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# **Directorate for Internal Audit and Assurance**

## **Audit and Assurance Committee**

### **Progress Report**

## **Social Security Scotland 2021-22**

**18<sup>th</sup> May 2021**

Directorate for Internal Audit and Assurance

Issue Date: 12-05-2021

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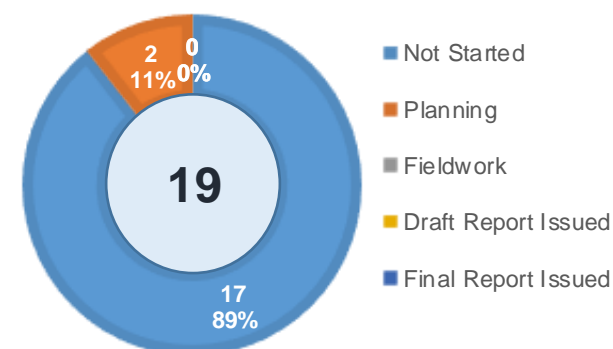
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## 1. Progress Highlights

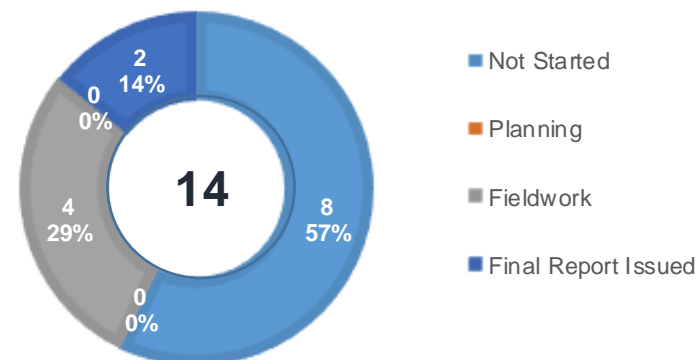
### 1.1. Key Messages

- The 2020/21 Annual Plan is now complete. Work on the 2021/22 Plan has now started, as summarised in the diagrams opposite.
- Further details of Assurance work completed since the last Audit and Assurance Committee is provided in [Table 1](#) in [Annex A](#).
- Details of ongoing Advisory work is provided in [Table 2](#) in [Annex A](#).
- Progress on the implementation of recommendations is provided in [Table 3](#) in [Annex A](#).
- The latest Internal Audit Strategic Matters, Integrated Assurance and Strategic Best Practice / insight sharing is provided in Section 2.
- Revision to the 2021/22 Annual Plan is shown in [Annex B](#).

### 2021/22 AUDIT PLAN



### 2021/22 FOLLOW-UPS



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## 2. Directorate for Internal Audit and Assurance Strategic Update

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### 2.1. Internal Audit Strategic Matters

**2.1.1.** The 2021-22 Core Scottish Government Internal Audit Plan has been approved. The Plan is risk based and is centred around nine key audit themes. This thematic approach will be embedded in all aspects of our work in SG core, and will help to bring together findings from assurance and advisory activity and outputs from the wider body of work and engagement undertaken across the Directorate for Internal Audit and Assurance in the year, with a view to delivering assurance messages with more depth and which are more strategic in nature, which can also be shared with our wider client base. The planned activity and key themes are aligned to, and reflective of, the strategic risks facing the organisation. The Plan will be kept under on-going review to ensure that it continues to reflect the risk environment.

**2.1.2.** Our Internal Audit Strategy and Charter have been revised for 2021-22.

## **2.2. Integrated Assurance Update**

**2.2.1.** Recent audit and assurance reviews across Social Security Scotland and the Social Security Programme have identified some common themes around developing approaches which foster increased collaboration and joint ownership. This includes agreement on the scope of the Minimum Viable Products delivered to Social Security Scotland and consideration of the future requirements and commercial arrangements for access to skilled resource e.g. for the core Social Program Management platform. With the balance of responsibilities between the Programme and Social Security Scotland also beginning to transition, it is timely to enhance the integrated assurance approach across both organisations to support this and future phases and to share the intelligence from different assurance activities. The Social Security Programme has agreed that Digital Assurance Office reports can be routinely shared with Social Security Scotland. Other opportunities could be provision of the output of the planned audit of Social Security Scotland readiness for Wave 2 as an input to inform the digital assurance go-live gate for the Child Disability Payment national roll out. An integrated assurance forum has been reignited across the assurance providers, the Programme and Social Security Scotland and this meets for the second time on 12 May.

## **2.3. Strategic Best Practice**

**2.3.1.** The Scottish Government has recently revised and published Risk Management guidance (April 2021) which is designed to cover all the stages in the risk management process.

## Annex A Internal Audit Plan and Progress 2020-21

The table below highlights the work undertaken since the previous Audit and Assurance Committee.

**Table 1 – Assurance Work**

Audit Title	Planned Quarter	Progress to Date	
SPM Review	Quarter 3	Final Report Issued See <a href="#">Annex C</a>	Limited
Stakeholder Engagement	Quarter 3	Final Report Issued See <a href="#">Annex D</a>	Reasonable
Wave 1 Benefits – Job Start Payment	Quarter 4	Final Report Issued See <a href="#">Annex E</a>	Reasonable
Scottish Child Payment - Application Processes	Quarter 4	Final Report Issued See <a href="#">Annex F</a>	Limited
Child Winter Heating Assistance	Quarter 4	Final Report Issued See <a href="#">Annex G</a>	Reasonable
People Advice / Health and Safety	Quarter 4	Final Report Issued See <a href="#">Annex H</a>	Reasonable
Counter Fraud Governance	Quarter 4	Final Report Issued See <a href="#">Annex I</a>	Reasonable
Key Financial Systems	All Year	Final Report Issued See <a href="#">Annex J</a>	Reasonable
Operations Compliance	All Year	Final Report Issued See <a href="#">Annex K</a>	Reasonable

Table 2 – Advisory Work

Advisory Title	Planned Quarter	Progress to Date
Culture	Ongoing	We have reviewed the output from the 2020 Staff Survey Staff Focus Groups have been held with a range of staff from across the organisation Next steps is to discuss culture with Senior management/Leadership Team
Governance	Ongoing	In 2020/21 we held various discussions in relation to Governance and the activities ongoing. Now that reforms are in progress we are looking to undertake some more targeted work on the changes taking place. Later in the year we also plan to have a post implementation assessment to determine how the implementation has progressed and whether desired outcomes have been achieved.
Productivity and Efficiency	Q1 – Q4	Looking at progress being made in relation to development methodology for measuring/reporting/managing productivity and efficiency across Social Security Scotland.
Decision Support Team Processes	Ongoing	Providing advice to colleagues as methodologies and processes for the Decision Support Team are developed.
Clinical Division	TBC	Scope for this Advisory work is still to be agreed.
Quality Assurance Framework	Ongoing	Work is ongoing in both Social Security Scotland and Programme in relation to Quality Assurance Framework. Internal Audit will provide advisory support as and when requested.

**Table 3 – Follow Up Activity**

The following table is a summary of Internal Audit follow up activity progress since the last Audit and Assurance Committee.

