

Audit and Assurance Committee

Date of Meeting	Tuesday 10 November 2020
Subject	Internal Audit Progress Report
Agenda No.	8
Paper No.	10.7
Prepared By	Internal Audit
Purpose	Note

Background

1.1 Internal Audit Progress Report for comment and discussion.

Key Points

2.1 Key points to note are:

- We have continued to participate in regular meetings with key stakeholders in order to remain aware of progress and developments within Social Security Scotland. This includes consideration of our work and ensuring this is aligned with emerging risks and issues.
- Fieldwork for quarter 3 reviews is now ongoing and planning for quarter 4 is due to begin.
- Follow-up activity has resumed.
- We are in the initial stages of planning for 2021/22.

Conclusion/Recommendation

3.1 The Audit and Assurance Committee members are invited to note the range of Internal Audit and Assurance Directorate activities undertaken since the previous meeting.



Scottish Government
Riaghaltas na h-Alba
gov.scot

Internal Audit Progress Report

Social Security Scotland 2020-2021

Audit and Assurance Committee
10 November 2020

**Directorate of Internal Audit
and Assurance**

Report Issue Date: 30-10-2020

1. Purpose

- 1.1. For information and comment.

2. Key Messages

- 2.1. Work on the internal audit plan for 2020/21 is progressing. Planning for quarter 4 reviews will begin shortly and as part of this we will continue to review the annual plan to ensure it is still fit for purpose and focussed on the key risk areas for Social Security Scotland.
- 2.2. The Directorate of Internal Audit and Assurance (DIAA) has continued to participate in regular catch-ups with key stakeholders within Social Security Scotland in order to remain aware of progress and developments within Social Security Scotland and report on our progress and delivery.
- 2.3. Fieldwork for all quarter 2 audits is complete with either draft or final reports issued. Fieldwork for quarter 3 reviews is planned or underway. Further detail on this is provided in section 5 of this paper.
- 2.4. Follow-up activity, reviewing implementation of recommendations agreed as part of work undertaken in previous years is ongoing. An update on activity since the previous AAC meeting is provided in section 6 of this paper.

3. Action Required

- 3.1. Members are invited to note the range of Internal Audit (IA) activities to date, offer any comments and otherwise note the report.

[Redacted]	Lead Senior Internal Audit Manager
[Redacted]	Internal Audit Manager

4. Introduction

- 4.1. This paper provides Members with a summary of Internal Audit activities in Social Security Scotland and relevant strategic matters since the Committee's last meeting on 25th August 2020.

5. Main Assignments – Current Year 2020-2021

- 5.1. The status of main assignments for 2020-2021 undertaken since the last AAC is shown in **Table 1** below.

Table 1: Main Audit Assignments 2020-2021 Audit Plan

Activity	Status
Operations	Fieldwork ongoing – continuous audit of operational processing compliance with guidance, testing all 'live' benefits. Quarter 2 fieldwork complete and draft management letter in progress. Quarter 3 fieldwork ongoing.
Key Financial Systems	Fieldwork ongoing – continuous audit of key financial systems and processes including: <ul style="list-style-type: none"> • Benefit Payment Exceptions including Manual Payments – fieldwork now complete, management letter providing substantial assurance on this element issued. • Worthy Cause payments to fund benefit bank accounts – planning underway • Payments made via SEAS – fieldwork due in quarter 4
Wave 1 Benefits – Carer's Allowance Supplement	Completed - Substantial Assurance Final Report Issued See Annex B
Debt Management	Completed – Limited Assurance Final Report Issued 29 th October 2020 See Annex C

Wave 1 Benefits – Best Start Grant	Completed – Limited Assurance Final Report Issued 30 th October 2020 See Annex D
Programme Links	Fieldwork Completed Draft Report Issued 23 rd October 2020 Final report will be provided to members at next Committee
Wave 1 Benefits - Young Carer Grant	Fieldwork Complete Exit Meeting held 22 nd October 2020 Draft Report in progress. Final report will be provided to members at next Committee
Information Management	Planning complete and Terms of Reference Agreed Fieldwork Starts 12 th November 2020
Wave 1 Benefits – Funeral Support Payment	Planning complete and Terms of Reference Agreed Fieldwork Starts 9 th November 2020
SPM Review	Planning meeting held and Draft Terms of Reference issued Fieldwork due to be undertaken throughout November and December
Stakeholder Engagement	Planning Meeting held and Draft Terms of Reference issued Fieldwork due to start end of November 2020
Governance Advisory	Fieldwork ongoing

6. Follow-Up Activity

6.1. Work is currently ongoing in relation to the following follow-ups:

- Estates Management
- Business Planning
- Reporting and Assurance Functions: Roles and Responsibilities
- Local Delivery
- Travel Management

- 6.2. The outcome of the above follow-ups will be reported to future Audit and Assurance Committee meetings.

7. Advisory Activity

- 7.1. Please see attached **Annex A** for Advisory activity undertaken since the previous Audit and Assurance Committee.
- 7.2. We continue to engage with various teams throughout Social Security Scotland on an ongoing basis and also are keen to provide advisory support where possible.

8. Strategic Matters and Insights

- 8.1. The initial Scottish Government Core Internal Audit 2020-21 plan was realigned at the end of March. The Governance, Risk Management and Internal Controls Risk Assessment elements relating to organisational response to Covid disruption are now complete. We are continuing with cross-cutting themes and reviews that provide the broadest assurance and insight in the most efficient and effective way.
- 8.2. Internal Audit have initiated planning considerations for 2021/22 for Core Scottish Government. We aim to maintain an approach that allows fluidity to respond to emerging risks and appropriate resource for advisory and targeted work and are seeking to identify broad themes and approaches that will guide our planning.

Advisory Activity Undertaken

ADVISORY WORK		
Business Area	Detail	Other Related Work
[Redacted]	[Redacted]	
Strategic Culture	Planning and preparation for staff survey, focus groups and review of documentation	
[Redacted]	[Redacted]	
Estates Management Plan	Review and feedback on draft estates Management Plan	
Self-Referrals	Discussion with colleagues in Fraud and Error Resolution team regarding proposed methodology for self-referrals.	
[Redacted]	[Redacted]	
Preparations for return to Social Security Scotland Offices for Essential Staff	Review of documentation and provision of feedback in relation to preparatory work for the return of essential staff to the offices.	
Workforce Planning	Initial Discussions for advisory work in relation to the workforce planning activities being undertaken by Social Security Scotland	
Audit is Your Friend	Preparation and participation in 'Audit is your friend' sessions to advise staff who are likely to be involved in audits about who Internal Audit are, what we do, the general process, etc.	

Quality Assurance Framework	Participation in discussions regarding planning for Social Security Scotland's QAF.	
------------------------------------	---	--



Scottish Government
Riaghaltas na h-Alba
gov.scot

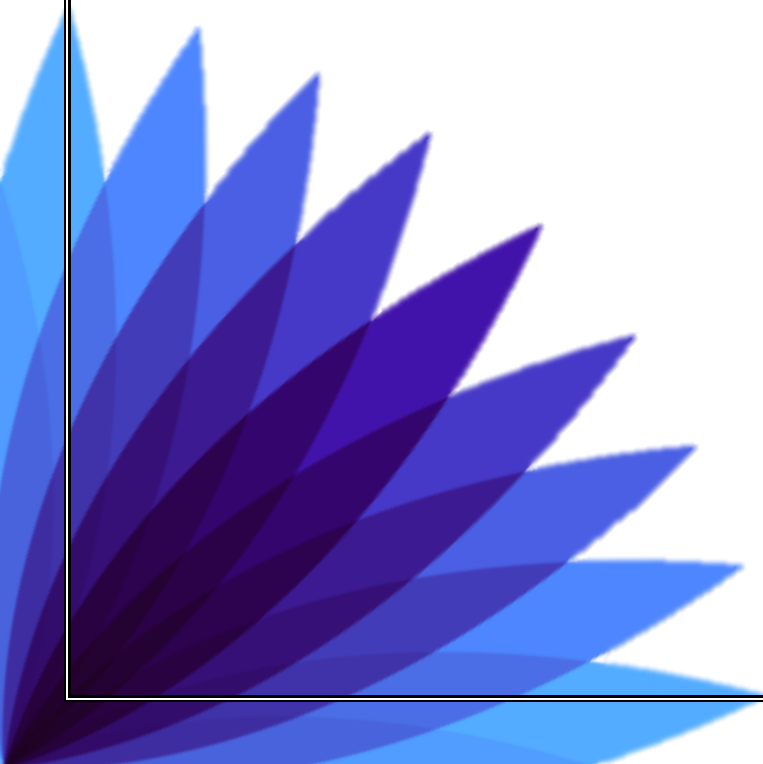
Internal Audit Report

Social Security Scotland 2020-2021

**Wave 1 Benefit In-Depth Review
Carer's Allowance Supplement**

**Directorate of Internal Audit
and Assurance**

Report Issue Date: 20-10-2020



Wave 1 Benefit In-Depth Review – Carer's Allowance Supplement

Assurance Category	Substantial
---------------------------	--------------------

Recommendations Profile	0 High	0 Medium	0 Low
--------------------------------	---------------	-----------------	--------------

