

## Audit and Assurance Committee

|                        |                             |
|------------------------|-----------------------------|
| <b>Date of Meeting</b> | 17 <sup>th</sup> May 2022   |
| <b>Subject</b>         | Audit Recommendation Update |
| <b>Agenda No.</b>      | 9                           |
| <b>Paper No.</b>       | 17.8                        |
| <b>Prepared By</b>     | Corporate Assurance Team    |
| <b>Purpose</b>         | Note                        |

### 1. Background

- 1.1. The Audit and Assurance Committee are invited to note the progress of audit recommendations contained within this report.
- 1.2. We will report to the Audit and Assurance Committee regularly to update members on the status of recommendations from our independent audit activity.

### 2. Key points

- 2.1. The report sets out the open and closed recommendations which have been made by independent audit reports. This includes Internal Audit reports, Health-check Reviews and Audit Scotland. The following information is provided:
  - A high priority Internal Audit recommendations update;
  - An overview of open Internal Audit recommendations;
  - Internal Audit recommendations progress to date;
  - A brief overview of closed Internal Audit reports;
  - A summary of Internal Audit recommendations proposed for closure;
  - An update on the Essential and Critical recommendations from the Agency Health-check Reviews;
  - A table noting progress of Audit Scotland actions; and
  - An update on the Investigatory Powers Commissioners Office report.

### 3. Conclusions

- 3.1. The Audit and Assurance Committee is invited to note the progress of these recommendations and information contained within this report. Comments are also invited in relation to the revised content and format of the report.

## 4. GOVERNANCE CHECKLIST

| Strategic Objective  | Contribution  |
|--|---|
| <p><b>Dignity, fairness and respect</b></p> <p>Delivering a service with dignity, fairness and respect at its core.</p>  | <p>This report does not have any direct contributions, however audit recommendations will frequently contribute towards each of these objectives.</p> |
| <p><b>Equality and tackling poverty</b></p> <p>Promoting equality and tackling poverty.</p>  |   |
| <p><b>Efficiency and alignment</b></p> <p>Ensuring efficiency and aligning our activities with wider public sector for the benefit of the people we serve.</p> |   |
| <p><b>Economy, society and environment</b></p> <p>Contributing to our economy, society and protection of our environment.</p>                                  |   |

| Strategic consideration         | Impact  |
|---------------------------------|---|
| Environment                     | This report does not have any environmental implications beyond the fact that audit recommendations may be made relating to the environment.  |
| Governance                      | The Corporate Assurance Team manage the progress of external audit/assurance recommendations. Governance structures are in place to manage the corporate response to recommendations. Progress is reported to the Agency Leadership Team, Executive Team and Audit and Assurance Committee. |
| Data                            | Individual audit recommendations may impact on data management.   |
| Finance                         | Individual audit recommendations may impact on finance.   |
| Staff                           | Individual audit recommendations may impact on staff.   |
| Equalities                      | Individual audit recommendations may impact on equalities.  |
| Estates                         | Individual audit recommendations may impact on estates.   |
| Communications and Presentation | Not applicable  |

| Impact Assessment |
|-------------------|
| Not applicable    |

## Social Security Scotland – Audit Recommendation Update

### 1 Purpose

The purpose of this document is to provide the Audit and Assurance Committee with an update on recommendations from all independent audit activity.

### 2 Context

The Audit Recommendation Trackers provide a mechanism for recording, managing and updating all recommendations from independent audit and assurance activity. Recommendations are broken down by each review, giving the overall assurance rating and illustrating the number of recommendations made and priority ratings they hold. Further information is contained within the following annexes:

**Annex A** – Internal Audit Actions Social Security Scotland consider as ready for closure

**Annex B** – Health check Recommendations Tracker

**Annex C** – Audit Scotland Recommendation Update Tracker

**Annex D** – Investigatory Powers Commissioners Office

**Annex E** – Internal Audit’s Definitions of Assurance Ratings and Recommendation Categories

**Annex F** – Health-check Definitions of Ratings and Recommendations

### 3 Summary of Progress

Following feedback on the previous Audit Recommendations update paper, the format has been revised to highlight progress on the high priority Internal Audit recommendations.

The Corporate Assurance Team have continued to work with action owners to facilitate implementation of recommendations across all divisions. Implementation is however the responsibility of each area.

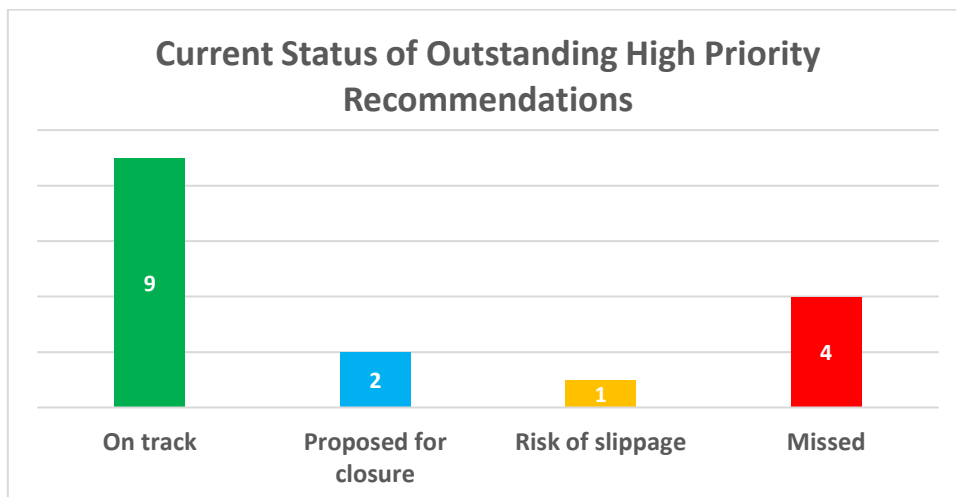
Nine new reports have been finalised this quarter with three reports from the 2021-22 audit year still in progress (SPM, Productivity and Efficiency and Workforce Planning).