Follow Up Title	Recommendations Subject to Follow Up	Progress to Date
Travel Management	2 Medium 1 Low	<b>Complete</b> 1 fully implemented, 1 partially implemented 1 not implemented
Local Delivery Arrangements	2 Medium	<b>Complete</b> 2 fully implemented
Interim Estates Management	2 Medium 2 Low	<b>Complete</b> 3 fully implemented, 1 partially implemented
Management of Shared Services	1 High 1 Medium 1 Low	<b>Complete</b> 1 fully implemented, 2 partially implemented
Budgets Expenditure Monitoring and Reporting	3 Medium	<b>Complete</b> 1 implemented, 2 not implemented
Resilience: Business Continuity Planning	3 High 5 Medium	Fieldwork ongoing
Operations: Policies, Procedures and Controls	5 High 1 Medium	Fieldwork ongoing
Reporting and Assurance Functions Roles and Responsibilities	4 High	Fieldwork ongoing
Change Management	2 Medium 2 Low	Deferred until July 2021



## Annex B Revised Annual Plan

One change has been made to the 2021/2022 Audit Plan

Activity Title	Activity Type	Outline of Scope	Original Quarter	Details of Change
Social Security Scotland Transition to Director General Communities	Assurance	<p>In April 2021, as part of the restructure of Scottish Government, Social Security Directorate and Social Security Scotland are due to transfer into the Director General Communities portfolio, from Director General Organisational Development and Operations (DG OD&amp;O).</p> <p>With such a move taking place we aim to assess Social Security Scotland's readiness for the move and changes taking place to meet any new arising needs and whether there is any impact on the provision of shared services to Social Security Scotland.</p> <p>Similar work is being considered for inclusion in Core Scottish Government Plan and the Social Security Scotland review will be aligned with this as relevant.</p>	Quarter 1	<p>Audit Dropped</p> <p>Following discussion with the Accountable Officer it has been agreed that no specific work will be undertaken in relation to this for Social Security Scotland.</p> <p>It was felt that such a review would not be appropriate at this time as the transition is still ongoing and arrangements being considered.</p> <p>No replacement review has been identified at this stage, but the days allocated will be utilised in a future quarter.</p>



# Internal Audit Report

## Social Security Scotland 2020-21

### Review of SPM

**Directorate of Internal Audit  
and Assurance**

Report Issue Date: 11-05-2021

**SPM Review**

Assurance Category	Limited
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Recommendations Profile	5 High	5 Medium	1 Low
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**Audit Information**

Senior Internal Audit Manager:	[Redacted]
Internal Audit Manager:	[Redacted]
Internal Auditor(s):	[Redacted]
Date of fieldwork:	17 November 2020 – 14 January 2021
Issue date of draft report:	18 February 2021
Issue date of revised draft report:	23 April 2021
Issue date of final report:	11 May 2021

**Report Distribution**

David Wallace, Chief Executive, Social Security Scotland (Accountable Officer)*
Audit Scotland*
[Redacted], Corporate Assurance Lead
[Redacted], Acting Live Service Manager
[Redacted], Head of Operations (Wave One and Live Running)
[Redacted], Digital Operations Manager

\*Final Report only\*

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## 1. **Executive Summary**

- 1.1. We have provided an overall **Limited** assurance opinion, which means there are weaknesses in the risk, governance and/or control procedures in place but not of a significant nature. See **Annex L** for a full explanation of our assurance and recommendation categories.
- 1.2. This review looked at SPM (Social Programme Management, an off the shelf product from IBM, selected following a formal procurement process), Social Security Scotland's Client Management System. SPM was implemented and configured for the launch of the Best Start Grant in December 2018, and has subsequently supported the launch of nine further benefits to date. The overall aim of the review was to provide assurance on the efficiency and effectiveness of SPM.
- 1.3. Our review identified 5 high, 5 medium and 1 low priority recommendations. We have summarised below the key examples of good practice and improvement opportunities.

### 1.4. **Good Practice Examples**

- Regular checks on inactive SPM accounts are undertaken with those no longer required deactivated.
- A good programme of training is in place for SPM users.
- Automation of segregation of duties has been updated within SPM.
- SPM updates have improved verifications which now ensure all verifications are complete before a case can be approved and picked up in forthcoming payment batches.
- Effective processes for administering SPM have been established and there are good routes for reporting and escalating system issues.
- A suitable programme of SPM testing was evidenced as part of release management and general system maintenance.

### 1.5. Improvement Opportunities

- **[Redacted]**. (recommendation 1)
- There is a lack of guidance on SPM roles and a lack of timeliness of SPM guidance on system changes which could lead to functionality being available within the system but users unaware of how to use this correctly and/or effectively. (recommendation 2)
- The roles of the Chief Digital Office, Live Service Team and other key stakeholders are not clearly defined and there does not appear to be sufficient resilience built into the Live Service Team. (recommendation 3)
- Operations staff experience a number of day to day issues with the use of SPM - recurring workflow issues were identified affecting day to day administration of applications within SPM and recurring payment batch issues were also apparent. (recommendation 4 and 11)
- **[Redacted]**. (recommendation 5)
- Management information functionality is poor and requires labour intensive workarounds, increasing the risk of error and inaccuracy of information. (recommendation 6)
- **[Redacted]**. The Live Service Team are aware of the improvements that are needed but the proposed system updates are in their early stages. (recommendation 7)
- **[Redacted]**. (recommendation 8)
- SPM carries a high number of technical backlogs. Timescales have not been set for progressing prioritised backlogs and a robust gap analysis and review of expectations from Minimum Viable Product (MVP) has not been undertaken. (recommendation 9)
- Erroneous tasks were found to be clogging up Client Advisor's tasks making it difficult to see and action appropriate tasks (recommendation 10)

## **2. Introduction**

- 2.1. This review forms 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 looked at SPM (Social Programme Management, an off the shelf product from IBM), Social Security Scotland's Client Management System. A number of risks relating to the functionality of SPM, as identified in annual audit planning and previous internal audit benefit reviews led to inclusion of this review in the audit plan. The overall aim of the review was to provide assurance on the efficiency and effectiveness of SPM. We recognise that SPM is in its infancy and constantly evolving with on-going improvements to system capability from both Social Security Directorate (Programme) and Social Security Scotland as the benefit landscape grows.
- 2.3. To aide understanding it is important to clearly set out the relationship between Social Security Scotland and the Programme. The Programme designs and builds the new Scottish social security system and is delivering the components on an incremental day to day basis. Programme use an Agile approach, delivering from the start, rather than specifying all products upfront. An outline plan is in place and as such Minimal Viable Products for policies, systems and processes for each benefit are built by the Programme. Once formal hand over to Social Security Scotland takes place, it is then the responsibility of Social Security Scotland to develop and improve these, as appropriate, in line with operational learning and client insights.
- 2.4. Management have advised that through Continuous Improvement, the Programme deliver improved functionality and remove manual processes and workarounds. Since launch in 2018, functionality has been gradually introduced to meet either specific benefit needs or the business requirements of Social Security Scotland, however, some capabilities have taken longer to be released due to programme priorities and ministerial commitments. SPM is to be used to deliver all of the remaining benefits and live service ownership will reside with Social Security Scotland.

2.5. The Social Security Scotland Strategic Risk Register includes the following risks relating to this review:

- [Redacted]
- *IF there is no IT capacity to deliver on-going improvements or fix bugs and defects, and requirements that have not yet been delivered (backlog) THEN we will fail to mature our services RESULTING IN poor service delivery, low staff morale and engagement, inefficiency and increased costs with reputational damage to the Agency.*
- [Redacted]

### **Scope of Audit**

2.6. We met with [Redacted], Head of Operations (Wave One and Live Running) and [Redacted], Agency Live Service Product Owner on 28 September 2020 to discuss relevant risks and the scope of this review.

2.7. Our key risks below were developed through these discussions and our knowledge of Social Security Scotland and its objectives.

2.8. The remit items and key risks, which were deemed to be specific to the client, were:

2.9. **Remit Item 1 - System Access and Administration**

To assess the processes and controls in place for managing the use of SPM for efficiency and effectiveness. This included consideration of appropriate set-up, access, administration and oversight of SPM.

#### **Key Risks:**

- [Redacted]
- Lack of imbedded automated segregation of duties controls in SPM such as authorisation levels, [Redacted]



- Ineffective system administration processes including back-ups, recovery, regular testing, password and data protection and continuity leading to the unreliability of system integrity and therefore an increase possibility of inability to administer benefits correctly and efficiently resulting in reputational damage.

#### 2.10. Remit **Item 2 – Processes and Controls**

To assess the processes within the system which is utilised for the administration of Social Security Scotland's benefits for efficiency and effectiveness. This included consideration of system interfaces, task management and workflows, application verifications, benefit calculations and calculations of over and underpayments, batch controls, etc. We undertook a high level gap analysis and highlighted areas where there were potential gaps within the processes and controls.

##### Key Risks:

- An inability of Social Security Scotland to effectively operate and achieve strategic objectives leading to financial loss and reputational damage due to:
  - [Redacted]
  - Ineffective processes and controls leading to increase of manual work around and backlog in determinations and payments.
  - Failure to test the reliability of SPM, increasing the possibility of a system failure and therefore inability to administer payments;
  - Gaps in system processes and controls leading to an increased risk of SPM not being fit for purpose.