Audit Information

Senior Internal Audit Manager:	[Redacted]
Internal Audit Manager:	[Redacted]
Internal Auditor(s):	[Redacted]
Date of fieldwork:	08 August 2020 – 17 September 2020
Issue date of draft report:	06 October 2020
Issue date of final report:	20 October 2020

Report Distribution

David Wallace, Chief Executive Officer, Social Security Scotland (Accountable Officer)*
Audit Scotland *
[Redacted], Corporate Assurance Lead
Janet Richardson, Deputy Director Operations
[Redacted], Head of Operations (Wave 1 & Live Running)
[Redacted], Head of Client Experience
[Redacted], Operations Finance Lead
[Redacted], Live Service Manager

Final Report only

Contents

- 1 Executive Summary**
- 2 Introduction**

1. Executive Summary

- 1.1. We have provided an overall “substantial” assurance opinion, which means we believe that the controls are robust and well managed. Risk, governance and control procedures are effective in supporting the delivery of Carer’s Allowance Supplement (CAS). Any exposure to potential weakness is low and the materiality of any consequent risk is negligible.

See **Annex E** for a full explanation of our assurance and recommendation categories.

- 1.2. Our review did not identify any recommendations. We have summarised below the key examples of good practice identified.

1.3. Good Practice Examples

- There are efficient and effective processes in place for the current delivery and administration of CAS.
- Processes undertaken by Social Security Directorate (Programme), the Scottish Government (SG) SEAS team and Social Security Scotland are clearly defined and we are satisfied that all staff involved are aware of their roles and responsibilities in the process. This includes processes for uploading the Department for Work and Pensions (DWP) data, system (SEAS) processes and controls and checks and reconciliations as well as activities to deal with client queries and payment exceptions.
- There is clear segregation of duties in place throughout the process.
- Appropriate reconciliations are undertaken by Social Security Scotland’s Corporate Finance team after each payment round is completed, as part of their period end processes. Suitable guidance is in place surrounding this.

- There is suitable guidance available on the intranet site for Social Security Scotland Client Advisors to handle inbound calls relating to CAS. Additionally there are suitable measures in place for complaints, compliments and suggestions for the Client Experience team.
- As part of the Transition Project (i.e. the transfer of responsibility for the delivery of CAS from Programme to Social Security Scotland) consideration is being given to the transfer of guidance, resource and knowledge for tasks currently undertaken by Programme.
- There is appropriate signposting information available to clients in receipt of CAS via the Scottish Government's gov.scot website.
- From a sample of CAS transactions included in the latest payment made in June 2020 we were able to confirm that SPM (Social Security Scotland's Client Management System) contained the correct client and payment information, in line with payments issued via SEAS.
- The Payment Exceptions Service (PES) has processes in place for dealing with payment queries and forwarding relevant information to the Social Security Scotland Operational Finance team when a manual payment is required.
- An audit of Payment Exceptions and Manual Payments was undertaken earlier this year, as part of our wider Key Financial Systems review. This audit considered the processes in place for the administration of manual payments for all benefits, including CAS. Based on our findings we provided substantial assurance over the controls in place within the Operational Finance team for payment exceptions and manual payments.

2. Introduction

- 2.1. This internal audit review of Social Security Scotland's benefit administration arrangements in relation to Carer's Allowance Supplement, formed part of the Audit Plan agreed by the Accountable Officer and noted by the Audit and Assurance Committee on 11th February 2020.
- 2.2. Carer's Allowance Supplement was the first Wave 1 Low Income Benefit to be administered by Social Security Scotland. It is an additional payment for people that reside in Scotland who are in receipt of Carer's Allowance. The supplement is provided in the form of two payments per year. The aim of the supplement is to bring the amount for those in Scotland who receive Carer's Allowance payments in line with Jobseeker's Allowance. There is no application process for CAS, Social Security Directorate receive a data scan from DWP which contains details of those eligible for payment. Eligibility is based on postcode and the client being in receipt of the qualifying benefit (Carer's Allowance) on the qualifying date, which is set by Scottish Ministers.
- 2.3. The Social Security Scotland Strategic Risk Register includes the following risk:
[Redacted]
- 2.4. To aid understanding it is important to clearly set out the relationship between Social Security Scotland and the Programme. Programme designs and builds the new Scottish social security system and is delivering the components on an incremental day to day basis. As such Minimal Viable Products for policies, systems and processes for each benefit are built by the Programme, and then handed to Social Security Scotland to deliver. It is then the responsibility of Social Security Scotland to develop these as appropriate to make them fit for purpose and reflecting actual processes and controls in place. It was noted at the time of fieldwork delivery of CAS was predominantly undertaken by Programme, however it was due to be transferred to Social

Security Scotland and become business as usual during the current financial year.

2.5. The scope of this audit was to evaluate and report on controls in place to manage the delivery of Carer's Allowance Supplement, with the overall aim to provide assurance on the efficiency and effectiveness of these.

2.6. The remit items and key risks were:

2.7. Remit **Item 1 – Policies, Procedures and guidance**

To review policies, procedures and guidance in relation to Carer's Allowance Supplement to confirm that these are sufficient to support delivery of the benefit payments consistently and effectively.

Key Risks:

- A failure to establish policies and procedures and guidance leading to an inconsistent or ineffective approach to delivery increasing the possibility that payments will not be administered correctly resulting in ineligible or incorrect payments being made.
- Ineffective training for staff and poor communication of guidance and processes leading to lack of staff knowledge and an inability to deliver benefits resulting in poor quality and diminished service levels, financial loss and reputational damage.

2.8. Remit **Item 2 – Processes and Controls**

To assess the processes and controls in place for the administration of Carer's Allowance Supplement and assess for efficiency and effectiveness. This includes consideration of how recipients are identified, how payments are processed and authorised, arrangements for appeals, arrangements for payment exceptions and management information and reporting.

Key Risks:

- Social Security Scotland encountering financial loss and reputational damage due to:
 - Carer's Allowance Supplement being paid to individuals who are not eligible.
 - Carer's Allowance Supplement not being paid to individuals who are eligible.
 - Incorrect amounts being paid to recipients.
- Processes and controls being circumvented leading to instances of fraud or error.
- Payments being made without the required approval checks and authorisation.
- Reputational damage due to ineffective arrangements for dealing with client feedback in relation to Carer's Allowance Supplement.
- An inability to identify instances of error and non-compliance which could result in fraudulent or erroneous payments being made.

2.9. We assessed the controls actually in place against those we believe should be in place, based on: organisational policies and procedures; planning discussions; the regulatory framework within which Social Security Scotland operates; and, knowledge of Social Security Scotland's organisational objectives and core values.

2.10. To ascertain the controls in place, we interviewed a number of managers and staff, completed walkthroughs of processes and reviewed relevant documentation.

2.11. Our findings, which cover examples of good practice, were fully discussed with relevant managers and staff during the review.

We are grateful for the co-operation received from all managers and staff involved in the process.