The below table indicates the overall assurance ratings given by Internal Audit reports to date, with an additional breakdown per year.

| Overall Assurance Level – Internal Audit Reports   | Total number of reports | 2018-2019 | 2019-2020 | 2020-2021 | 2021-2022 |
|--|-------------------------|-----------|-----------|-----------|-----------|
| <b>Substantial Assurance</b><br>Controls are robust and well managed                     | 5                       | 2         | 0         | 1         | 2         |
| <b>Reasonable Assurance</b><br>Controls are adequate but require improvement             | 32                      | 4         | 9         | 10        | 9         |
| <b>Limited Assurance</b><br>Controls are developing but weak                             | 9                       | 1         | 2         | 5         | 1         |
| <b>Insufficient Assurance</b><br>Controls are not acceptable and have notable weaknesses | 0                       | 0         | 0         | 0         | 0         |

#### 4 High Priority Internal Audit Recommendations

Graph 1 – Current Status of Outstanding High Priority Recommendations



The above chart shows the breakdown of all 16 High Priority Internal Audit recommendations. Nine recommendations are on track and two have been proposed for closure by the action owners. One recommendation has been highlighted as at risk of slippage, this is due to the action being expanded further in line with revised current priorities. A total of four High Priority recommendations have missed their original deadlines and revised deadlines have been provided by action owners where available.

The table below provides a current status update for the 12 High Priority Internal Audit recommendations. The remaining four additional high priority recommendations of the 16 identified are from the Child Disability Payment review. These have not been added to the table below as the report was only finalised at the end of April.

## High Priority Internal Audit Recommendations Update

| Counter Fraud Governance            |   |  |                                  |
|-------------------------------------|---|--|----------------------------------|
| Rec                                 | Recommendation  | Update   | Status                           |
| 2                                   | Management should seek assurances that a decision on the plans for a fraud case management system is finalised as soon as possible to progress procurement of a strategic solution. Management should aid discussions with appropriate Programme colleagues to agree the approach ensuring solutions are fit for purpose, fully functional and budget and ownership is clear  | Programme are progressing with procurement activity to repurchase the solution, period is two years + six months + six months, funding for licences, anti-virus and support from agency, all development and implementation from Programme.  | Completed - Proposed for closure |
| People Advice and Health and Safety |   |  |                                  |
| Rec                                 | Recommendation  | Update   | Status                           |
| 4                                   | <p>A) A Health and Safety Work Plan / Action Tracker should be established to help track planning and implementation of all key health and safety projects.</p> <p>B) Management should take action to address resourcing issues in the Health and Safety Team.</p> <p>C) The Health and Safety Policies and Procedures document should be finalised and signed off.</p> <p>D) The Health and Safety teams' Operational Risk Register should be updated to reflect current health and safety risks in Social Security Scotland. This should then be subject to ongoing review and update to ensure it remains current and risks are managed effectively.</p> <p>E) The terms of reference for the Health and Safety Committee should be reviewed to evaluate the importance and adequacy of the Committee. If relevant, the Committee should be re-established.</p> <p>F) Management establish reporting arrangements to enable appropriate scrutiny of activities and ensure compliance with health and safety requirements. This should include reports on compliance, incidents, annual reports as well as Management Information and performance reports.</p> | <p>A) Work plan for 2022/23 is established and team objectives will be developed during April 2022 to support work of this plan.</p> <p>C) As part of the work plan a number of policies and procedures have been identified as priorities for the coming year with emphasis on display screen equipment, first aid and fire safety. These will be developed throughout 2022/23. The Health and Safety Policy has been reviewed and Health &amp; Safety Strategy developed setting out clear goals for 2022/23. These documents, which include policy and procedure development will be tabled and discussed at the next Health and Safety Committee meeting in May 2022.</p> <p>All other actions are complete.</p> <p>Risk of slippage on (C) – as action has been expanded to include work on a series of policies and procedures throughout 2022/23 in line with priorities of the organisation.</p> | Risk of Slippage                 |

| Equality and Diversity |   |   |                        |
|------------------------|---|---|------------------------|
| Rec                    | Recommendation  | Update  | Status                 |
| 1                      | <p>Management should review existing Equality &amp; Diversity activities across Social Security Scotland and ensure that:</p> <p>a) Activities are joined up and aligned across the whole of the organisation. Following this, staff across Social Security Scotland should be made aware of their specific roles and responsibilities in relation to Equality, Diversity and Inclusion.</p> <p>b) There is sufficient resilience across Social Security Scotland to ensure there are no single points of failure and there is sufficient support and knowledge to ensure equality and diversity activities are undertaken as required.</p> | <p>A review of roles has been conducted by People Services and the Governance teams. This has resulted in a C1 Diversity &amp; Inclusion Team Leader and two B3 Diversity and Inclusion Manager roles being advertised week commencing 4 April 2022. These roles will be advertised externally for a period of four weeks in order to attract as wide a pool of suitable candidates as possible and workshops will be held for interested candidates to find out more about the roles. This should allow us to recruit a team of staff who will jointly take forward work on both the internally and externally facing aspects of diversity and inclusion within Social Security Scotland, allowing for a more integrated approach to our work.</p> | On Track for May 2022  |
| 5                      | <p>We recommend that there should be an improved governance mechanism to monitor Equality Impact Assessments across individual business areas and the organisation as a whole. This should include robust controls to provide the accountability, governance and oversight of Equality Impact Assessments and ensure that assessments are undertaken where required, completed to a high quality and embedded within development and decision making processes.</p>   | <p>New guidance has been developed to support the completion of Equality Impact Assessments. A Tracker has been established within Corporate Assurance to track and monitor the status and completion of all Equality Impact Assessments across the Agency (all divisions to feed in to this tracker to ensure all assessments were captured). Initial discussions have taken place at People and Places with further discussions to take place on the overall agency approach for embedding the Equality Impact Assessment process within our decision making processes.</p>   | On Track for June 2022 |
| 6                      | <p>Social Security Scotland obtain assurance from Social Security Directorate that they have sufficient and robust arrangements to ensure required Equality Impact Assessments are being undertaken and considered as part of the product development and decision making process. This should include assurance that Social Security Directorate have robust controls to provide the accountability, governance and oversight of Equality Impact Assessments and share relevant information with Social Security Scotland.</p>   | <p>Collaboration continues between Social Security Scotland and Directorate Programme and Policy continues. Several workshops have taken place and further consideration to be given to Equality and other impacts assessments being handed over as part of user acceptance - in relation to the delivery of products and services. Directorate Policy lead in place for Policy Equality Impact assessments and these continue to be published by Scottish Government. An Agency Senior Sponsor has now been appointed on the Programme Digital Accessibility group and the work of this group will continue to embed impact assessment and digital accessibility monitoring of new and current systems.</p>  | On track - Ongoing     |

