

Audit and Assurance Committee

Date of Meeting	9 February 2021
Subject	Audit Recommendation Update
Agenda No.	Below the Line
Paper No.	11.9
Prepared By	Corporate Assurance Team
Purpose	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. A report of this nature will be submitted to all Audit and Assurance Committee meetings in order to provide an update of recommendations from all 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:
 - the context and purpose of this document including impacts as a result of Covid 19;
 - a brief overview of open, proposed for closure and closed recommendations;
 - an in depth status update of Internal Audit High Priority recommendations and Health-check Review recommendations;
 - a table noting overall progress of Internal Audit and Health-check Review recommendations;
 - a table noting progress of Audit Scotland Actions and Investigatory Powers Commissioners Office recommendations; and
 - a summary of Internal Audit recommendations proposed as ready for closure

3. Conclusions

- 3.1. The Audit and Assurance Committee is invited to note the progress of these recommendations and information contained within this report.



4. GOVERNANCE CHECKLIST

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

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 for how we respond to recommendations and progress will be reporting to both the Senior Leadership Team and Audit and Assurance Committee.
Data	This report does not have any data implications beyond the fact that there are recommendations made relating to data management.
Finance	The report does not have any financial implications beyond the fact that there are recommendations made relating to finance.
Staff	This report does not have any data implications beyond the fact that there are recommendations made relating to staff.
Equalities	Non applicable
Estates	The report does not have any implications for the Agency estate beyond the fact that there may recommendations made relating to estates.
Communications and Presentation	Non applicable

Impact Assessment
Non 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 of current open 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. It is broken down by each review, giving the overall assurance rating and illustrating the number of recommendations made and what priority ratings they hold. Further information is contained within the following annexes:

Annex A – Internal Audit Recommendation Tracker

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

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

All recommendations in Annex A are rated as according to Internal Audit scoring. For the purposes of this report, this rating structure has been applied to Internal Audit recommendations only, with all others following their own rating structure.

3 Summary of Progress

Over the past few months we have been working closely with action owners to help facilitate implementation. A lot of work has been undertaken across Social Security Scotland to move recommendations forward, however Covid 19 is still having an impact in some areas and there is also a focus towards first Scottish Child Payment's in February 2021.

Analysis has been undertaken to highlight all actions complete, but not yet closed by Internal Audit. We have noted this in Annex B. As a reminder, the Corporate Assurance Team will not close off any Internal Audit recommendations. This will be done by the Internal Audit Directorate once they have undertaken their formal follow up. If the follow up records a recommendations as 'partially implemented' or 'not implemented', the Corporate Assurance Team will actively seek updates on these on a bi-monthly basis unless a revised target implementation date is specified.

The below table indicates the overall assurance ratings given by Internal Audit reports to date¹.

Overall Assurance Level – Internal Audit Reports	Number of Reports
Substantial Assurance Controls are robust and well managed	4
Reasonable Assurance Controls are adequate but require improvement	15
Limited Assurance Controls are developing but weak	6
Insufficient Assurance Controls are not acceptable and have notable weaknesses	0

To date, five reports have been given a "limited" assurance rating by Internal Audit – Reporting and Assurance Functions, Resilience – Business Continuity, Operations, Debt Management and Wave 1 Benefit In-Depth Review - Best Start Grant. Further updates on the high priority recommendations within these reports is confirmed in section six of this report.

Four new reports have been finalised this quarter, Funeral Support Payment, Young Carers Grant and Information Management which was given a reasonable rating, Programme link which was given a limited rating.

4 Open Recommendations

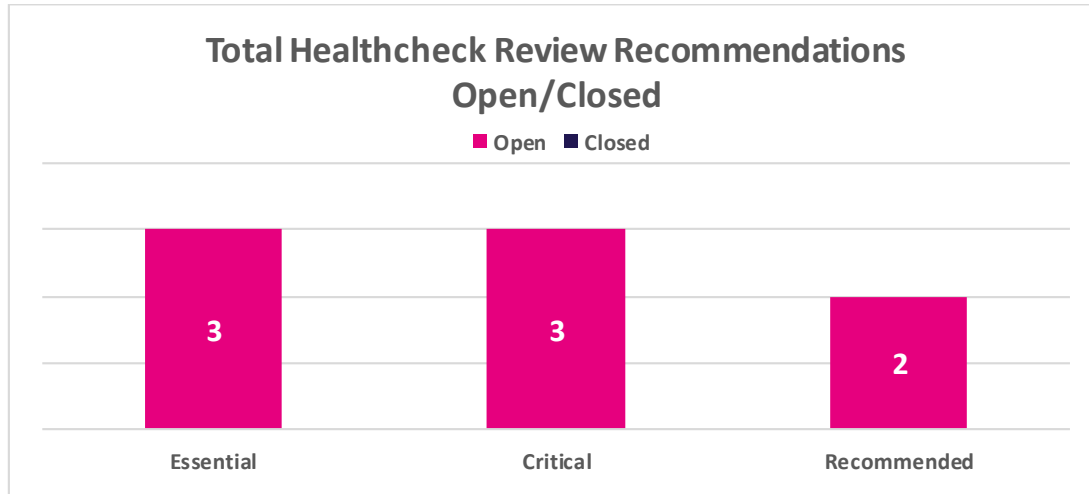
Following the addition of four new final reports, a total of 14 recommendations have been added to the total number of Internal Audit recommendations so far, this is broken down further by priority within graph 2.

There are a number of follow up reports under way on Interim Estates Management Arrangements, Travel Management, Reporting and Assurance Functions and Business Planning. During the next quarter Internal Audit will begin further follow ups within Operations, Local Delivery and Change Management. As a result of these we should see a large number of recommendations report as closed.