#### 2.11. Remit **Item 3 – Management Information**

To assess the mechanisms in place for monitoring system usage, audit trail functionality and production of management information.

##### Key Risks:

- [Redacted]
  - Poor system management information and reporting tools available to understand system performance and guide management decisions leading to ineffective data resulting in poor decision making.
- 2.12. 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.
- 2.13. To ascertain the controls in place, we interviewed a number of managers and staff in both Social Security Scotland, Chief Digital Office and Programme, completed walkthroughs of processes and reviewed relevant documentation.
- 2.14. Our findings, which cover examples of good practice as well as opportunities for improvement, were fully discussed with relevant managers and staff during the review.
- 2.15. We are grateful for the co-operation received from all managers and staff involved in the process.

### 3. **Findings**

- 3.1. 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.

#### **SPM User Access**

- 3.2. Improvements have been made to the controls in place for inactive user accounts in SPM. Weekly housekeeping is now in place to remove inactive users to reduce the number of accounts no longer required. **[Redacted]**.
- 3.3. **[Redacted]**
- 3.4. **[Redacted]**. Processes are in place for new starts where the Learning & Development Team set-up users following induction training. However, individuals can request new accounts or changes to their access permissions by raising a ticket which is submitted to the Chief Digital Office Service Desk. The form requires users to tick a box to confirm their line manager approves the request, however from our review we noted that there is **[Redacted]**.
- 3.5. **[Redacted]**.
- 3.6. Roles within SPM are overly complex. Some work has been undertaken recently to document what each user access role within SPM is able to do, however the process for defining roles is complicated and there are many roles on the system that are not needed. **[Redacted]**.

#### 3.7. **Training**

A four week training programme is in place for all new Operations staff which is led by the Learning & Development team. After this, local teams have a process for peer support and Technical Support Officer Roles are in place to assist colleagues. There is also support in place following interim releases and launch of new benefits to support any initial issues arising.

- 3.8. We were unable to evidence guidance for Service Desk processes for administering user access for SPM and there is a lack of guidance and understanding of specific roles within SPM.
- 3.9. Both e-learning available to new users on how to use SPM and new benefit specific e-learning are not mandatory and no management information is produced or available on completion of e-learning meaning. It is therefore unknown as to whether all users are completing training relevant to their roles.
- 3.10. The timeliness of guidance for new system releases/updates was highlighted as an issue from walkthroughs with Operation staff. Verbal daily team meetings were being used to communicate updates to bridge gaps in guidance. ([see recommendation two](#))

### **Segregation of Duties**

- 3.11. Controls for segregations of duties in SPM have improved since launch. SPM now has built in segregation of duties which prevents users processing an application from start to finish. Suitable segregations are also in place for administering SPM with different roles between Operations, Chief Digital Office and the Live Service Team ensuring the system is not being administered by the end user.

### **Administration and development of SPM**

- 3.12. Good Governance is in place within the Chief Digital Office to administer SPM, a Service Desk is in place with varied Information Technology skills and expertise which is further supported by IBM, the suppliers of SPM. There is also close working between the Chief Digital Office, IBM and the Live Service Team in Social Security Scotland ensuring all are aware of what each other is working on and assisting each other where appropriate.
- 3.13. SPM has appropriate firewalls and antivirus protection in place.
- 3.14. Regular and on-going system improvements are being implemented in SPM via Mini Releases and Interim Releases.
- 3.15. The Live Service Team is a multi-disciplined team made up a variety of areas including Chief Digital Office, Social Security Scotland and some Programme

resource. However roles between the Chief Digital Office, Live Service Team and other key stakeholders are not clearly defined. With the imminent change to the Social Security Scotland structure with the transfer of the Chief Digital Office from Programme, and a new level of C3 management within Social Security Scotland, it is key roles and responsibilities are clear. Although we found no evidence of poor roles and responsibilities, clear distinctions between teams and what each is responsible for would support relationships and make responsibilities clearer to ensure no duplication or gaps occur.

- 3.16. It was also noted that the Agency Live Service Product Owner has responsibility for leading on prioritisation improvements to SPM. With such a role, one individual is pivotal to this work progressing and there does not appear to be sufficient resilience built in in the event of this individual leaving or being absent for an extended period of time, which could lead to an inability to progress developments as required. ([see recommendation three](#))

### **Testing**

- 3.17. We were able to evidence good practice in relation to system testing for SPM. Programme have overall responsibility for testing - a testing policy and strategy is in place; a test site is available; Social Security Scotland's Live Service Team has input for testing of Mini Releases; all testing is supported by a Test Completion Report; and Penetration testing is undertaken before large changes are implemented. IT Health Checks are undertaken as part of Release Management processes and there are established processes for system patching, which is the responsibility of the Chief Digital Office.

### **SPM Reliability**

- 3.18. Application logs are in place which record issues such as interface failures or SPM outages. Processes have been established for daily checks with notes left as a record of completion. Any issues identified from these checks are logged with the Service Desk.
- 3.19. Good working relationships between the Chief Digital Office and the Department for Work and Pensions were noted, ensuring Social Security

Scotland and the Chief Digital Office remain aware of upcoming developments allowing action to be taken to minimise impact on Social Security Scotland's operations.

- 3.20. SPM has experienced two outages - lessons learnt were identified and on the second occasion, the back-up SPM system stood up to enable continued service delivery.

### **Reporting Routes**

- 3.21. SPM Users have suitable routes to raise system issues - Operations staff will screenshot issues and raise with Service Desk in first instance. Service Desk will triage, if an imminent fix is not possible this will be sent to the Live Service Team for a Jira ticket to be raised in backlogs if not fixed within 24 – 48 hours.

### **Verifications**

- 3.22. Issues with benefit applications being approved without all verifications being cleared, which was identified through fieldwork for our Operations audit in 2019-20, has now been improved. Automated controls are now in place which prevent an application being passed for approval with outstanding verifications.

### **Payment batches**

- 3.23. Payment batch controls are automated within SPM. Most of the current live benefits payment batches are run each evening, transferred to the Department for Work and Pensions Central Payment System (the system currently used to pay benefits) and paid within five days. Best Start Food batches are generated every fourth Wednesday and transferred to Allpay directly via a secure interface. All payment files are encrypted to ensure the information is protected.
- 3.24. There have been instances where the Central Payment System batches have failed, when this happens colleagues in the Department for Work and Pensions would notify Social Security Scotland and the Application Logs would also highlight any failures and remedial action is taken.
- 3.25. For Best Start Food there has been a greater level of failure. When this happens a percentage of cases are impacted. This has been due to a variety of

issues. On each occasion this has resulted in the Payment Exceptions Service processing manual payments for those which failed in order to minimise the impact on clients. We are aware that the issues have been caused by a complex range of defects, on each occasion the defects were resolved and the most recent Best Start Food payment run was successful. However it was noted that this was the first occasion where no issues were encountered and identification of the root cause to prevent payment failures is needed. ([see recommendation four](#))

### **Manual Workarounds and Processes**

- 3.26. As set out in the introduction, we fully recognise that the development of SPM was built on an initial minimum viable product and as part of agile working continuous development is on-going to deliver further benefits and improve its functionality.
- 3.27. **[Redacted]**.
- 3.28. **[Redacted]**.
- 3.29. **[Redacted]**.