| SPM |  |   |  |
|-----|--|---|--|
| Rec | Recommendation   | Update  | Status   |
| 1   | <p>Management should establish:</p> <ul style="list-style-type: none"> <li>• Processes for automating checks on inactive accounts.</li> <li>• Processes for establishing periodic checks on live accounts to ensure all are valid and have the appropriate permissions.</li> <li>• Improved controls around requests and creation of new user accounts.</li> <li>• Removal of any user role profiles not relevant to Social Security Scotland and tidy up of other roles to ensure they are appropriate and provide users of each role the required access but not more access than necessary.</li> </ul> <p>Administration processes for Service Desk user access should be documented.</p> | <p>The roles and access requirements review is paused pending senior management discussions regarding approach to commissioning the review validation by a third party.</p> <p>- Confirmation received that Security team are no longer progressing the Identity and Access Management Second project. Paper will be sent to the Agency Leadership Team to commission a project to automate access to SPM.</p>  | <p>Missed - Original deadline was October 21</p> |
| 5   | <p>a) Following the review being undertaken to capture and quantify the number of workarounds required within SPM and assess the impact on resources and productivity a clear, prioritised action plan should be developed to address workarounds with reasonable target dates.</p> <p>b) Management should also ensure, where possible, any current or new manual processes or workarounds being introduced are assessed for impact on current workarounds and Operational staff to ensure any further workarounds being implemented are appropriate before being applied.</p>  | <p>A) Live Service have collated a list of workarounds and are deploying on average every six to eight weeks to address the defects that they link towards. We have also made attempts to separate workarounds over manual processes as part of our ongoing guidance reviews.</p> <p>B) We continue to deploy workarounds to ensure clients claims are progressed when defects arise in the service. We work with all operational areas when impacting and fully test in live like environments prior to deploying. We monitor through the defect and prioritise.</p> | <p>Completed – Proposed for closure</p>          |
| 6   | [Redacted]   | <p>Business Intelligent Reporting Tool - Nine reports are in operation with further new reports and enhancements to existing reports planned for release throughout 2022, with next release in May. User research established how reports were being used by the Agency, actions from the research have been incorporated into the work plan.</p> <p>Data warehouse –This continues to serve as a power data processing and analytic capability and has delivered a number of new extracts and updates to support both Adult Disability Payment Pilot</p>             | <p>On track for December 2022</p>                |



|   |  |  |   |
|---|--|--|---|
|   |  | <p>and Benefit agnostic needs. Steps are underway to start dimensional modelling which will help to open up to self-service.</p> <p>New data visualisation and improved reporting tool delivery has completed a technical proof of concept. The next stages are now being planned and scheduled with the target to deliver shortly after the SPM ingestion into Audit Trail Repository System.</p>   |   |
| 8 | <p>Implementation of an audit trail within SPM should be progressed. We expect on-going work to develop audit trail captures all activity in SPM, deletions, dates and time of actions. Management Information should be available from the audit trail for periodic checks and exception reporting.</p>   | <p>The Audit Trail Repository System is being delivered in two stages with the Digital Portal data store being delivered in July 21 and SPM ingestion/the retrieval functionality completing in quarter 3 2022. This later part is currently in development (deployment in August 2022) and now also incorporates the ability to track SPM user activity and searches and other auditable events, even if no case updates have been performed by the user.</p> <p>The migration of existing [Redacted] dashboards and the re-direction of SPM data which supports the dashboards into Audit Trail Repository Service continues to be on schedule for summer 2022 with its full retrieval capability being in place Quarter 3 2022.</p> <p>The enhancements to SPM to provide more robust segregation of duties for users reducing the risk of specific scenarios continues to be on schedule for deliver with the SPM Adult Disability Payment national release.</p> <p>The detailed requirements and benefits of using the reporting tool to access the Audit Trail Repository Service is under review to ensure delivery continues to best meet the evolving requirements of Social Security Scotland.</p> | <p>Missed December 2021 Deadline.</p> <p>New Proposed timeline – Quarter 3 2022</p> |
| 9 | <p>A) Processes should be developed for on-going review of gap analysis.<br/>                 B) Management should undertake work to review what SPM functionality has been delivered versus what should have been delivered to ensure the expected service is sufficient and meets Social Security Scotland’s needs. Where it is not, action should be taken to escalate and resolve this.<br/>                 C) Management should consider analysis to quantify the number of technical difficulties and backlogs within SPM to establish whether they</p> | <p>The key element missed has been the development of product roadmaps but that has been based on the level of delivery over the past year. Our new aspiration is that we have in place for quarter 1 2022-2023 which aligns with the Agency and Directorate work to transition Low Income Benefits.</p>   | <p>Missed August 2021 deadline</p> <p>Revised deadline Quarter 1 2022-23.</p>       |