We are also introducing a new reporting regime with the Executive Team. Each month Deputy Directors will receive a tailored report so they have an overview of work ongoing in their area, and also can identify where there are any issues that need escalation.

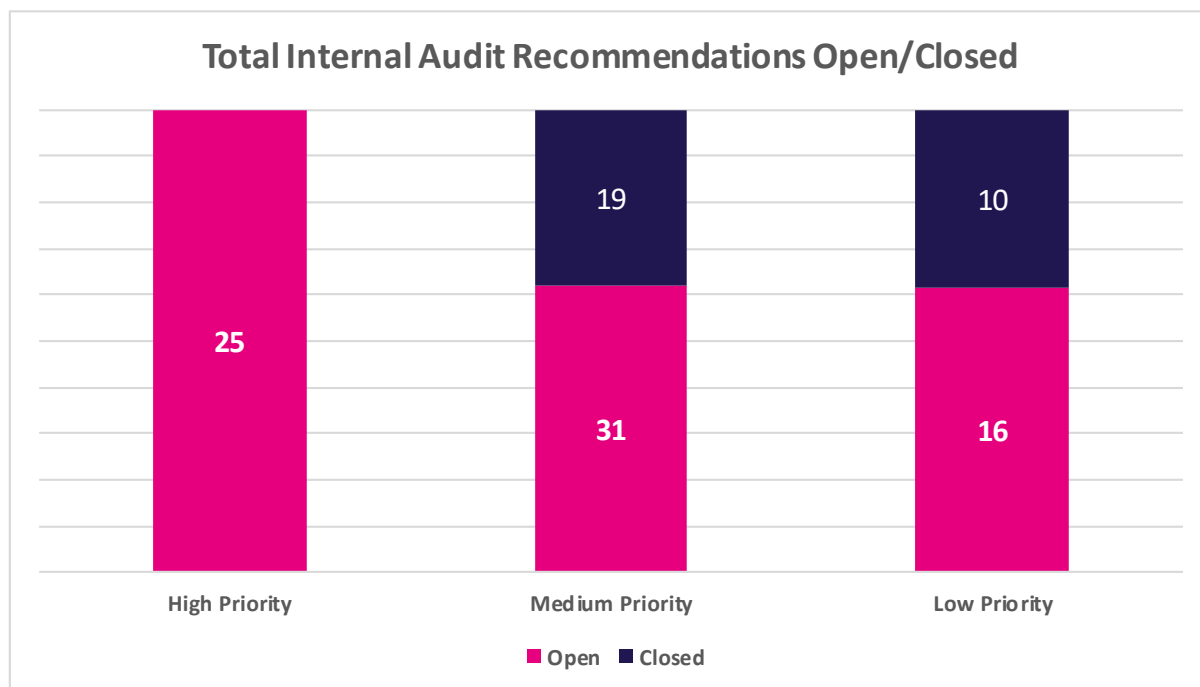
Graph 1 – Total Health-check Review Recommendations

The table below covers the recommendations from the two Health-check reviews, completed in 2019 and 2020. Progress continues to be made on these as shown in Annex C.



The chart above shows the total of open and closed recommendations from Healthcheck review's. Three actions remain open with an essential status, three remain open with a critical status and two remain open with a recommended status.

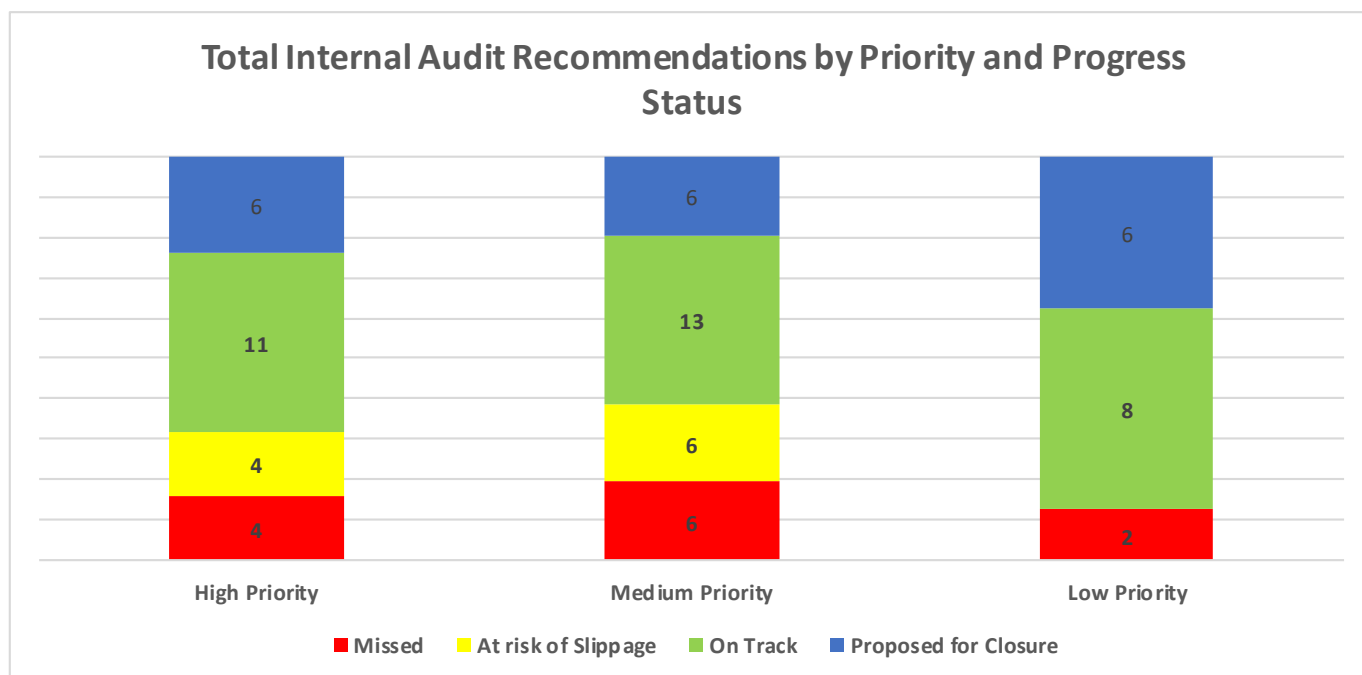
Graph 2 – Total Internal Audit Recommendations Open/Closed