### **Management Information**

- 3.30. There is a business need for management information to be readily available for daily statistics and analysis of benefit applications. We understand SPM allows for information to be extracted however we evidenced that raw data from SPM requires a team to undertake daily manual, labour intensive manipulation and workarounds to be able to produce suitable output. This is time consuming and the level of manual input required increases risk of error and inaccuracy of information.
- 3.31. At the time of review, we were made aware of the implementation of basic management information tools due in February however further on-going improvements will still be required to make SPM functionality suitable for business needs as benefits grow and demand for management information increases. ([see recommendation six](#))

### **Benefit Calculations - Incorrect Processing of Change of Circumstances**

3.32. [Redacted]. ([see recommendation seven](#))

### **Audit Trail**

3.33. [Redacted]. ([see recommendation eight](#))

### **Gap Analysis and Planning**

- 3.34. Prior to Covid-19 disruption capacity allowed for the Live Service Team to undertake gap analysis within SPM, however this has since not been a key focus. [Redacted]. This would include review of the minimum viable product (MVP) and whether what was delivered met the required standard. This work is currently ongoing within Social Security Scotland as well as determining Social Security Scotland's baseline minimum viable product needs.
- 3.35. Jira retains a long list of backlogs/user stories, some without clear timescales for implementation. Consideration should be given to the sustainability of the growing list of improvements needed and the impact on other areas if these are not implemented or new priority stories are added which push current issues further down the list. ([see recommendation nine](#))

### **Work Flows**

- 3.36. During our review, Operational staff identified a large number of error tasks which appeared and clogged up tasks. [Redacted]. We were made aware that this issue has since reoccurred and appears to be an on-going issue. Action is required to find out the root cause of this issue and implement a resolution to remove error tasks. ([see recommendation 10](#))

### **Operations Walkthrough Feedback**

- As part of testing we undertook walkthroughs with various Operations staff to understand how SPM is used. They highlighted issues which we have captured above as part of our recommendations raised and some also have



been highlighted to the Live Service Team. Some of the day to day issues which Operations face in using SPM include:

- A lack of signage on SPM to identify where you are in SPM, such as use of colour-coded screens or similar to differentiate between individual applications, the Integrated case and the Product Delivery Case. Due to lack of differentiation there is a risk that a Client Advisor or Approver may make an entry on the wrong screen which could impact benefits in payment leading to over or under payments;
- Team Managers have created a clerical case tracker as a workaround for managing workload of tasks and ensuring all cases are progressing as expected, due to the inability to track effectively within SPM;
- SPM has multiple locations for storing notes leading to inconsistencies in approach and difficulties finding relevant notes should another advisor/approver need to view a particular case and understand what has taken place previously.

3.37. Although these issues are not high risk and don't prevent the delivery of benefits they do cause inefficiencies, and can impact resource needs of front facing Operational staff using SPM. Action should therefore be taken to address these system issues facing Operational staff. ([see recommendation 11](#))

### **SPM Business Continuity**

3.38. As part of our review, we looked at the Business Continuity arrangements in relation to SPM. The Social Security Scotland Business Continuity Plan (BCP) is not yet finalised, this was previously raised in the 2019-20 Business Continuity review and at the time of fieldwork the recommendation was not yet due for implementation. As such no further recommendation has been made. We are however aware of a Disaster Recovery Plan in place as well as detailed scenario planning which is now due to be completed. A follow-up of the original recommendation will be undertaken in due course to confirm Business Continuity Plans put in place are sufficient and include consideration of SPM.

#### 4. Action Plan

No	Issue / Risk(s)	Recommendation	Priority (H/M/L)	Management Response / Action Owner	Action Due
1	<p><b>Issue: User Access</b></p> <p>There are weaknesses in the controls in relation to user access and role permissions including:</p> <ul style="list-style-type: none"> <li>• Identification and removal of the inactive accounts;</li> <li>• Checks do not identify changes in roles;</li> <li>• [Redacted]</li> <li>• Roles within SPM are overly complex and some are not in use.</li> </ul> <p><b>Risk:</b> [Redacted]</p>	[Redacted]	H	<p><b>Chief Digital Office – Digital Operations Manager</b></p> <p>A project had been established in Summer 2020, prior to the arrangement of the audit to review and improve access management processes and implement Role Based Access Control across all systems. Access reviews to identify and remove inactive accounts on a monthly basis was implemented for key applications such as SPM and Searchlight used by Operations in 2020. From 1st April 2021, this access review has been expanded to a set of back office systems, and is due to be rolled out to all systems by Autumn 2021. These checks are currently manual, however work is</p>	<b>October 2022</b>

				<p>underway to design and implement a technical solution to manage system permissions across all IT systems managed by Social Security Scotland. This technical solution to manage role based access is envisioned to complete over the next 18 months.</p> <p><b>[Redacted]</b></p> <p>End users are not able to create or alter their permissions without auditable approval from their line manager. <b>[Redacted]</b></p>	
2	<p><b>Issue: Training &amp; Guidance</b></p> <p>Some issues were identified in relation to a lack of guidance for new system updates, specific roles and Service Desk administration processes.</p>	<p>a) Management should ensure all staff, including staff outwith the Client Advisor role, have sufficient guidance to enable them to undertake their duties.</p>	M	<p><b>Social Security Scotland Operations – Head of Operations (Wave One and Live Running) and Live Service/Project Management Office – Acting Live Service Manager</b></p>	

	<p>No management Information is available on completion of SPM e-learning modules and there is no mandatory SPM learning meaning individuals could be utilising SPM without sufficient skills and knowledge.</p> <p><b>Risk:</b> Poor training and guidance leading to user error and possibility of processing applications in error.</p>	<p>b) As part of this processes should be put in place between the Programme Directorate and Social Security Scotland to ensure guidance is available soon after all system changes or benefit launches and ensure administration processes are documented.</p> <p>c) Management should consider if any SPM e-learning is mandatory and establish a process for reviewing compliance with completion of e-learning.</p>		<p><b>Social Security Programme – Head of User Centred Design, Major Programmes</b></p> <p><b>Social Security Programme Content Design Team – Recommendation 2a</b></p> <p>Social Security Programme Content Design Team are currently working closely with Business Analysts to capture low level process maps that articulate SPM steps. These will inform operational guidance for Social Security staff.</p> <p>The Content Design Team has also requested access to the test environment to check operational guidance against the SPM environment. They will then check draft guidance with Social Security Scotland to ensure the guidance is intuitive and clear.</p>	<p><b>August 2021</b></p>
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				<p>Based on experience from elsewhere across the Programme the Content Design Team estimate that the process of writing all the necessary operational guidance should take approximately 20 weeks. However this is contingent on process mapping work outlined above.</p> <p>The current focus has been on writing guidance for Client Advisor Roles. However, the Content Team has asked Social Security Scotland to provide details of the additional job roles requiring guidance. This work is scheduled to start following the Child Disability pilot.</p> <p><b>Social Security Scotland Live Service – Recommendation 2b</b></p> <p>Once guidance is approved, Social Security Scotland's Live Service Team will provide a</p>	<p><b>August 2021</b></p>
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				<p>release note detailing the scope and changes being made. We are taking a test and learn approach to this document and seek feedback from stakeholders following each release. Our approach to highlighting new guidance is continually improving and we are deploying different methods such as highlighting new guidance links with system changes to ensure they are understood.</p> <p>With the appointment of an Internal Knowledge Management Platform Owner in the Live Service team, we are exploring the technical options in storing these notes within the Internal Knowledge Management System and aim to undertake some user testing in the Summer of 2021.</p> <p><b>Operations – Recommendation 2c</b></p>	<p><b>September 2021</b></p>
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				<p>SPM training is completed as part of the compulsory route way programme for all Client Advisors and Managers within live running benefits. Not all of the learning is e-learning as the learning environment within SPM is utilised to practice skills, this means there is no automatic management information on the training.</p> <p>There is also a formal handover from the 4 week training between the facilitator and line manager to discuss progress. A register of who has attended the 4 week route way class is held by Learning and Development allowing compliance to be reviewed.</p> <p>There is currently a plan being developed within Operations to create a skills matrix for all Operations colleagues which would allow visibility of compliance for mandatory training.</p>	
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				In addition there is a new IT system being launched within Learning and Development which will provide records of any e-learning completed.	
3	<p><b>Issue: Roles and Responsibilities for development of SPM</b></p> <p>Roles between the Chief Digital Office, Live Service Team and other key stakeholders are not clearly defined.</p> <p>The Live Service Product Owner has responsibility for leading on the prioritisation of improvements to SPM. There does not appear to be sufficient resilience built into the Live Service Team.</p>	<p>a) Roles and responsibilities should be clear and documented within Live Service Team, Chief Digital Office and other key stakeholders.</p> <p>b) Management should consider continuity arrangements within the Live Service Team to ensure sufficient knowledge and cover is available to support delivery of technical improvements and prevent any delay.</p>	M	<p><b>Live Service Team within Social Security Scotland (Acting Live Service Manager) and Chief Digital Office (Digital Operations Manager).</b></p> <p><b>Recommendation 3a</b></p> <p>From April 2021, the Chief Digital Office has formally joined Social Security Scotland and as a result, a review of the roles and responsibilities between the Live Service Team and Chief Digital Office will be taking place.</p> <p><b>Recommendation 3b</b></p> <p>Social Security Scotland's Live Service Team is a multi-disciplined and includes colleagues from</p>	September 2021