Internal Audit Report

Social Security Scotland 2020-2021

Debt Management

Directorate for Internal Audit
& Assurance

Report Issue Date 29-10-2020

Debt Management

Assurance Category	Limited
---------------------------	----------------

Recommendations Profile	1 High	3 Medium	1 Low
--------------------------------	---------------	-----------------	--------------

Audit Information

Senior Internal Audit Manager:	[Redacted]
Internal Audit Manager:	[Redacted]
Internal Auditor(s):	[Redacted]
Date of fieldwork:	25 August - 11 September 2020
Issue date of draft report:	15 October 2020
Issue date of final report:	29 October 2020

Report Distribution

David Wallace, Chief Executive (Accountable Officer)*
Audit Scotland*
[Redacted], Head of Fraud & Error Resolution
[Redacted], Debt Management Lead
[Redacted], Debt Team Leader
[Redacted], Corporate Assurance Lead

Final Report only

Contents

Contents	19
1. Executive Summary	20
2. Introduction	23
3. Scope.....	23
4. Findings	26
5. Action Plan	32

1. Executive Summary

- 1.1. We have provided an overall **Limited** assurance opinion, which means we believe that the debt management controls are developing but weak. There are weaknesses in the current risk, governance and controls that could affect the effective delivery of debt management. Exposure to the weaknesses identified will be moderate should the control measures being progressed not be implemented prior to the suspension of debt management activity being lifted in February 2021.
- 1.2. See Annex E for a full explanation of our assurance and recommendation categories.
- 1.3. Whilst current levels of debt are not excessive and therefore overall risk posed to Social Security Scotland's finances is not significant, we have provided limited assurance as in our opinion it is essential that Social Security Scotland establishes efficient and effective processes for recovery of overpayments in advance of the launch of payments for the Scottish Child Payment and Wave 2 benefits which provides higher value recurring payments which could lead to higher frequency and value of overpayments.
- 1.4. Our review identified one high, three medium and one low recommendations. We have summarised below the key examples of good practice and improvement opportunities.
- 1.5. Good Practice Examples
 - Appropriate induction and training arrangements are in place, with arrangements for recording training which has been undertaken by each staff member.
 - Weekly reconciliations between the Debt Management Control Sheet and Interventions information are undertaken in order to confirm all debts passed from the Interventions team have been picked up and are being taken forward by the Debt team.

- Sample testing confirmed that initial processes undertaken for both Best Start Grant (BSG) and Funeral Support Payment (FSP) were aligned with guidance. Case creation on the Debt Management System, creation of payment plans and initial actions were all completed in a timely manner by the Debt Officers.

1.6. Improvement Opportunities

- The Debt Policy is a work in progress and there are a number of policy areas that have still to be agreed, including, but not limited to:
 - Debts which are uneconomical to pursue;
 - Debt write-off;
 - [Redacted]
 - Deduction from future benefits.

Also, there is insufficient documented and finalised guidance for debt management processes to advise the systems and processes to be followed for Debt Management within Social Security Scotland. (See Recommendation 1)

- Some elements of the debt management processes were highlighted as potentially being ineffective or inefficient including:
 - [Redacted]
 - means of contacting clients for debt management; and
 - actions in relation to points made in recommendation 1. (See Recommendation 2)
- There are minimal automated controls in place to force segregation of duties. Manual reconciliations are being undertaken to minimise this risk however members of the Debt Management Team could currently process an FSP case from start to finish, including write-offs. (See Recommendation 3)

- Management checks and quality assurance processes have not been fully implemented and management oversight throughout the Debt Team is limited. Checks are being undertaken where policy has been confirmed, however evidence of this is not retained. Some guidance has been documented and a management check sheet is also in development. It was advised that once policy has been agreed and cases then processed through to completion, appropriate management checks will be implemented. (See Recommendation 4)
- All MI currently produced by the Debt Management Team has to be produced manually. This increases the risk of error due to human input. It also means that the reporting can be a lengthy exercise in order to draw out the required information and undertake QA to ensure it is accurate. (See Recommendation 5)

2. Introduction

- 2.1. This review formed part of our planned audit coverage agreed by the Accountable Officer and noted by the Audit and Assurance Committee on 11th February 2020.
- 2.2. This review considered the current Debt Management arrangements within Social Security Scotland in order to provide assurance over the effectiveness of the processes, systems and controls.
- 2.3. The Debt Management Team undertake recovery actions for two categories of debt:
- Benefit overpayments where clients are liable for repaying amounts received which exceed what they were eligible for encountered due to client error.
 - Funeral Support Payment Award Recharges where officers are looking to recover the grant paid from the deceased's estate.
- 2.4. The Social Security Scotland Strategic Risk Register included the following risk:
[Redacted]
- 2.5. We met with [Redacted], Head of Fraud & Error Resolution, [Redacted], Debt Management Lead and [Redacted], Debt Team Leader to discuss relevant risks and agree the details of this review on 9th July 2020.
- 2.6. Our key risks below have been developed through these discussions and our knowledge of Social Security Scotland and its objectives.

3. Scope

- 3.1. To evaluate and report on the controls in place to manage the risks surrounding Social Security Scotland's Debt Management Arrangements.

- 3.2. It should be noted that the identification of debt was not within the scope of this review as this element is not undertaken by the Debt Management Team. The Debt Management team only intervene based on referrals from other areas of the business. Elements of the processes in place for identification of debt will be considered as part of our Operations audit and the benefit specific in-depth reviews in 2020/21. We will also consider doing more specific work in relation to the identification of debt in future years, if this is highlighted as an area of priority/risk.
- 3.3. It should also be highlighted that at the time of the audit fieldwork proactive debt recovery activity was suspended due to Covid-19 and as such there was no active debt management being undertaken, with the exception of recharges for Funeral Support Payments. This suspension has been extended until February 2021.

Remit Item 1 – Policy, Guidance and Training

- 3.4. To ensure that a suitable Debt Management policy is in place, processes are established and guidance and training supports delivery of the Debt Management policy.

Key Risks:

- A failure to establish policies, procedures and guidance leading to an inconsistent or ineffective approach to debt management, increasing the possibility that identified benefit overpayments will not be suitably recovered resulting in financial loss and reputational damage.
- Ineffective training for staff and poor communication of guidance and processes, leading to lack of staff knowledge and an inability to effectively recover monies from benefit clients, resulting in financial loss and reputational damage.

Remit Item 2 – Debt Recovery Arrangements

- 3.5. Assessing the arrangements for pursuing repayment of debts to provide assurance on their effectiveness.

Key Risks:

- Financial loss or reputational damage due to:
 - ineffective or inefficient debt recovery actions or non-compliance with agreed policies and processes.
 - non-compliance with debt recovery arrangements.
 - ineffective arrangements for quality assurance leading to inconsistent or non-compliant debt management arrangements being undertaken.

Remit Item 3 – Monitoring and Reporting

- 3.6. Ensuring there are adequate mechanism's in place for monitoring and reporting on debt and debt recovery within Social Security Scotland.

Key Risks:

- Insufficient, inaccurate or out of date management information relating to debt, leading to ineffective reporting, resulting in inaccurate information being provided to management and the Board.
- 3.7. We assessed the controls actually in place against those we believe should be in place, based on: organisational policies and procedures; planning discussions, the regulatory framework within which Social Security Scotland operates; and, knowledge of Social Security Scotland's organisational objectives and core values.
- 3.8. To ascertain the controls in place, we interviewed a number of managers and staff, completed walkthroughs of processes, and reviewed relevant documentation.
- 3.9. Our findings, which cover examples of good practice as well as improvement opportunities, implications and recommendations were fully discussed with relevant managers and staff during the review.
- 3.10. We are grateful for the co-operation received from all managers and staff involved in the process.

4. Findings

- 4.1. In this section of the report, we detail our findings, which include examples of good practice and improvement opportunities. For improvement opportunities, we identify the finding, describe the impact / potential impact and make recommendations that are designed to be viable and realistic.