|  |  |  |  |
|--|--|--|--|
|  | <p>are reasonable and whether enough resource and capacity is available to implement improvements, and the impact these updates will have on other controls within SPM.</p> <p>D) Management should assure themselves that for those backlog issues identified there are reasonable timescales for action being taken to remedy them and that controls in place currently are sufficient to minimise risk to Social Security Scotland.</p> |  |  |
|--|--|--|--|

| <b>Client Experience Team</b> |   |   |  |
|-------------------------------|---|---|--|
| <b>Rec</b>                    | <b>Recommendation</b>   | <b>Update</b>   | <b>Status</b>  |
| 2                             | <p>A) Management should put controls in place to minimise the risk to Social Security Scotland or seek assurance from the Social Security Directorate that there are key contacts in place to assist with progressing the development of systems and processes for Client Experience.</p> <p>B) Outstanding system issues should be escalated via management, emphasising the impact of outstanding issues, and secure clear timescales of a resolution which supports business needs.</p> <p>C) Once system issues are resolved, Client Experience should move away from manual reporting processes and ensure functionality which supports the Social Security Operations and Delivery Analysis Unit to generate automated SPM reports.</p> | <p>Feedback has now transitioned to Social Security Scotland and responsibility now sits with Client Experience Business Owner team. The Live Service team have allocated a product owner to look at the stories and work is underway to refine these. Regular meetings have been set up to monitor and prioritise these stories.</p> | <p>Missed - Part of recommendation is now complete.</p>  |
| 5                             | <p>Management should:</p> <p>A) Review current tracker arrangements to ensure the information captured is only what is needed and reduce the amount of personal information contained.</p> <p>B) Limit the Single Point of Contact process to relevant staff only.</p>  | <p>Current tracker has been updated and is in use. Work ongoing on single point of contact process.</p>   | <p>On track -<br/>                     A – Completed.<br/>                     B – August 2022</p> |

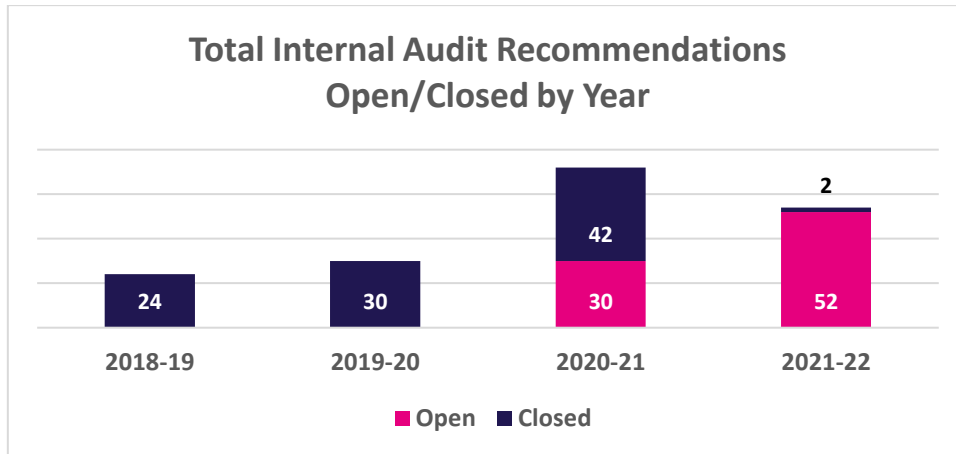
## 5 Open Internal Audit Recommendations

The below table provides an overview of all open Internal Audit recommendations by progress status.

| Title of Publication   | Assurance   | Proposed Closed | Missed | On track | Risk of slippage |
|--|-------------|-----------------|--------|----------|------------------|
| <b>Client Services and Delivery</b>                                  |             |                 |        |          |                  |
| <b>Client Experience</b>   | Reasonable  | 2               | 1      | 2        |                  |
| <b>Client Services Delivery Compliance</b>                           | Reasonable  |                 |        | 1        |                  |
| <b>Residency</b>   | Reasonable  |                 |        | 2        |                  |
| <b>Scottish Child Payment</b>  | Reasonable  | 3               |        |          | 1                |
| <b>SPM</b>   | Limited     | 7               | 3      | 1        |                  |
| <b>Child Disability Payment</b>                                      | Limited     |                 |        | 5        |                  |
| <b>Finance and Corporate Services</b>                                |             |                 |        |          |                  |
| <b>Budget Setting</b>  | Reasonable  |                 |        | 4        |                  |
| <b>Counter Fraud Governance</b>                                      | Reasonable  | 3               | 3      | 2        |                  |
| <b>Internal Controls</b>   | Reasonable  |                 |        | 1        |                  |
| <b>Learning &amp; Development</b>                                    | Substantial |                 |        | 5        |                  |
| <b>People Advice/Health &amp; Safety</b>                             | Reasonable  | 3               | 1      |          | 1                |
| <b>Recruitment</b>   | Reasonable  |                 |        | 5        |                  |
| <b>Formal Agreements</b>   | Advisory    |                 |        | 8        |                  |
| <b>Strategy, Change, Data &amp; Engagement</b>                       |             |                 |        |          |                  |
| <b>Equality &amp; Diversity</b>                                      | Reasonable  |                 |        | 6        | 1                |
| <b>Stakeholder Engagement</b>  | Reasonable  | 4               |        |          | 2                |
| <b>Chief Digital Office</b>  |             |                 |        |          |                  |
| <b>Chief Digital Office Transition into Social Security Scotland</b> | Reasonable  | 2               |        | 3        |                  |

