations remain robust (includes providing subsequent assurance to arm's length client users of corporate systems);
- supporting the corporate transformation programme, focussing on the Shared Services Programme (see below), to ensure that the SG maximises the potential to enhance and automate internal controls and drive efficiency;
- increasing focus on DG specific risks; and
- continuing with cross-cutting and themed work but reducing the number of specific reviews in this area - limit to two or three overall.

Shared Services Programme

2.1.2. The Directorate for Internal Audit and Assurance (DIAA) is continuing to progress integrating the various strands of assurance work carried out across the Scottish Government (SG) and wider DG portfolios. We are taking a series of actions to help ensure an integrated approach to providing assurance over the Shared Services Programme (SSP) risk areas. Actions include:

- Developing an SSP Integrated Assurance Plan setting out planned and agreed DIAA assurance work demonstrating focus on the key risk areas over the programme lifecycle.
- Developing an SSP Assurance Dashboard to help us to monitor progress against the Integrated Assurance plan and to identify key themes arising.
- Designating a new Integrated Assurance Contact role to support maintaining awareness of programme progress, coordination of assurance work by the teams involved, and to help ensure consistent messaging of progress and key themes arising from our work.

2.1.3. The Internal Audit Charter and Strategy has been updated and presented to SGAAC in March, copies are included for information in Annexes J and K.

2.2. Integrated Assurance Update

2.2.1. The Portfolio, Programme and Project Assurance team are currently in the process of arranging Gateway Reviews for both the Social Security Programme (Gateway Review 0) and Social Security Scotland set-up (Healthcheck). These reviews are due to run concurrently with proposed start dates in early June 2022.

Annex A Internal Audit Plan and Progress

The plan will continue to be reviewed each new quarter and presented to the following Audit and Risk Committee with any updates highlighted.

Table 1a – 2021/22 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 22 nd March 2022 with Reasonable Assurance. Please see Annex C
Disability and Carer's Benefits Readiness	All Year	Fieldwork Complete	Emerging Reasonable Assurance Fieldwork for this review is now complete, the exit meeting is scheduled for 9 th May 2022 and the draft report will be issued following this. Included in this review was consideration of training and guidance and resourcing as part of readiness for delivering new Disability and Carer's benefits. The final report will be shared with the Audit and Assurance Committee once agreed with management.
Internal Controls	All Year	Final Report Issued	The final report was issued on 20 th April 2022 with Reasonable Assurance. Please see Annex D

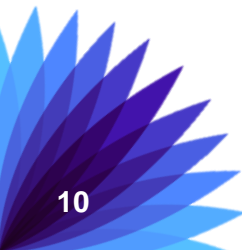
Chief Digital Office (CDO) Transition into Social Security Scotland	1	Final Report Issued	The final report was issued on 18 th February 2022 with Reasonable Assurance. Please see Annex E
Residency	1	Final Report Issued	The final report was issued on 9 th March 2022 with Reasonable Assurance. Please see Annex F
Covid-19	2	Final Report Issued	Final report shared previously
Equalities and Diversity	2	Final Report Issued	Final report shared previously
Client Experience	2	Final Report Issued	Final report shared previously
Social Security - Scottish Child Payment In-depth Review	2	Final Report Issued	Final report shared previously
Budget Setting	3	Final Report Issued	The final report was issued on 4 th March 2022 with Reasonable Assurance. Please see Annex G
Learning and Development	3	Final Report Issued	Final report shared previously
SPM / Technical Debt	3	Draft Report Issued	Emerging Limited Assurance A revised draft report has been issued and management are progressing with providing a final response.

			The final report will be shared with Audit and Assurance Committee members once agreed with management.
Recruitment	4	Final Report Issued	The final report was issued on 4 th April 2022 with Reasonable Assurance. Please see Annex H
Productivity and Efficiency	4	Draft Report Issued	Emerging Limited Assurance The draft report has been issued and management are progressing with their response. The final report will be shared with Audit and Assurance Committee members once agreed.
Workforce Planning	4	Draft Report Issued	Emerging Limited Assurance The draft report has been issued and management are progressing with their response. The final report will be shared with Audit and Assurance Committee members once agreed
Child Disability Payment In-depth review	4	Final Report Issued	The final report was issued on 27 th April 2022 with Limited Assurance. Please see Annex I

Table 1b – 2022/23 Assurance Work

Audit Title	Planned Quarter	Progress to Date	Comments
Client Services Delivery Compliance	All Year	Draft Terms of	Planning meeting for this review was held on 20 th April 2022 with key client contacts for this audit.

		Reference Issued	<p>Based on discussions a draft Terms of Reference has been prepared, setting out the proposed scope and key risks on which we will focus. Management response is in progress and once the scope is agreed fieldwork will commence.</p> <p>This is a full year review and as such a final report will not be provided to Audit and Assurance Committee members until the audit is concluded.</p>
IT Supply	Q1	Draft Terms of Reference Issued	<p>Planning meeting for this review was held on 5th April 2022 with key client contacts for this audit.</p> <p>Final Terms of Reference issued setting out the agreed scope and key risks on which we will focus.</p> <p>Management response is in progress and fieldwork is due to commence mid-May.</p> <p>The final report will be shared with Audit and Assurance Committee members at the next meeting in August.</p>
Cyber Security Resilience	Q1	Draft Terms of Reference Issued	<p>Planning meeting for this review was held on 19th April 2022 with key client contacts for this audit.</p> <p>Based on discussions a draft Terms of Reference has been prepared, setting out the proposed scope and key risks on which we will focus.</p> <p>Management response is in progress and fieldwork is due to commence at the end of May.</p>