Policy, Guidance and Training

- 4.2. The Debt Policy was noted as still being a work in progress. From our fieldwork it was also highlighted that there are still a number of policy areas in relation to Debt Management that have still to be agreed. This is impacting on the development of the below areas:
- The value below which debts are deemed uneconomical to pursue and how such debts should be treated;
 - Debt write-off, the delegated authority limits for this and agreed processes;
 - [Redacted]
 - Circumstances where deduction from future benefits can be applied, and the value of such deductions.
- 4.3. Whilst policy decisions are still to be made the Debt Management Team have produced some guidance documentation, this is still in development and has not been finalised and will require ongoing updates as decisions on policy are made.
- 4.4. Draft Standard Operating Procedures (SOP) guidance, a Debt Management User Guide and a Team Guide, that is also in draft, are in place. It was noted that not all processes within this are currently followed however proactive steps have been taken by the Debt Management team to put appropriate guidance in place for implementation once policy decisions have been made.
- 4.5. Failure to establish policies, procedures and guidance increases the risk that an inconsistent and/or ineffective approach to debt management may be

taken. There is also a risk that frequent changes and updates to guidance being made as policy is agreed could lead to confusion and lack of clarity for staff over which guidance should be followed. These risks increase the likelihood that identified overpayments will not be recovered effectively, resulting in financial loss and reputational damage.

- 4.6. A Debt Management Policy should be agreed and fully documented and made available to relevant staff and stakeholders. The Policy should include reference to all relevant elements of the Debt Management activities, including processes for legal action, future benefit deductions as well as write off guidance including authorisation limits and automatic write offs.
- 4.7. Procedures and guidance should also be completed and made available to all relevant staff to ensure there are set guidelines, aligned with the Debt Management Policy, which staff must comply with.
- 4.8. Any training needs for staff should also be identified as part of the development of both the policy and procedures to ensure staff are aware of and understand the policy and processes to be followed.
- (Please see Recommendation 1)**

Effectiveness of Current Debt Recovery Arrangements

- 4.9. The current processes in place for debt recovery were considered as part of this review. As well as the points highlighted in paragraph 4.2 some other elements of the process were highlighted as potentially being ineffective or inefficient. These include:
- Currently where a client changes address, the Debt Management Team are able to utilise Searchlight (the Department for Work and Pensions (DWP) Client Information System which is primarily utilised by Social Security Scotland for confirming a client's identification and qualifying benefits as part of the application process) to obtain a current address. However this is only effective where the client is still in receipt of DWP benefits. [Redacted] or any other client address tracing service.

- From discussion, the walkthrough of processes and a review of a sample of cases it was noted that currently the only means of contact with a client for debt management purposes is via letter or telephone. There are no other means used for client contact, e.g. email, text, web chat.

- 4.10. From our sample testing we also identified that use of tasks was not always being undertaken correctly. Tasks are used to record the current actions/next steps for each debt case. As an action is completed the task should be closed and a new task created. It was noted that in some instances there were cases with closed tasks when they were still be actioned and other instance were relevant tasks were not being created. If tasks are not utilised correctly by Debt Officers there is an increased risk that follow-up actions may not be taken or duplication could occur resulting in inefficiencies and an inability to effectively recover amounts due.
- 4.11. In our opinion some arrangements for debt management are ineffective and inefficient, increasing the risk of financial loss due to an inability to recover overpayments of benefit. However it is acknowledged that this risk is mitigated to some degree by the likelihood of BSG customers also claiming Scottish Child Payment (SCP) which will provide the opportunity to reclaim through future deductions from SCP.
- 4.12. Management should review current debt management arrangements and where appropriate establish processes which enable Debt Officers to operate efficiently and effectively and maximise the recovery of overpayments.

(Please see Recommendation 2)

Segregation of Duties

- 4.13. From our walkthrough of the processes and sample testing it was noted that there are minimal controls in place to force segregation of duties.
- 4.14. Due to the current systems and processes in place there is an increased risk that, in relation to an FSP Recharge, [Redacted]. This increases the risk of fraud and/or error which could result in financial loss for Social Security Scotland.

- 4.15. As mentioned in paragraph 4.3 above, guidance on debt management processes is still in development and as part of this segregation of duties and controls to enforce this should be considered. The one stage noted in guidance where segregation of duties is required is when an affordability assessment has been undertaken by a Debt Officer with a client in relation to a BSG overpayment, to gauge the client's ability to repay. All such assessments should be reviewed and agreed by a Manager or Team Leader. This segregation of duties however is not yet automated and instead is managed through the Debt Officer emailing the Manager to alert them to the assessment being in the system. As such this segregation of duties could be easily bypassed. Mitigating controls have been implemented through weekly and monthly manual reconciliations which would highlight if any such action had been taken without the required segregation of duties. However automation of the segregation of duties would be beneficial to minimise impact on resources.
- 4.16. Clear segregation of duties should be built into the debt management processes. Where possible these should be automated and system enforced so that the controls cannot be circumvented.

(Please see Recommendation 3)

Management Oversight and Quality Assurance

- 4.17. The Debt Management System (DMS) user manual has management checks incorporated throughout, however from our fieldwork we identified that these are not currently implemented within the team. From discussion it was noted that this is primarily due to there not being established policy to allow the processing of cases through to completion after which the proposed checks would be undertaken.
- 4.18. A Management Check Sheet has been created by the Debt Team and this provides information on all the checks that could be necessary. The Check Sheet was in use, however was not being retained.

- 4.19. The Debt Team undertake weekly and monthly reconciliations with information received from the Interventions Team. The aim of this reconciliation is to confirm that all cases referred by the Interventions Team have been recorded by the Debt Management Team, that recovery actions have been initiated and progressed and to capture details of payments received and debts recommended for write-off, etc.
- 4.20. It was also noted that management currently undertake random sampling of complete cases, however there was no evidence retained which we could review in order to assess effectiveness.
- 4.21. Due to the lack of documented arrangements for management oversight and quality assurance there is an increased risk that debt management activities are not being undertaken consistently. Debt officers may not be complying with procedures and there is an increased risk of fraud and/or error going undetected.
- 4.22. Appropriate Management checks should be implemented and evidence of completion of these checks retained for audit trail purposes. As part of this a process for lessons learned should also be embedded so as to enable continuous improvement and ensure that where recurring issues are identified action is taken to provide further training or amend processes, etc, to minimise risk of reoccurrence.

(Please see Recommendation 4)

Monitoring and Reporting

- 4.23. The Debt Management Team attend a monthly catch-up with the Social Security Scotland Finance Team. To date this has been kept as an informal catch-up, however it was advised that there are new fortnightly meetings due to take place but as yet there are no agendas for this.
- 4.24. It was confirmed that ordinarily the Debt Management Team produce weekly Management Information (MI) reports. Due to the current circumstances and the suspension of pro-active recovery due to Covid-19, these have not been

produced to date for this financial year. However monthly and quarterly MI is still being produced.

- 4.25. There are reports issued to the Audit and Assurance Committee for Error, Fraud and Debt which includes key points as well as providing a status report in relation to the activities of the Debt Management Team, the value and root cause of overpayments and progress towards recovery of amounts which are recoverable.
- 4.26. The Debt Management Team also produce year end reports which are required as part of the year end reporting.
- 4.27. From discussion it was noted that any MI produced by the team has to be produced manually. This increases the risk of error due to human input. It also means that the reporting can be a lengthy exercise and resource intensive in order to draw out the required information and undertake quality assurance checks to ensure what is being reported is accurate.
- 4.28. Where possible arrangements for production of MI should be automated in order to remove the need to rely on manual processes which can result in error and are also time-consuming.

(Please see Recommendation 5)

5. Action Plan

No	Issue / Risk(s)	Recommendation	Priority (H/M/L)	Management Response / Action Owner	Action Due
1	<p>Policy, Guidance and Training</p> <p>Issue:</p> <p>The Debt Policy is a work in progress and there are a number of policy areas that have still to be agreed, including, but not limited to:</p> <ul style="list-style-type: none"> • Debts which are uneconomical to pursue; • Debt write-off; • [Redacted]; and • Deduction from future benefits. <p>Also, there is insufficient documented and finalised guidance for debt management processes to advise of the systems and processes to be</p>	<p>A Debt Management Policy should be fully documented, agreed and made available to all relevant stakeholders. The Policy should include reference to elements of the Debt Management activities, including processes for [Redacted], future benefit deductions as well as write-off guidance including authorisation limits and automatic write offs.</p> <p>Procedures and guidance should also be completed and made available to all relevant staff to ensure there are set guidelines, aligned with the Debt Management Policy, which staff must</p>	High	<p>Action Owner:</p> <p>[Redacted] / [Redacted]</p> <p>Management Response:</p> <p>Initial Debt policy submission with priority, high impact areas is expected to be Cab Sec for sign off by mid-November. Remaining areas will be developed in conjunction with programme, policy and stakeholder group in advance of SCP payments being issued in Feb 21</p> <p>Guidance developed internally by Debt Team will be updated and formalised to cover both system processes and off-line Decision Making, as policy approach and IT functionality becomes available in advance of Feb 21</p>	<p>Due Date:</p> <p>28 February 2021</p>