## 6 Internal Audit Recommendations Progress to date

### Graph 2 – Total Internal Audit Recommendations Open/Closed by Year

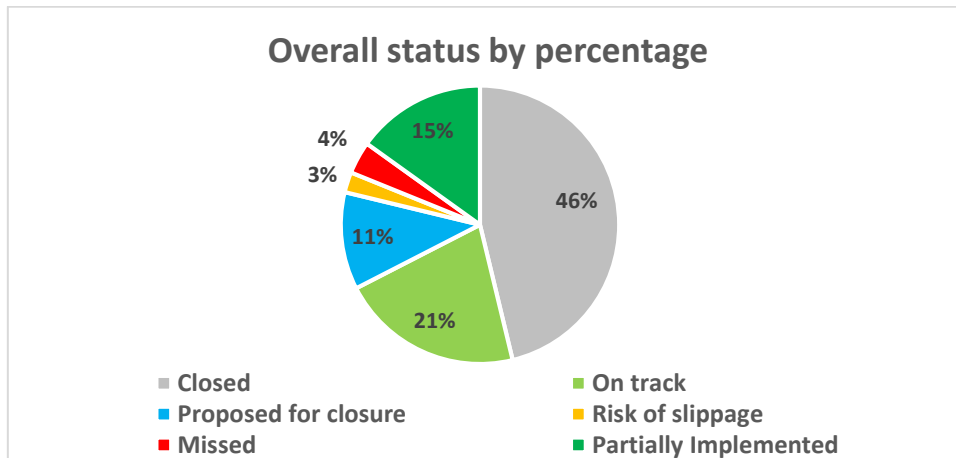


Graph 2 (above) shows a breakdown by year of the open and closed recommendations.

- 2018-2019 recommendations - 24 recommendations have now been closed. The Reporting and Assurance Functions follow up review cleared the remaining open recommendations.
- 2019-2020 recommendations – All 30 recommendations are closed.
- 2020-2021 recommendations – 42 of the recommendations have now been closed, an increase of 4 from the last report.
- 2021-2022 recommendations – 52 of the recommendations are open, this is expected to increase as the final reports are completed. Two have been closed.

Although not shown in the graph, it is important to note that a further 32 recommendations are currently considered to be only partially implemented. These are recommendations that have been reviewed by Internal Audit as part of a follow up review and considered to be closed for Internal Audit purposes but further action is required. These recommendations are monitored locally by the Corporate Assurance team and added to the closures count once fully completed.

### Graph 3 – Internal Audit Recommendations Overall Status by Percentage



The above graph provides an overall picture of progress so far on Internal Audit recommendations:

- In total 46% of all recommendations have been closed to date;
- A further 11% are currently proposed for closure;
- 21% of the recommendations are currently on track;
- 3% are at risk of slippage;
- 4% have missed their target deadline, but are continuing to be progressed; and
- 15% of recommendations are partially implemented and are being monitored by the Corporate Assurance team.

A review of outstanding recommendations will take place by Internal Audit as part of the 2022/2023 internal audit plan to assess their relevance and aid closure where appropriate, dates to be confirmed.

## 7 Closed Internal Audit Recommendations

Follow up reviews were completed by Internal Audit for Scottish Child Payment Application Phase and the Reporting and Assurance functions (Roles and Responsibilities) review. A follow up review is currently also ongoing on the Counter Fraud review.

## Conclusion

The Corporate Assurance team will continue to liaise with recommendation owners, specifically those with a rating of high, to track and report all outstanding recommendations. This will support more targeted discussion with Internal Audit colleagues on any follow up work.

This report will continue to be used to capture all independent audit and assurance activity. The continuous tracking and reporting of progress to the Audit and Assurance Committee will ensure that the committee has the means to monitor how effectively high priority recommendations have been implemented.

### Annex A: Internal Audit recommendations proposed for closure

This annex provides a list of Internal Audit recommendations that Social Security Scotland now considers ready for closure. These remain open, however, until such time as follow up reviews by Internal Audit are conducted.

| Report                                   | Assurance Level | Priority level | Recommendation   | Update   |
|--|-----------------|----------------|--|--|
| <b>Stakeholder Engagement</b>            | Reasonable      | L              | Management should consider how to raise awareness of roles and responsibilities of the teams involved in stakeholder engagement with the rest of the organisation.   | Completed - Engagement with Programme and Policy has been strengthened through a new C1 post within National Engagement Team in April 2021.  |
| <b>Client Experience</b>                 | Reasonable      | M              | <p>a) The Quality Assurance Programme should be reviewed to ensure all areas of Client Experience have documented procedures for quality checking.</p> <p>b) Consider a review, analysis or lessons learned process for Unacceptable Actions and near misses to develop processes and provide further support to staff dealing with the clients.</p> | <p>a) Fully reviewed and completed.</p> <p>b) Completed - User research has been conducted on the Unacceptable Actions process and this is currently being impacted in the build of the new public protection case management solution, which will be deployed in line with Adult Disability Payment national. All guidance will be updated and deployed alongside this.</p> |
| <b>Client Experience</b>                 | Reasonable      | M              | <p>a) Management should deploy appropriate resource to review and update Client Experience guidance and process maps.</p> <p>b) Training should be made mandatory and a programme of refresher training developed to support knowledge across all staff who manage client feedback and unacceptable actions.</p>                                     | <p>a) Guidance review has started this will now be an ongoing review.</p> <p>b) Training package for complaints is now mandatory.</p>  |
| <b>Scottish Child Payment – In Depth</b> | Reasonable      | M              | Management should highlight the importance of leaving notes to provide an audit trail of action taken and justification of decisions made to all relevant staff.   | Quality and Development plans being rolled out across Low Income Benefits will capture this. Feedback from the Client Advisers processing will be included and discussed with Team Managers, then coaching or requesting additional upskilling where necessary.  |

|   |                   |          |   |  |
|---|-------------------|----------|---|--|
| <p><b>Chief Digital Office Transition into Social Security Scotland</b></p> | <p>Reasonable</p> | <p>M</p> | <p>In lessons learnt to feed into communications for future transition of staff, management should:</p> <p>a) Ensure the impact on Social Security staff is considered and documented via appropriate communication plans</p> <p>b) Take ownership of a Social Security Scotland approach to ensure communication to Social Security Scotland colleagues and those transitioning in is joined up with a full understanding of the communication requirements</p> <p>c) Ensure the completion of existing communication plans which exceeded the transition date</p> <p>d) Consider controls in place are working effectively around local communication arrangements.</p> | <p>Completed and now built into the transition communication plan.</p>   |
| <p><b>Chief Digital Office Transition into Social Security Scotland</b></p> | <p>Reasonable</p> | <p>L</p> | <p>a) Lessons learnt should be formally captured while reflections are fresh, this should involve all parties and be wider than the project.</p> <p>b) There should be appropriate arrangements in place to ensure outstanding actions are completed, with processes for tracking and oversight.</p>  | <p>A number of follow on Lessons Learned sessions have now taken place, facilitated by the Social Security Directorate Lessons Learned Group. These findings have been shared across the stakeholders involved in the project. The team also attends the Social Security Directorate Lessons Learned Group which now incorporates additional Technical Platform Owner Resource from Chief Digital Office to provide a layer of technical lessons learned detail.</p> |