The above chart shows a total of 25 High Priority recommendations remain open, which is 4 more than the previous report. A total of 19 of the Medium priority recommendations have been closed to date. A total of 31 medium recommendations remain open and which is 5 more than the previous report. Finally, a total of 10 low priority recommendations have been closed to date with 16 low priority recommendations remain open, which is 5 more than the previous report. As stated previous there are a number of formal follow up reports underway by Internal Audit and therefore we would expect to see a decrease when we report in May 2021.

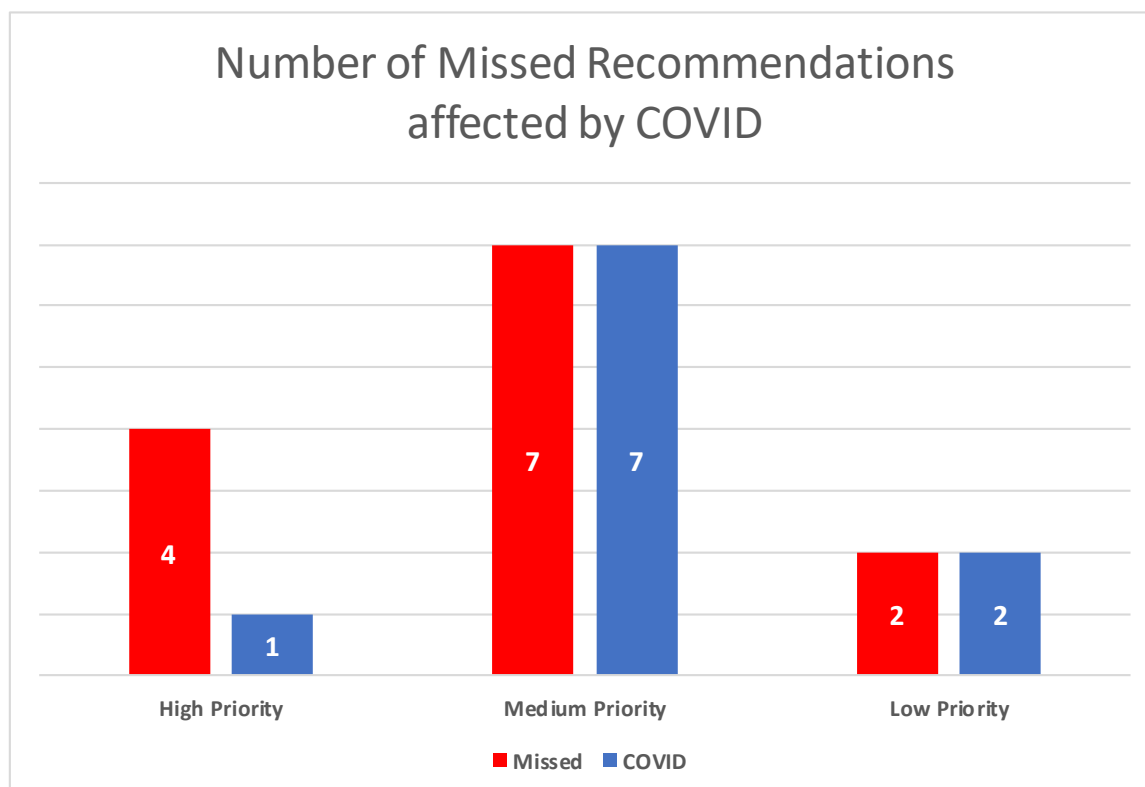
Annex B highlights the open recommendations that have been proposed for closure by the action owners in the last quarter.

Graph 3 – Open Internal Audit Recommendations by Progress Status



For a more comprehensive breakdown of the above, please see **Annex A** which illustrates which report each recommendation sits against.