	<p>followed for Debt Management within Social Security Scotland.</p> <p>Risk:</p> <p>A failure to establish policies, procedures and guidance increases the risk that an inconsistent and/or ineffective approach to debt management may be taken, increasing the likelihood that identified overpayments will not be recovered, resulting in financial loss and reputational damage.</p>	<p>comply with.</p> <p>Any training needs for staff should also be identified as part of the development of both the policy and procedures to ensure staff are aware of and understand the policy and processes to be followed.</p>		<p>Additional guidance on handling vulnerable clients will be developed.</p> <p>High level training requirements were submitted to L&D in September, with resources available from mid-November. Debt team will work with L&D to develop technical modules as soon as areas of policy agreed and/ or where IT systems are functioning as requested. Technical case studies (including input on test systems) will be developed by Dec 21. Formal L&D modules availability TBC</p>	
2	<p>Effectiveness of Current Debt Recovery Arrangements</p> <p>Issue:</p> <p>In our opinion some elements of the debt management processes were highlighted as being ineffective or inefficient including:</p>	<p>Management should review current debt management arrangements and where appropriate establish processes which enable Debt Officers to operate efficiently and effectively and maximise the recovery of overpayments.</p>	Medium	<p>Action Owner:</p> <p>[Redacted] / [Redacted]</p> <p>Management Response:</p> <p>Majority of non-responsive clients are BSG clients. Due to entitlement criteria, it is expected that these clients will claim SCP providing opportunity to implement deductions from benefit to</p>	<p>Due Date:</p> <p>28 February 2021</p>

	<ul style="list-style-type: none"> • [Redacted]; • means of contacting clients for debt management; • use of tasks within the Debt Management System; and • actions in relation to points made in recommendation 1. <p>Risk:</p> <p>Increased risk of financial loss due to an inability to recover overpayments of benefit due to ineffective or inefficient debt management arrangements.</p>			<p>recover overpayments. In light of this and suspension of activities due to covid, these have not been actively pursued over recent months.</p> <p>[Redacted] will be in place for lifting of Debt Suspension in Feb 21, the Debt Team will work with programme to implement processes for [Redacted] as a priority</p> <p>[Redacted] has been identified as method to [Redacted] where Legal Enforcement route has not commenced and a business case is being prepared/ Jira ticket raised</p> <p>Formalised Debt Assurance checking implemented to will identify cases where tasks missed and cases not being progressed</p>	
3	<p>Segregation of Duties</p> <p>Issue:</p>	Clear segregation of duties should be built into debt management processes. Where possible these should be automated and system	Medium	<p>Action Owner:</p> <p>[Redacted] / [Redacted]</p> <p>Management Response:</p>	<p>Due Date:</p> <p>31 March 2021</p>

	<p>There are minimal automated controls in place to force segregation of duties. This therefore means that members of the debt management team could [Redacted]. Weekly and monthly manual reconciliations have been implemented to minimise this risk, however automation of the segregation of duties would be beneficial to minimise impact on resources.</p> <p>Risk:</p> <p>There is an increased risk of fraud and/or error which could result in financial loss for Social Security Scotland.</p>	<p>enforced so that the controls cannot be circumvented.</p>		<p>Debt Management System (DMS) suite of reports does not produce required accurate MI nor have approval functionality that would support oversight of cases, resulting in manual MI and controls being used. SPM & DMS integration of BSG overpayments has reduced risk cases can be missed.</p> <p>Weekly manual reconciliations Assurance checking have been introduced to reduce risk</p> <p>BSG – Interventions team undertake and approve liability decisions before referral to Debt. For Official Error cases, Debt team action write off based on Intervention decisions. For cases deemed recoverable, affordability discussions have taken place and where appropriate payment plans agreed. Pending policy sign off, all overpayments where write off is appropriate have been held until policy and processes are in place. IT</p>	
--	--	--	--	---	--

				<p>functionality to ensure write off approval by line managers has been requested.</p> <p>FSP – currently operations refer to debt team via email. ITT2/ Cross cutting 2 will include integration of add FSP overpayment process to SPM, (providing improved oversight) is expected in March. Request for approval functionality included. Tactical change to processes being developed with Internal Investigation to mitigate risk until IT functionality in place</p>	
4	<p>Management Oversight and Quality Assurance</p> <p>Issue:</p> <p>Management checks and quality assurance processes have not been fully implemented and management oversight throughout the Debt Team is limited. However it is noted that this</p>	<p>Evidence of completion of the management checks should be retained for audit trail purposes.</p> <p>A process for lessons learned should also be embedded in this so that where recurring issues are identified action is taken to provide further</p>	Medium	<p>Action Owner:</p> <p>Management Response:</p> <p>FERU and Debt Management team had begun formalising Assurance process. Informal assurance checking was in place but scope had not been documented/ formalised. Retention</p>	<p>Due Date:</p> <p>31 December 2021</p>

	<p>is primarily due to the policy to allow the processing of cases through to completion after which the proposed checks would be undertaken is not yet agreed. Some guidance has been documented and a management check sheet has been developed, however evidence of usage of this sheet was not retained.</p> <p>Risk:</p> <p>Increased risk that debt management activities are not being undertaken consistently and/or Debt Officers may not be complying with procedures increasing the risk of fraud and/or error going undetected.</p>	training/amend processes etc., to minimise risk of reoccurrence.		<p>period of data was understood to be 1 month.</p> <p>A full review of team processes/ risk has been undertaken, and checking requirements and content defined and documented. Assurance data and retention periods have been agreed with Data Protection Team. These checks have been implemented WC 19.10.20</p> <p>Spreadsheet has been formatted to allow trends to be identified to support continuous improvement with Monthly/ Quarterly MI to branch and unit leaders, as well as individual feedback.</p>	
5	<p>Monitoring and Reporting</p> <p>Issue:</p>	Where possible arrangements for production of MI be automated in order to remove the need to rely on manual processes which is inefficient	Low	<p>Action Owner:</p> <p>[Redacted] / [Redacted]</p> <p>Management Response:</p>	Due Date:

	<p>All MI currently produced by the Debt Management Team has to be produced manually. This increases the risk of error due to human input. It also means that the reporting can be a lengthy exercise in order to draw out the required information and undertake QA to ensure it is accurate.</p> <p>Risk:</p> <p>Increased risk of error due to human input and inefficient use of resources due to timescales for production and checking of MI prior to release.</p>	and could lead to error in data used for reporting and decision making.		<p>DMS system MI has found to be inaccurate resulting in need for MI to be manually collated. The integration of SPM with DMS has reduced risks of cases be missed, inaccurately recorded or duplicated. However, outstanding functionality and system fixes mean that DMS MI cannot currently be relied upon. It is hoped that following November release and Integration of FSP recoveries into SPM in March/ May 21, the need to collate MI manually be removed.</p> <p>Debt team will dual run manual MI and system produced MI to confirm robustness</p>	31 May 2021
--	--	---	--	---	-------------