	<p><b>Risk:</b> Duplication or gaps in roles and responsibilities across teams and a potential single point of failure leading to an inability to progress improvements and achieve strategic objectives.</p>			<p>the Chief Digital Office and Social Security Programme. The team work closely with Programme stakeholders to ensure alignment in the development and deployment into SPM.</p> <p>Recruitment of Product Owners into Social Security Scotland was impacted by COVID 19. From December 2020, two Product Owners joined the team and a further one joined in March 2021. Workforce plans for 2021-2022 are in development for the recruitment of further Product Owners and other roles in line with the growth of Social Security Scotland and the SPM platform to manage future benefits as yet to be launched.</p>	
4	<p><b>Issue: Payment Batches [Redacted]</b></p> <p><b>Risk:</b> Ineffective processes and controls within payment</p>	<p>Management should work to establish the root cause of payment batch failures and take action to prevent recurring issues.</p>	M	<p><b>Social Security Scotland – Live Service Team (Acting Live Service Manager)</b></p> <p>Social Security Scotland's Live Service Team responded to each of these incidents as a</p>	<p><b>December 2021</b></p>

	batches leading to inability to administer payments			<p>priority. Payment batches were monitored and root cause analysis undertaken for each incident. For each incident, fixes were developed, tested and deployed, usually within 5 working days.</p> <p>Contingency processes were followed to ensure clients were paid on time. All Best Start Food payment batch have successfully ran without incident since January 2021 and we continue to monitor.</p> <p>To help mitigate issues such as this occurring in the future, work has been conducted to create an anonymised live like data set to improve the effectiveness of testing. This is due to be in place for testing for Child Disability Payment.</p>	
5	<b>Issue: Manual Workarounds [Redacted]</b>	a) Following the review being undertaken to capture and quantify the number of	<b>H</b>	<b>Social Security Scotland – Live Service Team and Project Management Office</b>	<b>May 2021</b>

	<p>Whilst some work is being undertaken in relation to this, due to the level of risk we are highlighting again.</p> <p><b>Risk:</b> Ineffective processes and controls leading to increase of manual processes and workarounds and backlog in determinations and payments.</p>	<p>workarounds required within SPM and assess the impact on resources and productivity a clear, prioritised action plan should be developed to address workarounds with reasonable target dates.</p> <p>b) Management should also ensure, where possible, any current or new manual processes or workarounds being introduced are assessed for impact on current workarounds and Operational staff to ensure any further workarounds being implemented are appropriate before being applied.</p>		<p><b>Recommendation 5a</b></p> <p>The Social Security Programme uses an Agile approach meaning we are delivering from the start, rather than taking a period to specify all our products upfront, which tends to be inflexible. The Agile approach allows us continuously to improve and flex these in response to ongoing learning, particularly following others' experiences of large scale IT projects, and the experiences of our clients. The Agile approach is now an established model for delivery of large scale digital projects across the UK public sector.</p> <p>SPM is Social Security Scotland's' core processing system. Since December 2018 it has had code deployments deployed on average every two months. As a result, defects can occur which require the temporary</p>	
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				<p>implementation of workarounds while root cause analysis is undertaken, solution developed/tested and deployment windows secured. These defects must prioritised against the totality of all other work. Social Security Scotland's Live Service team are currently reviewing the temporary workarounds which are documented within the Internal Knowledge Management system and developing and action plan to address these. We aim to provide the plan by June 2021.</p> <p><b>Recommendation 5b</b></p> <p>All workarounds introduced by the Social Security Scotland 's Live Service team are fully tested and impacted with Operational stakeholders prior to deployment into the live environment.</p>	
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				<p>As part of our ongoing work with the Internal Knowledge Management system, we are investigating options to communicate the introduction of new workarounds, highlight changes/removal to existing workarounds through this system. This is based on the user feedback from across operations.</p> <p>However, manual processes are a requirement for every system and where these currently exist, Social Security Scotland's Live Service Team will be reviewing and ensuring the guidance is up to date within each benefit for these.</p>	
6	<b>Issue: Management Information</b>  Labour intensive workarounds are required to produce management information	Management should ensure Management Information needs are fully understood and ensure systems/processes are established to provide reliable,	H	<b>Social Security Scotland – (Statistician and Chief Data Officer)</b>  <b>Social Security Programme - Head of Data</b>	July 2021

	<p>which can lead to error and is unsustainable.</p> <p>Whilst new tools are due to be introduced further on-going improvements will still be required to ensure sufficient management information is available.</p> <p><b>Risk:</b> Insufficient management information and reporting tools available to understand performance and workloads and guide management decisions resulting in poor performance, decision making and an inability to achieve strategic objectives.</p>	<p>timely and accurate information which does not require labour intensive manual input to deliver.</p>		<p>The recommendation is accepted. Most management information continues to be supplied through manually produced daily and weekly dashboards.</p> <p>From February 2021 there have been eight queries available via the Curam Operational Information Tool (COIT) system. This is an information tool which is built into SPM which enables client advisors and supervisors to see the flow of applications they are involved in and the stage the application is at, e.g. application references that might still be outstanding after a certain length of time, and then click through to open these applications. Development of further COIT queries will be required as new benefits are introduced. These reports are currently developed by IBM and we hope they will be included in future development plans.</p>	
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				<p>Another tool in development is Business Intelligence Reporting Tool (BIRT). Similar to COIT it is built within SPM. It will allow managers to dig down to application or client level from a higher level report. A proof of concept report using the BIRT system went live in December 2019, however, a number of technical issues were encountered. These are still being addressed and we expect to implement this report in July 2021.. An additional two BIRT reports are planned to be introduced at the same time. Unlike COIT reports, BIRT reports can be built by Social Security Scotland staff. There is therefore scope to deliver additional reports as and when they are required, for deployment in mini-releases, without a need to engage a third party supplier for development work.</p>	
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				<p>Once fully implemented BIRT and COIT will meet Social Security Scotland's real-time or near real-time management information requirements.</p> <p>The strategic solution planned for other reporting needs is a data warehouse and a data visualisation tool. The data warehouse is already in operation and in February 2021, a tool for data visualisation was selected and approved. A working group has been set up to take this forward and an implementation plan is currently being developed. Analysts in Social Security Scotland have begun building daily and weekly dashboards using the data visualisation tool. Currently only analysts can produce the reports and disseminate to users. The strategic solution will allow users to 'self-serve' the reports by pulling the latest data from the warehouse through to the dashboards on</p>	<p><b>December 2022</b></p>
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				<p>request. Expected timeframe for delivery of strategic solution is 12-18 months due to dependencies on other infrastructure projects for full utility of the tool such as a Social Security Scotland Active Directory solution.</p> <p>In response to the recent progress, upcoming development and the findings of this audit Social Security Scotland Analysis and Insights Branch will conduct work to capture the current state of play across Management Information, as well as known issues. Scope will cover users of existing management information, current tooling, what is yet to be delivered and risks where tooling is not delivered or a self-service delivery model is not achieved. The product will be a valuable insight and reference point for Social Security Scotland and support engagement with the Programme on a Management Information Strategy.</p>	
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7	<b>Issue: Benefit Calculations - Incorrect Processing of Change of Circumstances [Redacted]</b> <b>Risk:</b> Gaps in system processes and controls leading to SPM not being fit for purpose, resulting in an inability to administer payments and potential financial hardship of clients or financial loss.	Management should ensure action is taken to provide timescales for implementation of updated guidance and SPM functionality to minimise the risk of instances of over/under payments due to such technical errors.	M	<b>Social Security Scotland - Operations and Live Service Team</b>  Social Security Scotland's Live Service Team are working with Programme colleagues to review the guidance and make necessary change. Our aim is to publish this once it has been user tested and approved.  The Operational Readiness and Continuous Improvement Team have been looking at this problem. Working with users, they are introducing new functionality in July 2021 to support the advisors in processing changes within the system. We will monitor impact and look at next steps based on feedback.	July 2021
8	<b>Issue: Audit Trail [Redacted]</b>	[Redacted]	H	<b>Social Security Programme - Head of Data/ Service Manager - Financial Services</b>  [Redacted]	December 2021