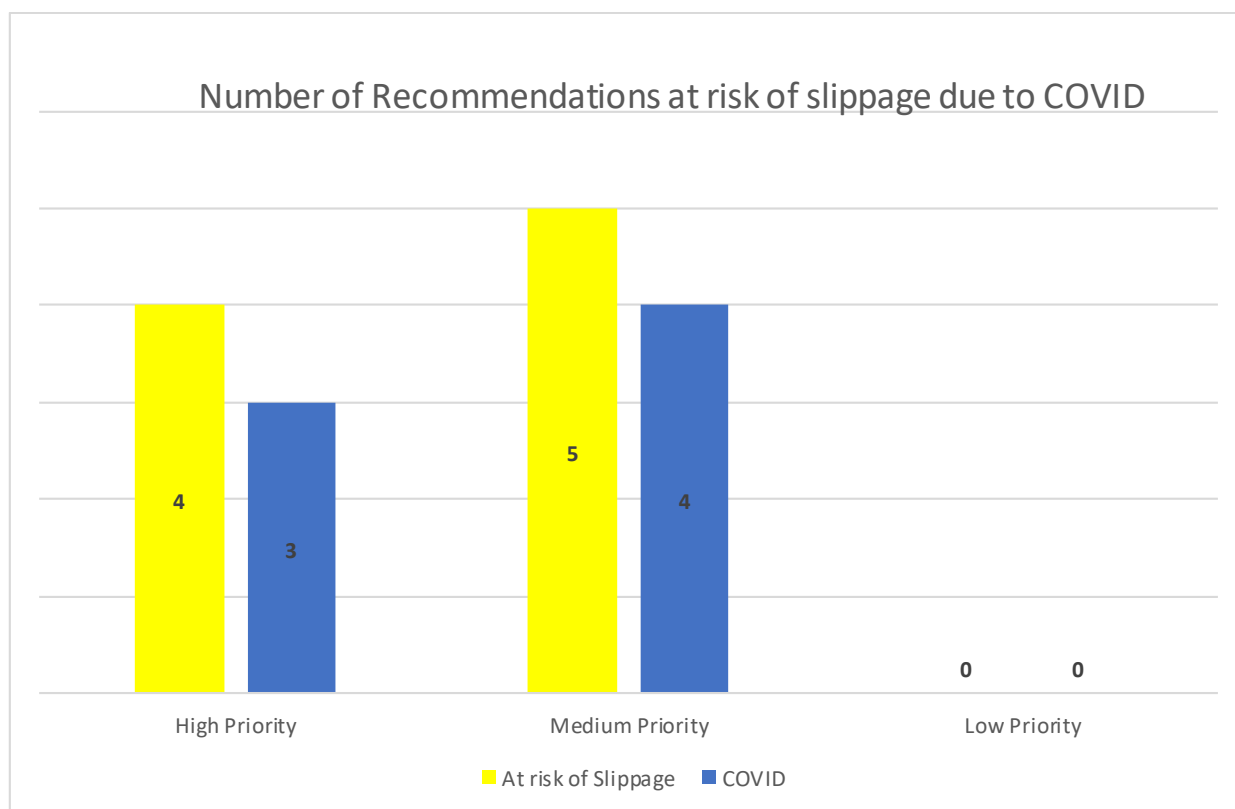
Graph 4 – Internal Audit Recommendations Missed due to COVID



The chart above highlights the total number of Internal Audit missed recommendations and the number of these missed due to COVID. In total 9 out of the 12, or 75% of missed recommendations were missed due to COVID.

- Out of a total of 4 missed High priority recommendations, 1 of these were due to COVID.
- Out of a total of 7 missed Medium priority recommendations, 7 of these were due to COVID.
- Out of a total of 2 missed Low priority recommendations, 2 of these were due to COVID.

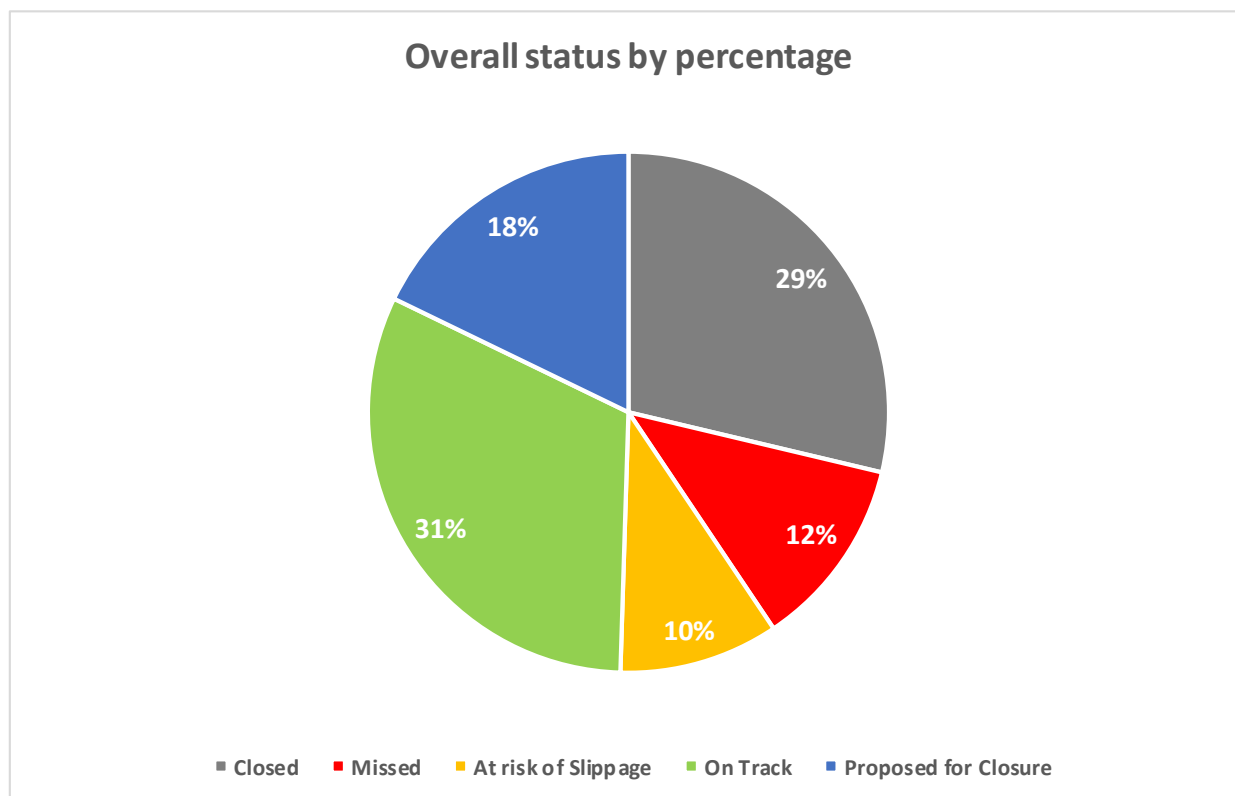
Graph 5 – Internal Audit Recommendations at risk of slippage due to COVID



The above chart shows the total number of Internal Audit recommendations at risk of slippage and the number of these at risk of slippage due to COVID. In total 8 out of the 10, or 80% of the at risk of slippage recommendations were due to COVID.