Scottish Government
Riaghaltas na h-Alba
gov.scot

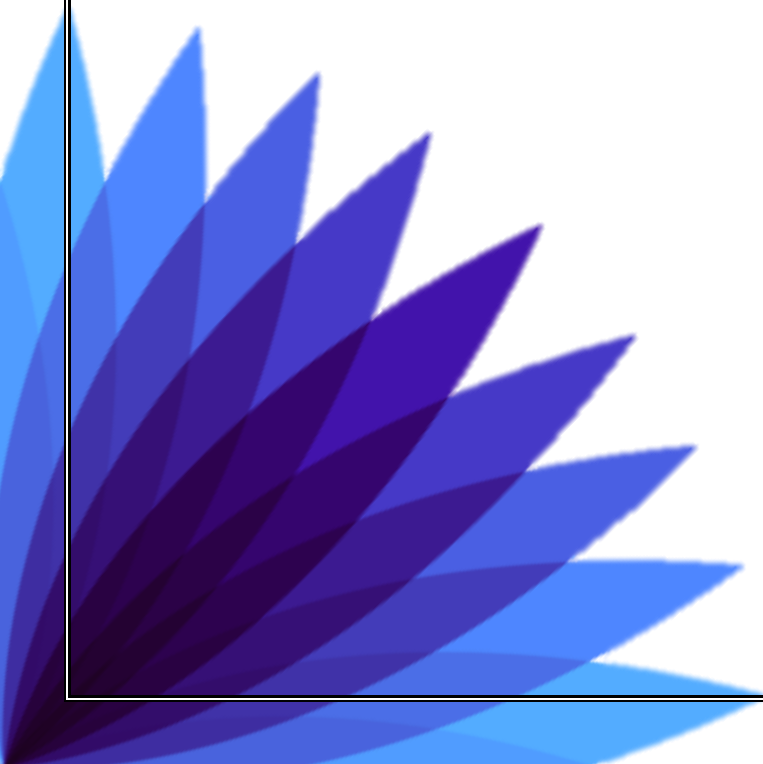
Internal Audit Report

Social Security Scotland 2020-2021

**Wave 1 Benefit In-Depth Review
Best Start Grant**

**Directorate for Internal Audit
and Assurance**

Report Issue Date: 30-10-2020



In-Depth Review of Best Start Grant

Assurance Category	Limited
---------------------------	----------------

Recommendations Profile	3 High	3 Medium	1 Low
--------------------------------	---------------	-----------------	--------------

Audit Information

Senior Internal Audit Manager:	[Redacted]
Internal Audit Manager:	[Redacted]
Internal Auditor(s):	[Redacted]
Date of fieldwork:	07 September – 30 September 2020
Issue date of draft report:	22 October 2020
Issue date of final report:	30 October 2020

Report Distribution

David Wallace, Chief Executive, Social Security Scotland (Accountable Officer)*
Audit Scotland *
[Redacted], Corporate Assurance Lead, Social Security Scotland
Janet Richardson, Deputy Director Operations, Social Security Scotland
[Redacted], Head of Operations (Wave 1 & Live Running), Social Security Scotland
[Redacted], Head of Client Experience, Social Security Scotland

Final Report only

Contents

1	Executive Summary	44
2	Introduction	47
3	Findings	49
4	Action Plan	55

1. **Executive Summary**

- 1.1. We have provided an overall “limited” assurance opinion, which means we believe that the 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 Best Start Grant (BSG). Exposure to the weaknesses identified is moderate.

See **Annex E** for a full explanation of our assurance and recommendation categories.

- 1.2. Our review identified three high, three medium and one low priority recommendation. We have summarised below the key examples of good practice and improvement opportunities.

1.3. Good Practice Examples

- Guidance available to Client Advisors is clearly set out and easily accessed by relevant staff. The Guidance Updates and Lines to Take section highlights guidance which has recently been updated, temporary guidance and lines to take for a variety of scenarios.
- Operations are currently developing a process to track applications which are rejected at approval stage and returned to Client Advisor for remedial action. Once implemented, analysis of the data should allow for management to have more understanding of procedural or training issues and be able to take appropriate action to resolve these.
- The Client Experience team have established clear set out processes, with supporting guidance and suitable trackers to monitor case load.
- Client Experience undertake quality checks, with mechanisms in place to provide feedback and also track errors. This feeds into a Quality Report which, along with other Dashboards, is discussed at monthly internal meetings.

1.4. Improvement Opportunities

- There is a lack of policies, processes, guidance and training for roles outwith the role of Client Advisor. Responsibilities of these roles are not clear as these have evolved as Social Security Scotland has grown. (Please see **Recommendation 1**)
- The role of the PES team within Operations has not been suitably scoped, there is no guidance in place to support colleagues and there is a risk that this team may not deliver what is required. (Please see **Recommendation 2**)
- There is currently a gap in the communication of system and process changes. Key communications are not centrally stored and are only disseminated to Operations colleagues via e-mail distribution. (Please see **Recommendation 3**)
- [Redacted] are being processed correctly which creates errors and can result in payment exceptions which requires manual intervention by other teams to rectify. (Please see **Recommendation 4**)
- There is no defined process for conducting approval checks and key risk areas which should always be considered as part of the approval process have not been determined. This has resulted in an inconsistent approach to how approvals are undertaken. (Please see **Recommendation 5**)
- The current methodology for recording findings from the weekly compliance checks does not allow for trends or cross-team information to be gathered. (Please see **Recommendation 6**)
- Opportunities for improvement within Client Experience were identified in relation to:
 - Manual collation of a substantial amount of management information;
 - Client Experience only having the functionality to make outbound telephone calls and issue letters to clients to obtain further information; and
 - Officers utilising a combination of SPM tasks and e-mails to central mailboxes for updates on progress on redeterminations and internal reviews.

(Please see **Recommendation 7**)

2. Introduction

2.1. This review of Social Security Scotland's arrangements for delivery of Best Start Grant formed part of the Audit Plan agreed by the Accountable Officer and noted by the Audit and Assurance Committee on 11 February 2020.

2.2. The scope of the review was to evaluate and report on the controls in place to manage the risks surrounding the delivery of the Wave 1 Low Income Benefit, Best Start Grant. This included all components of the benefit:

- Pregnancy & Baby Payment
- Early Learning Payment
- School Age Payment
- Best Start Foods

2.3. The remit items and key risks were:

2.4. Remit **Item 1 – Policies, procedures and guidance**

To review policies, procedures and guidance in relation to all elements of Best Start Grant to confirm that these are sufficient to support the delivery of the benefit payments consistently and effectively.

Key Risks;

- A failure to establish policies and procedures and guidance leading to an inconsistent or ineffective approach to delivery increasing the possibility that payments will not be administered correctly resulting in ineligible or incorrect payments being made.
- Ineffective training for staff and poor communication of guidance and processes leading to lack of staff knowledge and an inability to deliver benefits resulting in poor quality and diminished service levels, financial loss and reputational damage.

2.5. Remit **Item 2 – Processes and Controls**

To assess the processes and controls in place for administration of Best Start Grant and assess for efficiency and effectiveness. This includes consideration

of how applications are received, the processing of applications to determine eligibility, how payments are authorised and processes, arrangements for redeterminations and appeals and management information and reporting.

Key Risks;

- Social Security Scotland encountering financial loss and reputational damage due to:
 - Best Start Grant being paid to individuals who are not eligible
 - Best Start Grant not being paid to individuals who are eligible
 - Incorrect amounts being paid to recipients
- Processes and controls being circumvented leading to instances of fraud or error
- Payments being made without the required approval checks and authorisation.
- An inability to identify instances of error and non-compliance which could result in fraudulent or erroneous payments being made.

2.6. We assessed the controls actually in place against those we believe should be in place, based on: organisational policies and procedures; the legal and regulatory framework within which Social Security Scotland operates; and leading industry and professional practices.

2.7. As well as reviewing relevant documentation, we undertook over 20 of meetings, walkthroughs and interviews with colleagues across Operations, Mailroom, Payments Exception Service, Interventions, Learning and Development, Operational Finance and Client Experience. Due to the current working arrangements these were undertaken remotely via skype, screen sharing and secure document sharing. We are grateful for the co-operation received from all managers and staff involved in the audit process.

2.8. Our findings (which cover examples of good practice as well as improvement opportunities), implications and recommendations were fully discussed with relevant managers and staff during the review.

3. Findings

- 3.1. In this section of the report, we detail our findings, which include examples of improvement opportunities. We have identified the finding, described the impact / potential impact and make appropriate recommendations that are designed to be viable and realistic.

Formal Documented Guidance

- 3.2. In general, we found the guidance available to Client Advisors on the intranet site, Saltire, to be clearly set out and in appropriate sections making it easy for colleagues to identify relevant guidance. Where appropriate, detailed screen shots of the systems are included to provide clarity. A Guidance Updates and Lines to Take section is listed first, which highlights guidance which has recently been updated, temporary guidance and lines to take for a variety of scenarios.
- 3.3. However, through our discussions during fieldwork and lack of supporting evidence requested, it was noted that for roles beyond Client Advisor this is not the case. It is unclear what the responsibilities of Technical Support Officers, Team Managers, Performance Managers or Mailroom are. It is our understanding that as the organisation has grown the responsibilities of these roles has evolved and increased beyond that listed in the initial role profiles. It was identified that there is no available guidance or bespoke training packages available for these roles. This increases the risk of inconsistent or ineffective approaches to delivery and performance management resulting in an inability to achieve strategic objectives.