## Annex B: Health Check Reviews

The table below includes the recommendations from the two Health Check reviews, completed in 2019 and 2020. Progress continues to be made on these recommendations, but these are wide ranging strategic recommendations that will not be closed quickly, but do continue to influence future planning.

A further Health Check is in scope for June 2022, further details will be provided in the next update.

### 2019 Report

| Recommendation   | Update  | Status                      |
|--|---|-----------------------------|
| <p><b>R1 Critical</b><br/>The Agency should acquire the resource to provide meaningful frontline contribution to Wave 2 service design and enhancements that affect customer operational experience.</p> | <p>Previously reported as proposed for closure</p>  | <p>Proposed for closure</p> |
| <p><b>R2 Essential</b><br/>The Agency should develop measures that demonstrate its efficiency of operation consistent with its delivery philosophy.</p>  | <p>Proposed for closure May 2022<br/>Measures of organisational performance are gathered through the Charter Measurement Framework, Client Survey and People surveys.</p> <p>Operational requirements for daily, weekly and monthly dashboards have been defined and these are well established. Plans are underway to roll out a self-serve offering using Power BI to allow colleagues to configure and run their own reports on demand.<br/>A schedule of statistical publications has been established with key data available for public scrutiny.</p> <p>A balanced scorecard is created every quarter to provide a high-level summary of Social Security Scotland Performance. There have been a range of iterative improvements to the scorecard and the measures remain under regular review. This currently meets the needs of our Portfolio Sponsor and Executive Advisory Body to carry out their respective roles.</p> | <p>Proposed for closure</p> |

|  |   |         |
|--|---|---------|
|  | <p>A summary of performance is a statutory requirement for the Annual Report section of the Annual Report and Accounts and subject to Audit Scotland scrutiny. In addition we publish an annual review of our performance against the Charter Measurement Framework.</p> <p>Two senior groups, the Information Governance Group and the Data Governance group have now been established to support effective controls of data and data handling. Both our Corporate Plan and Charter Measurement Framework are due for refresh in 2023 and will require consultation with stakeholders around measuring success.</p>                                |         |
| <p><b>R3 Critical</b><br/>Priority should be given to analytical work to improve forecasting of potential expenditure on devolved disability benefits, given the proportion of devolved benefit expenditure this encompasses and the impact any unmet need could have on the Scottish Government's overall financial position in the future.</p> | <ul style="list-style-type: none"> <li>• The Scottish Fiscal Commission (SFC) are currently preparing their next set of forecasts for benefit expenditure. These will be published on 31 May 2022. In the run up to publication Communities Analysis Division analysts will be scrutinising the input data, models and assumptions to help improve the quality of the forecasts.</li> <li>• Communities Analysis Division analysts have been undertaking analysis on DWP record level data using laptops provided by DWP to allow access to their systems. The outputs from the analysis are being used to inform and improve forecasts.</li> </ul> | Ongoing |

## 2020 Report

| Risk   | Update  | Status  |
|--|---|---------|
| <p><b>R1 Essential</b><br/>Social Security Scotland should work with the Social Security Programme to ensure that critical functionalities are</p> | <ul style="list-style-type: none"> <li>• Child Disability Payment commenced on 26th July for pilot applications and 22nd November for the rest of Scotland.</li> <li>• Social Security Scotland provided Programme colleagues with our articulation of the requirements for both the Minimum and National Viable Products.</li> </ul> | Ongoing |

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| <p>agreed and delivered in time for the launch of the Scottish Child Payment and Child Disability Payment.</p>   | <ul style="list-style-type: none"> <li>• Visibility of progress was tracked via our existing governance structures and forums such as Release Management Group and our joint Disability Benefit Steering Group which continues to meet weekly.</li> </ul>  |         |
| <p><b>R2 Essential</b><br/>Social Security Scotland should map their resources against the end to end processes, including client volumes.</p>   | <p>On review we consider this recommendation to be broad with many cross cutting dependencies not only with the Agency but also into Programme, Policy and communications. We will be considering the practicality of assigning resource outcomes to posts as part of the move to a workforce planning shared service solution.</p>  | Ongoing |
| <p><b>R3 Recommended</b><br/>Social Security Scotland should identify the specialist capabilities needed to undertake a full expert client role for all its major activities</p>   | <p>Work continues on a number of fronts to assess and identify specialists skills needed. Target Operating Model activities lead by Business Architecture Team continue to develop the vision of the future. Transition Project is currently mapping the roles required accountability shifts from Programme to Social Security Scotland. Work is underway as part of the capacity planning for Business Planning, Change Delivery is also looking at future capacity requirements.</p>  | Ongoing |
| <p><b>R4 Critical</b><br/>Engage with the Social Security Programme to establish the purpose of, and key outputs required from, the Child Disability Payment pilot.</p>  | <p>Pilot evaluation activities have now been completed and an informal document has been prepared which will be shared with Senior staff after final checks have been completed.</p>   | Ongoing |
| <p><b>R5 Recommended</b><br/>Undertake work to identify and verbalise the existing culture then establish a strategy for perpetuating and embedding the core elements of that culture in all on boarding activities.</p> | <p>In January and February 2022, we delivered a number of joint sessions to staff, joining together our 2021 people survey results and the findings of the organisational culture review completed by Audit Scotland in November 2021. This allowed us to reflect and capture useful insight into the way in which our culture is viewed internally and to support further collaborative work.</p> <p>From September 2021 to March 2022 68 sessions on intelligent kindness were delivered to 1,786 colleagues. Whilst the focus has been primarily on providing sessions as part of the induction process for colleagues, 'refresher' sessions have been available for existing colleagues. We have welcomed colleagues from the Directorate to the sessions to broaden and share understanding of these compassionate, person-</p> | Ongoing |