- Out of a total of 4 at risk of slippage High priority recommendations, all 3 of these are due to COVID.
- Out of a total of 5 at risk of slippage Medium priority recommendations, 4 of these are due to COVID.

Graph 6 – Internal Audit Recommendations overall status by percentage



The above graph provides an overall picture of progress so far on Internal Audit recommendations. In total 29% of all recommendations have been closed to date, 18% of all recommendations are proposed for closure and 53% of the recommendations are currently in progress and ongoing.

5 Closed Recommendations

No recommendations have been closed off this quarter. Recommendations that have been proposed for closure will not be closed until the Follow-Up reports have been complete in that area.

6 High Priority Recommendations Status Update

The below table provides a current status update of the **High Priority** recommendations as made by Internal Audit. It is worth noting progress on the Resilience – Business Continuity Planning report continues to be delayed as a result of Covid with revised implementation deadlines proposed.

Resilience – Business Continuity Planning			
Number	Recommendation	Update	Status & Due date
R 1	Business continuity documentation including the Business Continuity Framework and individual plans are still to be completed and published.	<p>Business Continuity Framework has been completed and signed off by Executive Team. The Major Incident Framework and Policy is currently completed at draft stage. Currently it is out for review by relevant stakeholders.</p> <p>Incident reporting facility and templates in place and have been used during live incidents.</p>	<p>Risk of slippage</p> <p>Revised deadline – March 2021</p>

R 2	<p>a) At present no exercise has been undertaken to identify the Critical Activities, prioritisation of these and timescales for recovery to enable the continued operation of Social Security Scotland.</p> <p>b) In addition, for third party suppliers who play a role in Social Security Scotland's business continuity and continuation of the critical activities, it is not clear whether agreements with the third party suppliers reflect business continuity needs to ensure the required level of support and service is provided in the event of the business continuity plans being invoked.</p>	A paper is in development that will outline critical activities and help facilitate agreement on priorities.	<p>Risk of slippage</p> <p>a) Jun - Dec 2020 b) Jun - Dec 2020</p> <p>Revised deadline – April 2021</p>
R 4	<p>Prior to new benefit launches, some impact assessments were undertaken and workarounds were considered in case of failure. However, there has not been any ongoing scenario testing or rehearsals in relation to business continuity since Social Security's inception.</p>	<p>Testing will be undertaken once Business Continuity Plan has been agreed. Steps have been taken to ensure lesson learned and formal reporting process is in place for both testing and live incidents. This process has been exercised with recent live incidents and provided effective.</p>	<p>Risk of slippage</p> <p>Jul 20 – Jan 21 Jul 20 – Jan 21</p> <p>Revised deadline – April 2021</p>

Operations – all recommendations were agreed as ‘ongoing’ and are in progress. We hold monthly checkpoints with the team responsible for implementation and receive regular update reports. Formal follow up is in progress by Internal Audit.		
Number	Recommendation	Update
R 2	[Redacted]	<p>Guidance and process reminders have been issued to address issues identified by non-compliance of client advisors.</p> <p>Reported issues with award letters suppressed, have been addressed with an SPM update.</p> <p>[Redacted]</p>
R 3	<p>Processes and Procedures</p> <p>Through our testing we identified some gaps in current methodologies including:</p> <p>[Redacted]</p>	<p>[Redacted]</p> <p>Issues raised regarding Duplicate search, validations and Denial letters have now been addressed.</p>
R 5	<p>Issue:-</p> <p>[Redacted]</p>	<p>[Redacted]</p> <p>Operations continue to undertake appropriate line management assurance checks and sample checking on approved and denied cases to identify training issues, gaps in guidance and potential fraudulent activity.</p>
R 6	<p>Issue:-</p> <p>Management Information</p> <p>There is a limited amount of management information available from SPM in relation to benefit applications including:</p>	<p>Work is ongoing to introduce a reporting tool into SPM to assist Operations in having a better overview of applications, assist</p>

	Work queues - for example suspended cases [Redacted] Applications out with processing Service Level Agreements	with management information and allow for improved modelling. [Redacted] Social Security Scotland is feeding in requirements as part of this work.
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Reporting and Assurance Functions			
Rec	Recommendation	Update	Status & Due date
R 1	<p>Memorandum of Understandings</p> <p>There were a number of Memorandum of Understandings (MOUs) indicated during the review, in place between SSS or SG core and DWP. Our concern is these seem to be in place with individual areas and may not have been collated to ensure that responsibilities under each MOU have been communicated to the relevant business area (including internal audit requirements) or indeed if there are any gaps.</p>	<p>We have captured our obligations and shared these with the relevant business areas to ensure the right people were aware of them – principally the Data Protection and Information Governance Team and Operations colleagues. The next step will be to agree on-going assurance checks, to integrate this into our on-going ways of working. However, this is currently on hold as responsibility for Formal Agreements is about to be transferred to another team within the organisation and it seems prudent to wait to allow that team to influence this process. In the intervening period, if we spot any new obligations in any of the new agreements, we're capturing them and flagging them to the relevant people.</p>	<p>Missed – in progress</p> <p>Internal Audit Follow Up in progress.</p>
R 2.3/2.4	<p>3) Currently Counter Fraud and Operations are still developing process and controls, for quality assurance and error detection.</p> <p>[Redacted]</p>	[Redacted]	<p>Missed –in progress</p> <p>Internal Audit Follow Up in progress.</p>
R 3	[Redacted]	[Redacted]	Missed - in progress