Please see **Recommendation 1**

Communication of system and process changes

- 3.4. From discussions it was noted that there is no clear defined process in which to disseminate process or system changes to all relevant colleagues, both within Operations and in other relevant teams. It was found that key communications are not centrally stored and are currently only disseminated to Operations colleagues via e-mail distribution. As such, there is an

increased risk that those involved in the client journey are not aware of current processes and procedures which could lead to errors being made, including failure to pay clients who are eligible for benefits the correct amount in a timely manner, or paying those who are ineligible in error.

Please see **Recommendation 2**

Payments Exceptions Service

- 3.5. The PES team was initially set up as a tactical response to deal with failed CAS payments (e.g. payments which, when made, were unsuccessful, due to issues such as incorrect bank details, known as payment exceptions). Based on our fieldwork it is evident that there is an ongoing need for this team to continue, due to the volumes of payment exceptions it handles for both CAS and BSG cases. When set up as a tactical response there was no clearly defined roles and responsibilities identified for this team. There was also no guidance documented to support the team in their activities and ensure consistency and accuracy of approach. As this team is no longer just a tactical solution, the roles and responsibilities, dependencies and escalation routes should be determined and adequate resource should be put in place to ensure the team is efficient and effective and aligned with other teams within the organisation. Guidance should also be put in place to support consistency and effectiveness and training delivered where appropriate.

Please see **Recommendation 3**

- 3.6. [Redacted]

It was identified that in some instances guidance in relation to [Redacted] is not always complied with. These [Redacted]. Using this method ensures [Redacted]. However, [Redacted] are frequently being cleared manually by Client Advisors, with the interface being circumvented. This creates problems when the system then interfaces with Allpay, the payment system used for administering Best Start Foods. The [Redacted] must be in the correct format for the interface to run successfully and the payment be loaded onto client's smartcards. When the interface with Allpay fails this results in a payment exception which the PES team must investigate and then pass to the

Operational Finance team to issue a manual payment via Allpay. When these manual payments are made, this then results in the need to create an overpayment in SPM (the Client Management System used for administering Social Security Scotland benefits) as SPM does not hold the payment information within the Financial Transactions information and so views the manual payment as an overpayment.

- 3.7. There is also a lack of understanding on how to correctly process [Redacted] are identified on SPM. In instances where [Redacted] are identified and processed incorrectly, the calculation for award amounts for Best Start Foods, which commence payment from date of application, can be inaccurate and result in an underpayment. [Redacted] and not from the earlier date and so this is an underpayment. When this occurs this then increases the workload for other teams, such as the Interventions team, who have to take remedial action to correct SPM, the PES team who handle the underpayment and Operational Finance who have to process this as a manual payment.
- 3.8. Additionally, issues are occurring when [Redacted]. Procedures require that when [Redacted]. This should then ensure there is only [Redacted]. However it was found that in some instances the [Redacted]. Where the correct process is not being followed incorrect merging can result in incorrect information being recorded in SPM which is then used as the basis for awards if the client applies for further benefits. Incorrectly [Redacted] cases can also affect the child payment details and transitional benefit evidence which could result in deletion of payment evidence in relation to the child and potentially result in an erroneous duplicate payment being administered to the client.

Please see **Recommendation 4**

Approval Checks

- 3.9. It was noted that currently there is work ongoing in relation to approval checks required prior to payments being made. This includes consideration of a reduction in the level of approval checks being made for applications processed by more experienced Client Advisors. Also Operations are

currently developing a process for tracking applications rejected at approval stage and returned to Client Advisor for remedial action. Once implemented, analysis of the data should allow for management to have more understanding of procedural issues, training issues and be able to focus on communications and training to resolve these. Aligning with Interventions will allow for more information on the types of error being identified by both teams.

- 3.10. From our review it was identified that although an approval checklist is in place, there is no clearly defined guidance stipulating the extent and focus of approval checks. This has resulted in a disparity across teams and sites as to how these are undertaken. In some instances errors are not being identified through the approval checks which then results in incorrect payments being made to clients. As part of the work ongoing to review the frequency of approval checks there is an opportunity for management to consider the key, value adding checks that need to be completed during the approval process, especially where there are known high risk procedural or system issues, so there is a clear defined process which is efficient and effective. Once documented the guidance should be disseminated to all relevant colleagues, with appropriate training provided, making it clear that all those undertaking approvals must adopt the newly defined processes.

Please see **Recommendation 5**

Compliance Checks

- 3.11. As a quality assurance measure a 10% sample check of approved applications is completed weekly within Operations. Checks are actioned at a local team level and where errors are identified, these are fed back via a separate template to the relevant Performance Manager for appropriate action to be taken. Guidance makes reference to tracking for trends, however the workbook for recording findings contains minimal information, with only Y/N denoted next to each completed check. With no records being maintained to detail what errors/issues of non-compliance have been identified within each team, there is currently no effective process for tracking trends and enabling lessons to be learned. There is also no process for sharing common issues across all teams.

Please see **Recommendation 6**

Client Experience

- 3.12. The Client Experience team handle client feedback including compliments and complaints, redeterminations, internal reviews (for Best Start Foods as no legal right to redetermination) and appeals. From our review we are satisfied that there are clear set out processes in place, with supporting guidance and suitable trackers to monitor case load. It was also noted that at present, Client Experience undertake 100% quality checks on the cases they handle, with checklists in place which managers utilise, providing feedback where necessary and also tracking trends. This feeds into a Quality Report which, along with other Dashboards produced, is discussed at monthly internal meetings.
- 3.13. Whilst good practice was identified, we also identified some areas where improvements could be made.
- 3.14. Currently Client Experience colleagues only have the functionality to make outbound telephone calls and issue letters to clients in order to obtain further information relating to redeterminations, internal reviews and appeals. Timescales for redeterminations and appeals are set out in the Regulations for all benefits and failure to contact clients in the first instance can impact on achievement of satisfactory resolution within these timescales. There are other available communication channels, for example the client text message service or external e-mail, which could be utilised by the Client Experience team. This could potentially improve the effectiveness of the process for contacting clients and ensure that client's preferences are considered.
- 3.15. Client Experience currently use a combination of SPM tasks and e-mails to central mailboxes for updates on progress on redeterminations and internal reviews. It is thought that having two means of communication of progress could lead to confusion and/or duplication and as such it is recommended that the team utilise SPM task functionality for internal progress reporting purposes

so there is a complete audit trail in SPM and to avoid the risk of manual error within Outlook.

- 3.16. There is a substantial amount of management information collated, however all processes are undertaken manually which is resource intensive.

Management should determine what management information is required, establish effective processes for delivering this and where possible, move away from manual collation and use SPM for reporting.

Please see **Recommendation 7**

4. Action Plan

No	Issue / Risk(s)	Recommendation	Priority (H/M/L)	Management Response / Action Owner	Action Due
1	<p>Issue</p> <p><u>Formal Guidance</u></p> <p>The roles and responsibilities of Technical Support Officers, Team Managers, Performance Managers and Mailroom colleagues involved in the administration of BSG have evolved as Social Security Scotland has grown. There is no available guidance or bespoke training packages for these roles and currently the roles and responsibilities of each of these are not clear.</p>	<p>Management should ensure that there are appropriate job profiles which clearly defined the responsibilities for each of these roles.</p> <p>Suitable guidance should be developed to support Technical Support Officers, Team Managers, Performance Managers, Mailroom colleagues and any other roles beyond Client Advisors, enabling consistent, effective and efficient delivery of their objectives.</p>	H	<p>Action Owner:</p> <p>[Redacted] (Agency Live Service Team), [Redacted] (Operations)</p> <p>Management Response:</p> <p>Operations will raise with Continuous Improvement Team for a BA to be scheduled to work on these areas. <i>(Work has already began on Mailroom guidance in preparation for Glasgow Mailroom)</i></p>	April 2021