				<p>New data visualisation and improved reporting tools are being developed to support this, and the current timescales for delivery is by the end of 2021 in time for the migration of the data.</p> <p>Since June 2019, the Social Security Programme has worked in close collaboration with Social Security Scotland to define the key auditable events required from SPM. A number of these have been enabled as part of the 'off the shelf' SPM product. There are further requirements and user stories which have been identified, and are being refined, in collaboration with Social Security Scotland and the SPM Design team so that we can continue to deliver incremental improvements.</p> <p><b>[Redacted]</b></p> <p>We will continue to review this and engage with both the Chief Digital Office, SPM Design</p>	
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				<p>Team and Social Security Scotland to determine what further improvements are required and which can be made to the SPM audit trail.</p> <p><b>[Redacted]</b>. Authorised Social Security Scotland staff will then be able to view the deletions and interrogate the data.</p>	
9	<p><b>Issue: Gap Analysis &amp; Planning</b></p> <p>Gap analysis is not routinely undertaken and there is a lack of review of whether the Minimum Viable Product has been achieved.</p> <p><b>[Redacted]</b>. Timescales for delivery of many of the backlog issues are unclear and <b>[Redacted]</b>. We also</p>	<p>a) Processes should be developed for on-going review of gap analysis.</p> <p>b) Management should undertake work to review what SPM functionality has been delivered versus what should have been delivered to ensure the expected service is sufficient and meets Social Security Scotland's needs. Where it is</p>	H	<p><b>Social Security Scotland - Live Service Team (Acting Live Service Manager) and Chief Digital Office (Digital Operations Manager)</b></p> <p><b>Programme (Head of Live Running and Wave 1 Implementation)</b></p> <p><b>Recommendation 9a and b</b></p> <p>Social Security Scotland 's Live Service Team main aims have been to address the technical debt, deploy legislative changes to live benefits</p>	

	<p>have concerns in relation to the <b>[Redacted]</b>.</p> <p><b>Risk:</b> [Redacted]</p>	<p>not, action should be taken to escalate and resolve this.</p> <p>c) Management should consider analysis to quantify the number of technical difficulties and backlogs within SPM to establish whether they are reasonable and whether enough resource and capacity is available to implement improvements, and the impact these updates will have on other controls within SPM.</p> <p>d) Management should assure themselves that for those backlog issues identified there are reasonable timescales for action being taken to remedy</p>		<p>and where possible deliver improvements. Over the last 14 months, the team have addressed over four thousand tickets of work which relate to: defects, one off tasks, new requirements and new functionality. Due capacity, we have not had the ability to undertake regular gap analysis, but with our increased Product Owners capacity, roadmaps for each product are in development for wider impacting with key stakeholders in quarter 1 of 2021-2022.</p> <p>Specifically referring to 'technical debt' this is well-recognised in the implementation and whole life cycle of technology. Where Agile delivery is used by programmes or other implementations, the creation of technical debt can often increase in the short to medium term as a direct result of the Minimum Viable Product (MVP) approach.</p>	<p><b>August 2021</b></p>
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		<p>them and that controls in place currently are sufficient to minimise risk to Social Security Scotland.</p>		<p>The Chief Digital Office has been working with the Social Security Programme since inception in 2017, <b>[Redacted]</b></p> <p>The awareness and tracking of technical debt (both as a topic and actual functionality) has been well socialised at senior management levels within the Social Security Directorate, Social Security Scotland, and with the Cabinet Secretary since late 2018. <b>[Redacted]</b>.</p> <p>The Chief Digital Office has tasked a dedicated team to track, monitor, and wherever possible, reduce technical debt at every opportunity. This team will be augmented in the Autumn of 2021 with the arrival of a dedicated financial accountant within the division who will commence work on a cost model to correctly estimate and track the ongoing financial value of all technical debt topics.</p>	
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				<p><b>Recommendation 9c and d</b></p> <p>The team also prioritise the backlog on a regular basis and deploy monthly mini releases, where appropriate. This includes ongoing work in relation to technical debt.</p> <p>If high priority incidents occur, these are expedited and released to production as quickly as possible. We also work with the Programme to include work in their larger deployments, where possible.</p> <p>The backlog continually updates. Items are prioritised and worked on against each priority assigned by the relevant Product Owner. The Product Owners take into account the impact from both the client and Social Security Scotland user view. We can then plan for our next deployment. We previously attempted to</p>	
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				plan multiple deployments, but found that given the ever changing landscape of the backlog this led to constant rework and ever changing scope of deliverables.	
10	<b>Issue: Work Flow Errors [Redacted].</b>  <b>Risk:</b> Ineffective system processes and controls including functioning interfaces and set-up of workflows and batch controls [Redacted].	Management should establish the root cause of the error tasks issue and ensure resolution and lessons learnt to prevent this issue re-occurring.	M	<b>Social Security Scotland - Live Service Team (Acting Live Service Manager)</b>  This was related to a defect which was resolved by the Agency Live Service Team on the 26 February 2021.	Completed
11	<b>Issue: Operational Issues</b> Operations colleagues highlighted a number of day to day issues which they face when using SPM. Although these issues are not high risk	Management should undertake analysis of system issues which impact Operations, prioritise and create an action plan for resolution to minimise disruption	L	<b>Social Security Scotland - Operations and Live Service Team (Acting Live Service Manager)</b>  Social Security Scotland 's Live Service Team will work in collaboration with the Operations	September 2021



	<p>and don't prevent the delivery of benefits they do cause inefficiencies, and can impact resource needs of front facing Operational staff using SPM</p> <p><b>Risk:</b> Ineffective processes and controls leading to increase of manual work around and backlog in determinations and payments.</p>	<p>to Client Advisors ability to process applications.</p>		<p>Team and include this within the temporary workaround review.</p>	
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# Internal Audit Report

## Social Security Scotland

### Review of Stakeholder Engagement

**Directorate for Internal Audit &  
Assurance**

Report Issue Date 12/04/2021

**Review of Stakeholder Engagement**

Assurance Category	Reasonable
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Recommendations Profile	0 High	3 Medium	3 Low
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**Audit Information**

Senior Internal Audit Manager:	[Redacted]
Internal Audit Manager:	[Redacted]
Internal Auditor(s):	[Redacted]
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**Report Distribution**

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\* Final Report only

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### 3.. Executive Summary

- 1.1. We have provided an overall Reasonable assurance opinion, which means that we believe that some improvements are required to enhance the adequacy and effectiveness of procedures relating to Stakeholder Engagement. There are weaknesses in the risk, governance and control arrangements in place, but not of a significant nature.
- 1.2. See Annex L for a full explanation of our assurance and recommendation categories.
- 1.3. As a result of our review we have identified three medium priority and three low priority recommendations. It is hoped that through implementation of all recommendations stemming from this piece of work, Social Security Scotland will be able to strengthen the existing processes which will lead to added value for stakeholders and clients.
- 1.4. We have summarised below the key examples of good practice and improvement opportunities.

#### **Good Practice Examples**

- 1.5. The Head of Client Experience and National Engagement is responsible for setting the strategic direction for Social Security Scotland's stakeholder engagement work and leading the provision of a stakeholder engagement and relationship management function. This ensures one individual has oversight which should help ensure coordination of activities.
- 1.6. Engagement is coordinated by the National Engagement Team and a plan is in place that clearly sets out the required level of involvement of the National Engagement Team, Local Delivery, the Communications Team and the Scottish Government Policy Team. All teams also feed into one 'Forward Look' stakeholder engagement planning document again ensuring consistency and coordination of activities.
- 1.7. The Stakeholder Engagement Plan (April refresh) and benefit specific plans clearly set out objectives, which are aligned with Social Security Scotland's strategic objectives and link to the National Performance Framework. The Plan clearly outlines roles and responsibilities of all areas that partake in stakeholder engagement and recognises that a wide range of activities needs to be considered in order to deliver an organisation wide Communication and Engagement Strategy effectively.