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|  | <p>centred approaches. Feedback continues to be very positive and these sessions can be seen as a very practical way of helping bring our core values of dignity, fairness and respect to life.</p> <p>To support the scale of volume recruitment underway a further 22 Intelligent Kindness sessions will be delivered to new starts. As part of the corporate induction programme we continue to emphasise to new staff the Social Security Charter and how it underpins our values and guides the organisation we are working to be.</p> |  |
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## Annex C: Audit Scotland

The recent Annual Audit Report from Audit Scotland provided a follow up of recommendations from 2019/2020. Audit Scotland have agreed the two recommendations are now considered complete and the remaining were superseded by recommendations on the new 2020/2021 action plan.

| Issue/Risk   | Update   |
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| <p><b>1. SPM system may not be appropriate for the more complex benefits</b></p> <p>The use of an Minimum Viable Product approach means that the initial system that is delivered may not contain all of the required functionality. As the benefits being delivered increase in complexity the need for system controls increases. There is a risk that the Minimum Viable Product is not delivering the minimal functionality to support the Scottish social security system.</p> <p><b>Recommendation</b></p> <p>The establishment of a generic baseline Minimum Viable Product should be finalised as soon as possible to support the delivery of a robust core system for the roll out of new benefits.</p> | <p>Attached is evidence for the agencies generic Minimum Viable Product that can be used as a basis for all benefit delivery. The agency use a generic Minimum Viable Product and use workshops to shape into what is required. Programme use articulations and using project teams to get more than minimum out of the product.</p>   |
| <p><b>2. The technical backlog continues to increase</b></p> <p>The extent of the technical backlog continues to increase impacting on system functionality and the arrangements for fraud and error. There is a risk that the system functionality is adversely impacted from the reliance on manual work-arounds particularly as the more complex benefits become operational.</p> <p><b>Recommendation</b></p>  | <p>We have agreed in principle a budget transfer of £2.6M from Programme to support continuous improvement of Low Income Benefits, colleagues in Finance are finalising the timing and mechanism of this transfer. We are preparing a roadmap of continuous improvement for the year ahead; our biggest challenge is access to release management capacity that has become increasingly over-subscribed.</p> <p>We have recently established a new Maintenance team who are in the process of completing a "handover" of defect management of the Child Disability</p> |

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| <p>A structured approach should be introduced to address the increasing technical backlog and ensure a strong system control environment is in place to support fraud and error prevention and detection.</p>  | <p>Payment defect backlog from Programme into Agency Live Service, once complete Social Security Scotland will be responsible for the management of Child Disability Payment defects. This will become the model for the handover of future benefit defects into Agency Live Service.</p> <p>Our Disability Product Team are working closely with Programme colleagues on the delivery of new benefits to build intelligence around the Benefit(s) in advance of transition. We are also actively engaged with the Programme Disability Enhancements team to ensure that Social Security Scotland priorities are at the heart of managing the Disability Enhancements backlog.</p> |
| <p><b>3. Fraud and error arrangements</b></p> <p>Fraud and error are an inherent risk in a social security system that is driven by individual claims. Social Security Scotland is still reliant on the DWP for many fraud and error estimates as well as developing its own arrangements for the benefits being delivered directly.</p> <p>There is a risk that fraud and error arrangements are not sufficiently developed in advance of the launch of disability and carer's benefits.</p> <p><b>Recommendation</b></p> <p>The Fraud and Error team must develop its understanding of the associated risks of fraud and error within the range of benefits being delivered, including those currently delivered by the DWP.</p> | <p>We have continued to strengthen arrangements over the past year, introducing further improvements to our detective and investigative capabilities. We have identified further objectives to further mature these arrangements in operational year 2022/23, which include continuation of work to identify our methodology for estimating the monetary value of fraud and error in our caseload. Our third (interim) inspection from the Investigatory Powers Commissioners Office resulted in a positive report, with no recommendations made. Procurement of specialist training and equipment has also been completed.</p>  |
| <p><b>4. Financial planning</b></p> <p>The financial impact of the pandemic on Social Security Scotland will extend across several years and the impact is not yet fully understood and reflected in the financial planning.</p> <p>There is a risk that without robust long-term financial plans</p>  | <p>The recommendation for financial planning is on-going. We are doing what is set out in the intended actions and will continue to update our plans.</p>  |