	<p>Risk</p> <p>This increases the risk of inconsistent or ineffective approaches to delivery and performance management resulting in an inability to achieve strategic objectives.</p>	<p>Management should consider collaborating with Learning and Development to set out bespoke training packages for each of these roles to ensure consistency for new, existing and promoted colleagues.</p>			
2	<p>Issue</p> <p><u>Payments Exception Service</u></p> <p>The roles and responsibilities of the PES team have not been clearly designed, defined or documented. There are also no documented guidance notes or procedures.</p> <p>Risk</p>	<p>Management should ensure the scope of the PES team is defined, with roles and responsibilities clearly set out.</p> <p>How the PES team aligns with other teams, such as Operational Finance and Interventions, should also be considered.</p>	H	<p>Action Owner:</p> <p>[Redacted] (Agency Live Service Team), [Redacted] (Operations)</p> <p>Management Response:</p> <p>A BA has been assigned to work with PES team to write guidance for processes. Work is underway and is being targeted and prioritised by benefits and processes that cause</p>	<p>End of Jan 2021</p>

	There is an increased risk that the PES team are used inappropriately or ineffectively. There is also an increased risk that established processes may be ineffective and inconsistent and ultimately this could result in incorrect payments or delays in paying clients.	Processes should be established and guidance documented to support the PES team and training delivered where appropriate.		highest workload and have biggest client impact.	
3	<p>Issue</p> <p><u>Communication of system and process changes</u></p> <p>There is no clear defined process for disseminating process or system changes to all relevant colleagues, both within Operations and in other relevant teams.</p> <p>Risk</p>	Management should ensure there are effective processes in place to disseminate information on system or process changes or updates ensuring this is available to all relevant colleagues.	L	<p>Action Owner:</p> <p>[Redacted] (Operations), supported by [Redacted] (Agency Live Service Team)</p> <p>Management Response:</p> <p>Relevant stakeholders will be consulted to identify most appropriate route way to share updates and implemented. This will be discussed at the next</p>	Jan 2021

	No awareness of changes implemented in relation to the processing of applications which could result in incorrect processing and inaccurate client payments.			Continuous Improvement meeting scheduled for 3 November 2020.	
4	<p>Issue</p> <p>[Redacted] Not all [Redacted] are being processed correctly on SPM which creates errors and can result in exceptions for Best Start Foods payments which requires manual intervention by the Payment Exception Service, Interventions and Operational Finance to rectify.</p> <p>Risk</p> <p>Increased likelihood that client information held on SPM may not be accurate and potential under</p>	<p>Client Advisors should be reminded of the correct processes for completing [Redacted] and the need to comply with this.</p> <p>Management should review current guidance on satisfying [Redacted] and ensure this is sufficient and clearly details how this should be undertaken, taking action to enhance the guidance if required.</p>	M	<p>Action Owner:</p> <p>[Redacted] (Operations)</p> <p>Management Response:</p> <p>Address issues: Reminder to always use [Redacted] issued to all staff 27 October 2020.</p> <p>[Redacted]: Operations have worked with L&D staff and developed a training product that is being delivered as part of SCP training for current staff. This</p>	Jan 2021

	<p>payment errors for Best Start Foods occur leading to financial hardship for clients and reputational damage.</p>	<p>Consideration should also be given to including these elements as key checks within the approval process to ensure compliance and prevent payment issues for Best Start Foods.</p>		<p>product will be incorporated into four week learning route way for any colleagues recruited from 16 October 2020. <i>(Planned SPM improvement work [Redacted] planned for Feb 2021)</i></p> <p>Approval Checklist/guidance: This is currently being reviewed and an additional step is being added to advise Approver staff to check client record for [Redacted] has been processed first to reduce BSF payment errors.</p>	
5	<p>Issue</p> <p><u>Approval Checks</u></p> <p>There is no defined process for conducting approval checks. A checklist has been created but this is</p>	<p>Management should consider the key checks that need to be completed as part of the approval process and establish clear methodology for</p>	H	<p>Action Owner:</p> <p>[Redacted] (Agency Live Service Team),</p> <p>[Redacted] (Operations)</p>	<p>Mar 2021</p>

	<p>not used consistently by all staff and does not focus on key risk areas which should always be considered as part of the approval process. This has resulted in a disparity of how approvals are undertaken.</p> <p>Risk</p> <p>Inconsistent and ineffective approach to delivery, increasing the likelihood that fraudulent or erroneous transactions are not identified leading to financial loss and reputational damage.</p>	<p>approvals which is efficient and effective. This should include reference to those areas highlighted under recommendation 4.</p> <p>Once documented the guidance should be disseminated to all relevant colleagues, with appropriate training provided, making it clear that all those undertaking approvals must adopt the newly defined processes.</p>		<p>Management Response:</p> <p>Operations have been working with L&D colleagues to develop a training product for Approval work. A ticket is required to request guidance for this process and a BA will also be required for this.</p> <p>This will also form part of the Quality Assurance Framework.</p>	
6	<p>Issue</p> <p><u>Compliance Checks</u></p> <p>The current methodology for recording findings from the weekly</p>	<p>Management should consider how the current compliance checking regime can be enhanced to allow for more effective analysis of error trends and</p>	M	<p>Action Owner:</p> <p>[Redacted] (Operations)</p> <p>Management Response:</p>	Dec 2020

	<p>compliance checks does not allow for trends or cross-team information to be gathered.</p> <p>Risk</p> <p>An inability to identify recurring issues, trends or root causes leading to an inability to learn lessons, share best practice and improve.</p>	<p>root causes identified so that appropriate action can be taken to remedy any issues and minimise the risk of reoccurrence.</p>		<p>Operations have begun work to enhance the Compliance Check process to gather feedback on reasons for failed/rejected approvals. Operations are liaising closely with Interventions Team to then produce monthly trend analysis to identify training needs, guidance issues etc. Process is being designed and will be implemented by Jan 2021.</p>	
7	<p>Issue</p> <p><u>Client Experience</u></p> <p>Opportunities for improvement within Client Experience were identified in relation to:</p> <ul style="list-style-type: none"> Manual collation of a substantial amount of management information; 	<p>Management should review current arrangements for collation of management information, contacting clients and providing updates on progress and ensure where possible the most efficient and effective methods are implemented.</p>	M	<p>Action Owner:</p> <p>[Redacted] (Client Experience)</p> <p>Management Response:</p> <p><u>Other channels of communication with clients</u>: we are working on this with Programme and building on in our system minimum viable product</p>	<p>Dec 2020 – Mar 2021</p>

	<ul style="list-style-type: none"> • Client Experience currently only having the functionality to make outbound telephone calls and issue letters to clients to obtain further information; and • Officers utilising a combination of SPM tasks and e-mails to central mailboxes for updates on progress on redeterminations and internal reviews. <p>Risk</p> <p>Inefficient and ineffective ways of working which could result in an inability to obtain information required, meet legislative timescales and an inefficient use of resources.</p>	<p>Where changes are made guidance should be updated and relevant training provided to ensure consistent and effective approach.</p>		<p>(MVP). One of our issues was that we needed our MVP to be able to build the channels so that we removed the risk of the system issuing the wrong communication type. Client preference will also a primary consideration for us to consider. E-mail is being further investigated by the Programme in general for the disability benefits as there will be even more interest in this channel at that point.</p> <p><u>Management Information</u>: the latest interim release for SPM gave us functionality to get management information for Client Experience but we required a bug fix before this could start to be used. We will now be able to get system-generated management information for future</p>	
--	--	--	--	--	--

				<p>cases. Any data relating to previous cases will still need to be collated manually. We are working closely with the Analysts and Programme Team to agree what information we need to carry out role. We expect to have automated MI by the end of the year, which will increase and enhance as our system develops.</p> <p><u>Use of SPM tasks and email:</u> our latest systems functionality allows managers to be able to track/check case progress. This will be used in conjunction with the MI to save time and remove the need for manual case progress checking.</p>	
--	--	--	--	---	--

Definition of Assurance and Recommendation Categories

Assurance

Substantial Assurance 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.
Reasonable Assurance 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.
Limited Assurance 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.
Insufficient Assurance 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

High	Serious risk exposure or weakness requiring urgent consideration.
Medium	Moderate risk exposure or weakness with need to improve related controls.
Low	Relatively minor or housekeeping issue.