- 1.8. Benefit specific communication and engagement plans, prepared by the Communications Team, are adapted by the various other teams in Social Security Scotland (i.e. National Engagement and Local Delivery) to guide their individual responsibilities for engagement.
- 1.9. Regular meetings between the National Engagement Team and Local Delivery colleagues take place, with outcomes channelled to all Local Delivery colleagues through an internal newsletter.
- 1.10. All teams involved in the review were able to demonstrate continuous improvement through addressing barriers in communication and engagement (i.e. Inclusive Communications Group and established ways of working with the aim to target seldom heard groups).
- 1.11. The Local Delivery Team have initiated discussions for improving current ways of working through a Short Life Working Group. This has led to the introduction of interim arrangements including an excel database for recording and managing stakeholder queries in the absence of an established Stakeholder Management System.
- 1.12. The Communications Team has established processes to aid alignment of messages across all teams through the introduction of a Core Slide Deck and a 'Lines to Take' document. This will help to ensure consistent messaging is given to stakeholders.
- 1.13. Teams are very responsive to stakeholder feedback and proactive at seeking feedback (i.e. roadshows organised by the National Engagement Team followed by a survey and a follow up discussion with stakeholders).
- 1.14. We identified many examples of good practice where feedback, needs and aspirations of stakeholders were sought to drive improvements. This included direct email communication asking for stakeholder input and existence of established working groups (Operational Reference Group, Inclusive Communication Stakeholder Reference Group and External Equalities Group).
- 1.15. Social Security Scotland has a recognised route for client feedback via the Client Experience team which allows for gathering and analysing meaningful insights in relation to Social Security Scotland's performance against objectives.

### **Improvement Opportunities**

### **Stakeholder Management System and Mapping**

- 1.16. Social Security Scotland currently lacks a central Stakeholder Management System. Instead there are various lists, spreadsheets and trackers currently in use for recording stakeholder engagement. This provides limited transparency over periodic engagement with stakeholders and poses a risk due to lack of coordination in engagement and communication between teams which could impact on stakeholders' willingness to engage with Social Security Scotland. Implementation of this recommendation will allow for audit trail, insight and analysis along with a coordinated approach to engagement with stakeholders.
- 1.17. Relevant stakeholders had been mapped and categorised, it was however recognised by the National Engagement Team that a wider stakeholder profiling exercise needed to be undertaken and this exercise documented. This will support the development of Social Security Scotland's approach to stakeholder relationship management. As part of the development and implementation of a stakeholder management system, mapping and profiling of stakeholders should also be considered so that stakeholder categories, priorities, powers of influence and areas of interest can be understood and used to improve the effectiveness of future engagement.

**Please see Recommendation 1**

### **Stakeholder Feedback and Queries**

- 1.18. Although interim arrangements have been put in place to record stakeholder queries, through the use of excel spreadsheets, these are not recognised by all teams involved in stakeholder engagement and there is no central system for recording and dealing with stakeholder feedback and queries. We note that this has already been recognised as an issue and recruitment is taking place for this project, however we are highlighting this as a risk and have made a recommendation in this report due to the current methods being ineffective, uncoordinated and the risk that stakeholders queries may not be dealt with which could lead to stakeholders being unlikely to continue engagement thereby limiting Social Security Scotland's ability to achieve its objectives.

**Please see Recommendation 2**

### **Awareness of Stakeholder Engagement Roles and Responsibilities**

- 1.19. Roles and responsibilities of teams involved in stakeholder engagement including Local Delivery, Communications and National Engagement Teams are understood by colleagues in these teams. Power point presentations outlining these roles and responsibilities and organograms of the National Engagement Team and Local Delivery are in place. However these responsibilities are not transparent for staff in the rest of the organisation. This could lead to duplication of activities and an uncoordinated approach to stakeholder engagement. This could be improved by sharing these materials to colleagues in the wider organisation and allocating key contacts for each stakeholder once Recommendations 1 and 2 are implemented.

**Please see Recommendation 3**

### **Individual Roles, Responsibilities, Objectives and Training**

- 1.20. It was also noted that not all roles had agreed and finalised objectives. We note some action has been taken to address this in both Local Delivery and National Engagement Teams and the draft objectives reviewed as part of this audit featured stakeholder management. We would also like to highlight good practice where the Head of Client Experience and National Engagement has been involved in agreeing stakeholder engagement objectives for posts in the Communications Team. However it is important that this work is progressed and completed to ensure there is a clear understanding of roles, responsibilities and objectives which are aligned with those of the Teams and Social Security Scotland.
- 1.21. The National Engagement, Local Delivery and Communications Teams are currently going through restructuring changes. With the organisation expanding rapidly it is essential that each team has a training plan for new colleagues. We confirm that a standard induction training pack and a list of mandatory training for new Social Security Scotland staff are in place. We also highlight efforts in Local Delivery where training materials have been identified and training route ways for Client Support Advisors established. However, our review showed that the training arrangements in the National Engagement team need strengthening as there is currently reliance on existing staff signposting new colleagues to relevant materials. Whilst it is expected there will be some element of signposting required, there is a risk of inconsistent and inefficient approach to delivery and some elements may be omitted if there is not a more defined structure for such learning. Where no training routes have been identified, a file which brings together key documents and resources for new staff



members should be introduced to make on-boarding process as efficient and effective as possible.

**Please see Recommendation 4**

### **Performance, Effectiveness and Achievement of Objectives**

- 1.22. Whilst there are post event surveys undertaken to obtain stakeholder feedback, there are currently limited other methods in place to monitor and measure the effectiveness of stakeholder engagement. It is acknowledged that Social Security Scotland is still a relatively new organisation which is developing, and at pace. However, we are of the view that there are areas where measures would be beneficial to aid understanding of current effectiveness and measure impact of improvements made. We are also of the view that analysis of progress against objectives would help teams address underlying issues, should there be any (i.e. resourcing issues).
- 1.23. It was also noted that the Stakeholder Engagement Plan refers to an Activity Log which is to be used to record activities undertaken and progress towards achieving plan objectives. A copy of this Activity Log was not available for us to review as part of fieldwork and it was unclear if such a log was in operation. Monitoring and evaluation of progress against the agreed plan objectives should be strengthened to ensure desired progress is being made and allow for remedial action to be taken should there be a divergence from objectives.
- 1.24. The operational risk register held by the National Engagement Team showed that this was last updated in September 2020 and there was no evidence that the Risk Register was part of discussions with other teams involved in stakeholder engagement. As such there is a risk that operational risks are not being managed effectively and appropriate controls may not be in place to minimise or mitigate risks occurring.

**Please see Recommendation 5**

### **Management Information and Reporting**

- 1.25. We note that current management reports, produced both monthly and quarterly, contain a summary of stakeholder engagement undertaken by all teams involved, including the National Engagement, Local Delivery, Operational Policy, Learning and Development, Corporate Communications and Corporate Assurance Teams. These reports are comprehensive and contain a level of detail which includes overview of past activities as well as plans on future improvements. However on review it was

identified that there had been no discussion regarding content of the report provided by the National Engagement Team. It was also noted that due to the absence of established stakeholder management systems, reporting is manual and resource intensive and is open to human error. In order to ensure sufficient and relevant information is provided management should confirm the depth of reporting required by the Executive Team and where possible reporting should be automated in order to maximise effective use of resources and minimise the risk of error.

**Please see Recommendation 6**

## 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 arrangements in place in relation to Stakeholder Engagement, with a focus on external communications with third party organisations, in order to provide assurance over effectiveness of the processes, systems and controls.
- 2.3. It is important to set out the relationship between Social Security Scotland and the Social Security Directorate (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.
- 2.4. We met with **[Redacted]**, Head of Client Experience who is accountable for national engagement on the 11th September 2020 and we met with **[Redacted]**, Head of Local Delivery and **[Redacted]**, Local Delivery Lead on 15th September 2020 who are accountable for local engagement. In these meetings we discussed the relevant risks and scope for this review.
- 2.5. Our key risks below were developed through these discussions and our knowledge of Social Security Scotland and its objectives.