			Internal Audit Follow Up in progress.
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Debt Management			
Number	Recommendation	Update	Status & Due date
DM 1	<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 legal action, 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 comply with. 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>Policy required specifically for Scottish Child Payment launch signed off in December (including write off, Deductions & uneconomical overpayments). Work ongoing to incorporate policy decisions into processes, guidance and Learning and Development</p> <p>Policy working group now focusing on list of outstanding cross cutting areas.</p> <p>Content writers developing guidance for Scottish Child Payment/ deductions/ Funeral Support Payment integration in addition to instructions.</p> <p>Learning and Development resource is currently developing training material for new entrants, with initial version completed by 1st week in February.</p>	<p>On Track</p> <p>February 2021</p>

Best Start Grant			
Number	Recommendation	Update	Status & Due date
BSG 1	<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> <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>	<p>Approval guidance for Scottish Child Payment now in place.</p> <p>Approval reduction paper approved at Agency Leadership Team and guidance, processing and sessions being planned to introduce this. Operation Managers are currently working on roles and responsibilities for Performance Managers. Mailroom guidance remains in progress and is almost complete.</p>	<p>On Track</p> <p>April 2021</p>

BSG 2	<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> <p>Processes should be established and guidance documented to support the PES team and training delivered where appropriate.</p>	<p>Carer's Allowance Supplement guidance now in place and being reviewed for improvement. Business Analyst work continues to target work in priority order. Progressing well.</p>	<p>On Track</p> <p>Mar-21</p>
BSG 5	<p>Management should consider the key checks that need to be completed as part of the approval process and establish clear methodology for 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>Approval guidance for Scottish Child Payment now published. Checklist signed off for use. Requests have been submitted for this to be replicated for all remaining Low Income Benefits.</p>	<p>On Track</p> <p>Mar-21</p>

7 'Essential' and 'Critical' Recommendations Status Update – Agency Health-check Review

The below table provides a current status update of the 'Essential' and 'Critical' recommendations made in the Agency Health-check Review undertaken in 2019 and 2020.

2019 Report				
Rec	Recommendation	Update	Owner	Status
R1 Critical	The Agency should acquire the resource to provide meaningful frontline contribution to Wave 2 service design and enhancements that affect customer operational experience.	<p>Operations - The exercise to bring in staff for the Child Disability Payment pilot is complete. Some staff have been redeployed to live operations due to the delayed benefit launch, and those on the reserve lists are due to start in Spring 2021.</p> <p>Operations, in association with Workforce Planning, continue to review requirements based on revised information from the Communities Analytical Division to inform our ongoing and future recruitment plans.</p> <p>Local Delivery – [Redacted]</p> <p>Finance – Work on this is now completed</p>	Agency wide	On track
R2 Essential	The Agency should develop measures that demonstrate its efficiency of operation consistent with its delivery philosophy.	[Redacted]	Operations/ Strategy & Client Experience	On track

<p>R3 Critical</p>	<p>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>	<p>Communities Analyst Division quality assured all of the Scottish Fiscal Commission forecasting models and assumptions as part of the forecasting rounds for the development of the Scottish Fiscal Commission forecasts for benefit expenditure that were used in the Scottish Government budget.</p> <p>Monitoring of in-year expenditure continues with analysts supporting the Benefit Forecasting Review Group and Director Finance Meetings, both of which meet monthly.</p>	<p>Communities Analysis Division</p>	<p>On track</p>
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2020 Report				
Rec	Risk	Update	Owner	Status

R1 Essential	Social Security Scotland should [Redacted]	[Redacted]	Operations and Strategy and Client Experience	On track
R2 Essential	Social Security Scotland should [Redacted]	[Redacted]	Social Security Scotland	On track
R3 Recommended	Social Security Scotland should [Redacted]	Social Security Scotland has [Redacted]	Social Security Scotland	On track
R4 Critical	Engage [Redacted]	[Redacted]	Social Security Scotland	On track
R5 Recommended	[Redacted]	[Redacted]	Strategy and Client Experience	On track

8 Conclusion

COVID continues to have an impact on the progression of a number of our audit recommendations. 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 and highlight to Internal Audit colleagues all further updates in advance of Internal Audit 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 the high priority recommendations have been implemented.

Annex A: Current outstanding Internal Audit reports

Title of Publication	Assurance	Proposed Closed	Missed	On track	Risk of slippage
Operations					
Resilience - Business Continuity Planning	Limited	2	1		5
Operations	Limited	1		5	
Local Delivery	Reasonable	1	1		
Best Start Grant	Limited			7	
Funeral Support Payment	Reasonable	1		2	
Young Carer Grant	Reasonable	1		1	1
Finance and Corporate Services					
Interim Estates Management	Reasonable	3	1		
Shared Services	Reasonable		1	2	
Budgets, Expenditure Monitoring and Reporting	Reasonable	2	2	1	
Travel Management	Reasonable		3		
Debt Management	Limited			5	
Management of Shared Services	Reasonable	1		1	1
Key Financial Systems	Substantial	1			
Strategy and Client Experience					
Reporting and Assurance	Limited	4	4		
Change Management	Reasonable	1	1	2	
Programme Links	Limited			4	
Information Management	Reasonable			6	

Annex B: Internal Audit reports proposed for closure

To provide more detailed and accurate reporting on recommendation status we have produced this annex to outline the internal audit recommendations Social Security Scotland now deem as ready for closure. These recommendations cannot be closed until Internal Audit undertake their follow up reviews, but as these are scheduled for specific time's it can mean that a number of recommendations that are completed are left open until then.