			The final report will be shared with Audit and Assurance Committee members at the next meeting in August.
Debt Arrangements	Q1	Deferred to Q2	Please see annex B for further details
Error Control	Q1	Revised to advisory and due to be undertaken later in the year.	Please see annex B for further details

Table 2 – Advisory Work

Advisory Title	Status	Progress to Date
Formal Agreements	Complete	The Formal Agreements Team transitioned from Social Security Directorate into Social Security Scotland in December 2021. This piece of advisory consisted of a review and provision of advice in relation to the development of processes and controls to manage the risk surrounding Social Security Scotland's management of Formal Agreements following this transition.
Payment Correction Cases	Complete	We undertook a number of interviews with key stakeholders involved in developing, processing or managing benefit changes and payment corrections. We also sampled, in detail, 10 live examples and reviewed current guidance and training available to provide advice in relation to the current controls in place.
Decision Support Team Processes	Complete	Further discussions with colleagues now disability benefits are being delivered and processes for the Decision Support Team are more established to understand the

		processes and controls in place and the interdependencies between this team and others across Social Security Scotland and Social Security Directorate.
Quality Assurance Framework	Ongoing	Work is ongoing in both Social Security Scotland and Programme in relation to Quality Assurance Framework. Internal Audit are 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 advisory support as requested.
Data Protection Assurance	Complete	Social Security Scotland are establishing a Data Protection Assurance Process. Internal Audit reviewed initial documentation and the pilot assessment and provided feedback on the processes being established, making suggestions for improvement for managements consideration.
Data Protection Transition	Ongoing	Social Security Scotland is working with Social Security Directorate in relation to transition and Data Protection issues. The methodology for this is still being developed, but once agreed management have asked Internal Audit to review the proposals and provide feedback and advice on this.
Governance Advocacy	Deferred	Social Security Scotland are developing arrangements for Governance Advocacy. Initial discussions have been held, however no input is required from Internal Audit at this stage. This will be kept under review as work progresses.
Sensitive Cases Processes Quality Review	Ongoing	Work is being undertaken to develop processes and controls in relation to the management and administration of sensitive cases in SPM. Internal Audit provided Quality Review feedback to the initial options appraisal and will continue to provide advisory support as this piece of work progresses.

Internal Controls	Ongoing	Social Security Scotland are establishing a new Internal Controls Team. Initial discussions have been held to determine how Internal Audit can support this new team. Work on this will progress as the Team develops, with ongoing engagement and sharing of information and advice.
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Table 3 – Follow Up

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

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

Report Title	Recommendations	Progress to Date
Reporting and Assurance Functions Roles and Responsibilities	4 High	Complete Three fully implemented One partially Implemented
Scottish Child Payment – Application Process	3 High 2 Medium	Complete Three Fully Implemented Two Partially Implemented

Annex B Revised Annual Plan

Following agreement of the Annual Internal Audit Plan, the below changes have been agreed with management.

Activity Title	Estimated Budget Days	Activity Type	Outline of Scope	Original Quarter	Revised Quarter	Comments
Debt Arrangements	30	Assurance	<p>Internal Audit previously reviewed Debt management arrangements in 2020-21. At this time Debt Management activities were not being undertaken due to a pause in Debt Management activities due to the impact of Covid-19.</p> <p>This review will follow on from the work undertaken in 2020/21 and focus on the processes for recording and calculating debt and how this is then managed going forward to ensure efficient and effective recovery of public funds.</p> <p>Debts in relation to Adult Disability Payment will not be included in the scope of this review.</p>	Q1	Q2	<p>Management requested we move this review into Q2 due to recent changes to the team, structure and systems functionality.</p> <p>With these recent changes, it is hoped that by moving to Q2 this will allow time for the changes to become established before we then start our fieldwork to assess the controls in place.</p>

Activity Title	Estimated Budget Days	Activity Type	Outline of Scope	Original Quarter	Revised Quarter	Comments
Error Control	30	Assurance changing to Advisory	<p>This audit seeks to provide assurance over the arrangements in place for identifying and calculating errors with benefit payments.</p> <p>The review will assess the controls in place and also assess how the identified errors are classified and recorded and the journey through to colleagues in the Interventions team to ensure appropriate actions are taken to resolve the errors and ensure correct payments are made. Included in the scope will be consideration of how Social Security Scotland identifies error trends and whether appropriate action is taken to learn from the more common errors and make</p>	Q1	Q3/4	<p>Due to Internal Audit recently completing advisory work in relation to Payment Correction Cases, a review of Error Control in Q1 would not add much value at this time.</p> <p>The Interventions Team is focussed on Payment Correction Cases and action on the recommendations from the advisory work has not yet taken place.</p> <p>Internal audit will now provide advisory support focussing on the Interventions Team and data mining processes and controls. This will be undertaken towards the end of the audit year.</p> <p>This change has resulted in residual budget availability and discussions are ongoing with management to determine what can be</p>

Activity Title	Estimated Budget Days	Activity Type	Outline of Scope	Original Quarter	Revised Quarter	Comments
			<p>changes to minimise their reoccurrence.</p> <p>Errors in relation to Adult Disability Payment will not be included in the scope of this review.</p>			<p>undertaken and if any reviews can be brought forward so as to spread delivery across the year.</p>