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| <p>Social Security Scotland may not adequately capture the underlying cost implications of decisions.</p> <p><b>Recommendation</b><br/>Social Security Scotland must revise its financial planning to reflect the long-term impact of the Covid-19 pandemic on benefit delivery arrangements and underlying costs.</p>   |   |
| <p><b>5. Workforce planning</b><br/>The Workforce Strategy has not yet been finalised and should cover both numbers and skillsets to meet the needs of the more complex benefits.<br/>There is a risk that without a long-term workforce plan Social Security Scotland will not be able to deliver future benefits to the current timetable.</p> <p><b>Recommendation</b><br/>A long-term workforce plan, built on the current timetable for benefit delivery, must now be prepared. This should support wider decision making to ensure that there is a sustainable workforce to deliver the Scottish social security system.</p> | <p>Over the past year we have invested in the workforce planning capability and grown a team of eight, led by a C2.</p> <p>The workforce planning strategy is under development and we expect to be published this year but this is a different document to the workforce plan. Our workforce plan has existed since 2020 with a forward look stretching up to 2025. We need to recognise that we are in a relatively unique position in so far that the plan will always be strongly influenced by affordability and emerging clarity on benefits delivery as we move from theoretical modelling into more certain scenarios based on the experience of live delivery and that it is a majority growth plan currently. Activity for us now is more in the space of developing our workforce plan into a strategic workforce plan and aligning activity to ensure that we can deliver against it – through recruitment and other means.</p> |
| <p><b>6. Residency</b><br/>Social Security Scotland are implementing new tailored guidance for each new benefit. The guidance will be complex, and staff will need adequate training.<br/>There is a risk that guidance and training for residency status for upcoming benefits will not be robust enough.</p> <p><b>Recommendation</b></p>  | <p>Work was undertaken with colleagues within Social Security Scotland Directorate and with Learning &amp; Development in relation to residency, for the launch of Child Disability Payment. This was included within learning route ways with guidance provided within the Internal Knowledge Management Hub, for colleagues to refer to.</p> <p>Work continues in relation to Adult Disability Payment, prior to launch this year. In addition a recent internal audit reviewed residency and any</p>   |

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| <p>The new residency rules for future benefits will be more complex. Guidance needs to be correctly applied by staff to ensure that residency criteria is assessed fairly and consistently.</p>   | <p>recommendations will be considered. Furthermore internal audit are about to commence an in depth audit of Child Disability Payment which will review compliance with guidance. Continued work on a Quality Assurance framework will support and provide greater assurance.</p>   |
| <p><b>7. Performance Management</b><br/> Performance management arrangements are not adequately developed to support robust decision making.<br/> There is a risk that Social Security Scotland will not be able to demonstrate value for money.</p> <p><b>Recommendation</b><br/> Robust and transparent performance management arrangements should be further developed to support decision making and ensure the delivery of a quality benefits service.</p> | <p>The key tool for measuring our external performance remains the Charter Measurement Framework and the summary of performance contained in the agency's annual report. At an operational level, a range of daily dashboards are available to operational teams to support the efficient management of daily business/ workflow. More strategically, a quarterly scorecard is shared with and discussed with key governance groups including our Portfolio Sponsor, Portfolio Accountable Officer and Executive Advisory Body. The scorecard was last reviewed by our Executive Advisory Body on 29 March 2022 and by our Portfolio Sponsor on 1 March 2022. Minutes of these meetings are published for the public record. The scorecard remains under review with the aim of further developing and refining measures as the organisation grows and delivers a wider range of benefits. This will incorporate additional information on diversity following feedback from our Portfolio Sponsor. With the establishment of an insights and engagement forum reporting to the Agency Leadership Team, performance management and the development of the scorecard forms part of their terms of reference and ongoing work plan.</p> |



**Annex D: Investigatory Powers Commissioner's Office (IPCO) Report – Key Findings**

The third Investigatory Powers Commissioner's Office inspection took place in February 2022. This was an interim inspection to provide some additional support as final preparations for in-house covert operations enter their final stages. No recommendations were made and the inspector noted good progress.

## Annex E: Definition of Assurance Ratings and Recommendation Categories

Internal Audit use the following grading structure and this has been applied to all Internal Audit recommendations within this report.

### Assurance

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| <b>Substantial Assurance</b><br><br>Controls are robust and well managed                     | Risk, governance and control procedures are effective in supporting the delivery of any related objectives. Any exposure to potential weakness is low and the materiality of any consequent risk is negligible.                                |
| <b>Reasonable Assurance</b><br><br>Controls are adequate but require improvement             | Some improvements are required to enhance the adequacy and effectiveness of procedures. There are weaknesses in the risk, governance and/or control procedures in place but not of a significant nature.                                       |
| <b>Limited Assurance</b><br><br>Controls are developing but weak                             | There are weaknesses in the current risk, governance and/or control procedures that either do, or could, affect the delivery of any related objectives. Exposure to the weaknesses identified is moderate and being mitigated.                 |
| <b>Insufficient Assurance</b><br><br>Controls are not acceptable and have notable weaknesses | There are significant weaknesses in the current risk, governance and/or control procedures, to the extent that the delivery of objectives is at risk. Exposure to the weaknesses identified is sizeable and requires urgent mitigating action. |

### Recommendations

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| <b>High Priority</b>   | Serious risk exposure or weakness requiring urgent consideration          |
| <b>Medium Priority</b> | Moderate risk exposure or weakness with need to improve related controls. |
| <b>Low Priority</b>    | Relatively minor or housekeeping issue.                                   |

## Annex F: Agency Healthcheck Review – Delivery Confidence Assessment RAG

The below table applies to the recommendations made in Section 7 “‘Essential’ and ‘Critical’ Recommendations Status Update – Agency Healthcheck Review”

| <u>RAG</u>          | <u>Criteria Description</u>   |
|---------------------|---|
| <b>Green</b>        | Successful delivery of the programme/project to time, cost and quality appears highly likely and there are no major outstanding issues that at this stage appear to threaten delivery.                                      |
| <b>Amber /Green</b> | Successful delivery appears probable. However, constant attention will be needed to ensure risks do not materialise into major issues threatening delivery.   |
| <b>Amber</b>        | Successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and, if addressed promptly, should not present a cost/schedule overrun.     |
| <b>Amber /Red</b>   | Successful delivery of the programme/project is in doubt with major risks or issues apparent in a number of key areas. Urgent action is needed to ensure these are addressed, and establish whether resolution is feasible. |

Each recommendation given in the Agency Healthcheck Review has been given Critical, Essential or Recommended status. The definition of each status is as follows:

**Critical (Do Now)** – To increase the likelihood of a successful outcome it is of the greatest importance that the programme/project should take action immediately.

**Essential (Do By)** – To increase the likelihood of a successful outcome the programme/project should take action in the near future.

**Recommended** – The programme/project should benefit from the uptake of this recommendation.