Report	Assurance Level	Priority level	Recommendation	Update
Local Delivery	Reasonable	Medium	<p>From the staff numbers provided, up to 150 extra staff need to be recruited to meet the anticipated headcount required by the end of 2020, however email correspondence highlights that signoff has yet to be received on this. It was highlighted at the Exit Meeting that they are currently working with CAD to finalise the numbers prior to obtaining approval to recruit.</p>	<p>Local Delivery Recruitment campaigns will commence from end of Jan 21 for B1 staff and B2 staff. These intakes will ensure Local Delivery have sufficient resource for Child Disability Payment full rollout and for Adult Disability Payment pilot and subsequent rollout. Intakes will be staggered throughout the latter half of 21/22 business year.</p> <p>Analysts have been fully involved in the process to establish requirements and business cases have been presented to Workforce Planning Group (WFP) for sign off.</p> <p>Workforce Planning group have approved the commencement of the recruitment campaigns to enable advertising of posts across all 32 Local Authority areas in a timely manner and avoid recruitment delays in the latter half of the business year when these staff will need to be on boarded for training and in time for job readiness .</p> <p>The Agency are still awaiting agreed budgets for 21/22 in line with the rest of SG. Final budgets will be approved ahead of staff intake and we will recruit to permitted budgeted levels only.</p>

Operations	Limited	High	SPM & Systems Technical Issues A number of technical issues were identified through-out our testing: <ul style="list-style-type: none"> Letters generated on SPM with status Not Processed [Redacted] Only being able to view 100 cases (not in any order) in any work queue, for example; suspended cases 	Following the SPM update in November, all issues raised by Internal Audit have either been addressed or details provided where issues raised were by design. This recommendation is now proposed for closure.
Young Carer Grant	Reasonable	Low	Meeting Records There is a weekly meeting which looks over the dashboards and approve/denial ratio. There is limited formal evidence of these meetings and of the information being cascades throughout the team	New folder created to store minutes / action points from weekly meetings and colleague forums. This will ensure the recording of all actions/decisions made and key information stored for future reference. This will be in place from Monday 9th November 2020.
Funeral Support Payment	Reasonable	Medium	Approval Process From our walkthrough of the approval process it was noted that this is quite lengthy process and incorporates a substantial amount of checking already undertaken by Client Advisors. Whilst we encourage approvals to be undertaken, it is essential that this process is efficient and effective and focussed on key risk areas which are relevant to determining eligibility and preventing fraud and/or error	Funeral Support Payment approval checklist has recently been revised and shared with Team Managers and Team Support Officers. Sessions have been held with Team Managers and Team Support Officers to build confidence in the client advisor decision making process and ensure focus is given to key risk areas.

Management of Shared Services	Reasonable	High	Management consider identifying a central person or team within Social Security Scotland to provide oversight and ensure that there is a consistent and effective approach to the management, monitoring and reporting of shared services.	Restructure of resource is now complete, dedicated resource is now in place [Redacted] is now taking this work forward from January 21.
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Annex C: Audit Scotland

The recent Annual Audit Report from Audit Scotland provided a follow up of recommendations from 2018/19. Audit Scotland have agreed the first three recommendations are now considered complete and the remaining were superseded by recommendations on the new 2019/20 action plan.

Audit Scotland Recommendations 2019/20 – Action Plan

Number	Issue/Risk	Recommendation	Agreed Management action/timing
1.	<p>Measuring error and fraud</p> <p>Error and fraud 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 error and fraud estimates as well as developing its own arrangements for the benefits being delivered directly.</p> <p><i>Error and fraud measurements are insufficient to support the development of the social security system and the preparation of the annual report and accounts.</i></p>	Social Security Scotland should continue to develop its approach to measuring error and fraud and engage with the DWP to understand and plan for the impact of changes in the measurement of error and fraud estimates.	<p>Work to explore methodologies in use across the public sector to estimate fraud and error started in 2019 but was paused due to Covid-19. This will recommence as quickly as possible. We are currently engaged with DWP analysts and statisticians.</p> <p>[Redacted] December 2021</p>
2.	<p>Long-term planning</p> <p>Social Security Scotland has developed a medium-term plan within the four-year financial forecast. They have not yet fully developed longer-term planning for key areas such as finance, workforce, estates and IT which will be critical to the success of the Scottish social security system. The four-</p>	Longer-term planning should continue to be developed and implemented in key areas such as finance, workforce, estates and IT.	More capacity is now in place to allow us to develop these plans. From 1 April 2021 we will have responsibility for Chief Digital Office and so will start to develop our longer-term IT plans. We are still heavily reliant on the Social Security Directorate's programme that is developing our systems and processes, but we will be looking to further develop our medium-term plans to a longer-term view.

	<p>year financial forecast should be continually developed to take a longer-term view.</p> <p><i>Without robust longer-term planning there is a risk that key decisions may not fully consider different scenarios or the potential implications.</i></p>		<p>James Wallace Dec 2021</p>
3.	<p>Delivery and financial plans</p> <p>The Covid-19 pandemic has impacted on the delivery of Wave Two benefits and raised significant financial pressures for the Scottish Government which will need to be balanced alongside existing commitments such as social security.</p> <p><i>The significant uncertainty prevents the successful delivery of the revised timetable.</i></p>	<p>Social Security Scotland needs to work with the Scottish Government, its social security programme and DWP to ensure its operational needs and capacity are reflected in revised delivery and financial plans for Wave Two benefits.</p>	<p>Agreed</p> <p>James Wallace Dec 2021</p>
4.	<p>Improvement of Digital Systems</p> <p>Social Security Directorate Programme uses agile approach which will often result in a minimum viable product being available. This may lead to a significant volume of technical debt and workarounds in the interim. There is currently a back log of digital work that is outstanding for Social Security Scotland systems, with this new technical debt adding to it.</p>	<p>Social Security Scotland should work on ensuring the MVP meets their needs and is fully tested. Consideration should also be given to reducing technical debt, especially in areas where manual workarounds are needed.</p>	<p>Based on this feedback, we have started a piece of work with Programme SPM design team and IBM to look at how we possibly improve the functionality regarding notes in SPM. So far we are sharing the current approach taken in the business with colleagues. This is early in the discovery process and we will not know the next steps until this is concluded.</p> <p>On the audit of access to cases, our Fraud team receive a data extract of all cases being accessed by our client advisors based on the API181 interface. This is minimum viable product and we are engaging with colleagues within the Programme to improve and iterate this to make it more effective for us.</p>

	<i>There is a risk that further technical debt will be added to the already significant list of issues to be addressed.</i>		[Redacted] March 2021 (Technical Debt only)
5.	<p>Performance Reporting</p> <p>The 2019/20 performance report presents a fair picture of Social Security Scotland's performance. There is room to improve the presentation by introducing infographics and a clearer assessment of performance against agreed targets.</p> <p><i>Performance information is not reported in a way that supports the overall assessment and enables lessons to be learned and action taken.</i></p>	Performance reporting needs to be further developed and implemented to support the assessment and scrutiny of performance by stakeholders.	<p>Agree that there is scope to focus and connect statistical information and research findings more closely with narrative assessment to provide a more balanced story of our performance. The building blocks of a more focussed and better connected assessment are now in place – our revised Corporate Plan will be published in the Autumn setting out our strategic framework with clear linkages to our Charter, the first report on our Charter Measurement Framework will be published alongside this year's Annual Report, work to embed a more joined-up business planning process for 2021-22 is well underway, and our first all-client survey is now out in the field.</p> <p>Next year's Performance Report should be able to bring these things together, in a more coherent and joined-up way, structured around the Charter Measurement Framework and our annual business plan for 2021-22, providing a narrative that clearly explains progress against business plan priorities and the measures in the Charter Measurement Framework.</p> <p>[Redacted] June 2021</p>
6.	<p>Residency</p> <p>Social Security Scotland continues to use postcode as the determinant of residency. An issue was identified as part of the</p>	Processes for determining the residency of applicants should be reviewed. All risks arising from the approach should be identified and understood.	<p>The policy and procedures regarding residency are currently for the Social Security Directorate to determine.</p> <p>The Social Security Programme, within the Directorate, have advised that they have reviewed</p>

	<p>controls work that identified one instance where an incorrect postcode was used when paying out a funeral support payment. Postcode as a measure of residency should therefore be kept under review.</p> <p><i>There is a risk that residency status is not been appropriately assessed.</i></p>		<p>the controls for determining residency and the controls currently in place will be enhanced for all existing and future benefits by December 2020.</p> <p>James Wallace December 2020</p>
7.	<p>Preventing error and fraud</p> <p>The newly implemented home working practices introduced as a result of Covid-19 means that additional building blocks will be required to ensure that they are not susceptible to higher levels of error or fraud.</p> <p><i>There is a risk that there are higher levels of error and fraud with the remote working policies in place.</i></p>	<p>Social Security Scotland needs to fully understand any risks arising from the evidence standards it applies, and not yet being able to undertake investigation activity in the way it planned. This will become increasingly important as more complex benefits begin to be delivered in future years.</p>	<p>Fraud and error operational teams are established and working well. However the impact of Covid-19 has meant that there have been some constraints on fraud investigation activities. Preparatory work in readiness for the launch of additional benefits is well underway, with investment in training planned along with ongoing recruitment of additional specialist staff. Our statutory Code of Practice for Investigations is in place and the Social Security Assistance (Investigation of Offences) (Scotland) Regulations 2020 have provided considerable advancement in our fraud investigatory capability. A risk assessment, which included assessment of both internal and external fraud and error risks, was undertaken quickly when decision was taken to deploy remote working across the organisation. Additional measures, improvements to existing provisions and an increased focus on monitoring and checking has been deployed.</p> <p>[Redacted]</p> <p>December 2021</p>

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

The table below is an update on progress made on the recommendations still open from the Investigatory Powers Commissioner's Office Inspection Report (September 2019).

Number	Recommendation	Updates
R1	[Redacted]	[Redacted]
R4	[Redacted]	[Redacted]

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

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

Annex F: Agency Healthcheck Review – Delivery Confidence Assessment RAG

The below table applies to the recommendations made in Annex C and in Section 7 “‘Essential’ and ‘Critical’ Recommendations Status Update – Agency Healthcheck Review” (pp.20-24)

<u>RAG</u>	<u>Criteria Description</u>
Green	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.
Amber /Green	Successful delivery appears probable. However, constant attention will be needed to ensure risks do not materialise into major issues threatening delivery.
Amber	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.
Amber /Red	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.