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### Scope

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- 2.6. The scope of this review was to evaluate and report on the controls in place to manage the risks surrounding Social Security Scotland's stakeholder engagement.
- 2.7. The remit items and key risks, which were considered as part of this review were:
- 2.8. **Remit Item 1 – Stakeholder governance and planning structures**

To review engagement plans and guidance in relation Stakeholders to confirm that there are sufficient arrangements in place for effective communication and engagement.

*Key Risks:*

- No adequate corporate strategic engagement plan established resulting in Social Security Scotland being unable to effectively identify and engage with relevant stakeholders.
- Unsuitable governance structures or systems in place within Social Security Scotland and no clearly defined roles and responsibilities for stakeholder engagement.
- Poor coordination of stakeholder engagement resulting in those tasked with external stakeholder engagement not being known throughout the organisation and the individuals responsible not having a robust knowledge of the organisation and access to the information required to respond to stakeholder requests.

## 2.9. **Remit Item 2 – Stakeholder Engagement**

Review of both the formal and informal mechanisms in operation for engaging with stakeholders for the promotion of Social Security and the benefits that it delivers and gathering feedback, views and comments from stakeholders.

*Key Risks:*

- Poor awareness of Social Security Scotland, the services and benefits it provides at both a national and a local level resulting in an inability to effectively deliver benefits to the people of Scotland.
- Financial hardship of eligible benefit recipients due to an inability to reach relevant individuals due to ineffective stakeholder engagement with external organisations who would otherwise provide that link.
- Low uptake of benefits due to external stakeholder organisations having no knowledge of the benefits available, the eligibility criteria and the application process and therefore unable to support their customers/clients.
- Ineffective or insufficient mechanisms to draw on stakeholder expertise and feedback leading to an inability to develop effective processes and systems and achieve continuous improvement.

- An inability to effectively respond to stakeholder requests due to lack of coordination and organisation leading to a loss of confidence in Social Security Scotland and reduction in participation of stakeholders.

## 2.10. **Remit 3 – Monitoring for Quality and Effectiveness**

Ensuring there are adequate mechanism's in place for monitoring and reporting on Stakeholder Engagement within Social Security Scotland.

*Key Risks:*

- Stakeholder engagement activity reporting to senior management may not be effective and may not demonstrate this activity is aligned with strategic objectives.
- The organisation does not have in place sufficient measures against which engagement can be monitored and impact on Stakeholder community understood.
- Social Security Scotland does not undertake Lessons Learned activity to assess effectiveness of engagement with stakeholders and enable the prioritisation of service improvement activity

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## **Approach**

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- 2.11. We undertook the audit in compliance with the Internal Audit Charter and Memorandum of Understanding agreed between Internal Audit and Social Security Scotland.
- 2.12. 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.
- 2.13. To ascertain the controls in place, we interviewed key contacts involved in stakeholder engagement and we reviewed relevant documentation on processes provided by Social Security Scotland staff and guidance available on Saltire and on the Scottish Government website.
- 2.14. 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.

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

### 3. Action Plan

No	Issue / Risk(s)	Recommendation	Priority (H/M/L)	Management Response / Action Owner	Action Due
1	<p><u>Stakeholder Management System and Mapping</u></p> <p>Issue</p> <p>There is currently no central Stakeholder Management System and whilst some stakeholder mapping has been undertaken a wider stakeholder profiling exercise needs to be undertaken, to allow Social Security Scotland to carry out stakeholder engagement in a coordinated way.</p> <p>Risk</p> <p>An inability to effectively carry out stakeholder engagement activities due to lack of coordination and organisation leading to a loss of confidence in Social Security Scotland and reduction in participation of stakeholders.</p>	<p>a) Stakeholder Management System should be established considering views on desired functionality features from all teams involved in stakeholder engagement activities. This system should become the central system for recording all stakeholder engagement activities and allow for tracing activity, audit trail and enable examination and reporting of data and information.</p> <p>b) Stakeholder analysis and prioritisation exercise should be completed and documented. Output from this should then be used to influence future stakeholder engagement activities.</p>	M	<p>Plans are in place to deliver a Stakeholder Management System. The development will be led by the Live Service Team based on requirements from relevant teams across the organisation. Delivery date of March 2022 to allow time for the development of comprehensive requirements.</p> <p>Action Owners: <b>[Redacted]</b> and <b>[Redacted]</b></p>	March 2022

2	<u>Stakeholder Feedback and Queries</u>  Issue  A central system/mechanism for recording and dealing with stakeholder feedback and queries is not in place. Interim arrangements have been put in place to address this (excel spreadsheets) however these are not recognised by and accessible to all teams involved in stakeholder engagement.  Risk  An inability to effectively respond to stakeholder queries due to lack of coordination and organisation leading to missed improvement opportunities, a loss of confidence in Social Security Scotland and reduction in participation of stakeholders.	Management to establish an organisation wide system / mechanism that would allow for a coordinated approach for dealing with stakeholder feedback and queries.	M	Recommendation will be dealt with in stages: <ul style="list-style-type: none"> <li>Stage 1 will improve the existing interim arrangements and ensure they are being used by all relevant teams.</li> <li>Stage 2 will develop a strategic solution. This may possibly link to the development of the Stakeholder Management System.</li> </ul> Action Owners: <b>[Redacted]</b> and <b>[Redacted]</b>	Interim Process by July 2021  Final Process by March 2022
3	<u>Awareness of Stakeholder Engagement Roles and Responsibilities</u>  Issue	Management should consider how to raise awareness of roles and responsibilities of the teams involved	L	Internal Communications Plan for National Engagement Team now established. Activity will be planned on a quarterly basis. This will help to coordinate how	March 2022 with review point in



	<p>Power point presentations outlining roles and responsibilities and organograms of the National Engagement Team and Local Delivery are in place, however, this information is not available to colleagues in the wider organisation.</p> <p>Risk</p> <p>Those tasked with external stakeholder engagement in Social Security Scotland not being known throughout the organisation which could result in inconsistent approach to stakeholder engagement, ineffective ways of working and duplication of efforts.</p>	in stakeholder engagement with the rest of the organisation.		<p>messages about stakeholder engagement are made available to colleagues in the wider organisation. Planned development of Social Security Scotland's intranet will also support this.</p> <p>Action Owners: <b>[Redacted]</b> and <b>[Redacted]</b></p>	September 2021.
4	<p><u>Individual Roles, Responsibilities, Objectives and Training</u></p> <p>Not all roles have agreed and finalised objectives. Some action has been taken to address this, however it is important that this work is completed.</p>	<p>a) Management ensure all staff involved in stakeholder engagement activities have clear roles, responsibilities and objectives which, where relevant, include reference to stakeholder engagement.</p> <p>b) Where no training routes have been identified, a file which brings</p>	L	<p>Social Security Scotland has a list of mandatory training requirements that each team follows.</p> <p>Teams will review their own internal learning and development plans for 2021-22</p>	June 2022

	<p>Role/Team specific training route ways for new Social Security Scotland staff is not in place for all teams.</p> <p>Risk</p> <p>Individuals responsible for stakeholder engagement do not have a robust knowledge of the organisation, their responsibilities and established ways of working resulting in inconsistent working practices, ineffective ways of working and diminished stakeholder engagement activities leading to an inability to achieved strategic objectives.</p>	<p>together key documents and resources for new staff members should be introduced to make on-boarding process as efficient and effective as possible. Management should also consider methods for recording and tracking completion of training to ensure all staff have the skills, knowledge and information to undertake their roles.</p>		<p>and ensure role specific training is recorded and tracked.</p> <p>Staff objectives for 2021-22 will set as part of the standard performance appraisal process.</p> <p>Action Owners: <b>[Redacted]</b> and <b>[Redacted]</b></p>	
5	<p><u>Measuring Performance, Effectiveness and Achievement of Objectives</u></p> <p>Issue</p> <p>There are currently limited methods in place to monitor and measure the effectiveness of stakeholder engagement activities and achievement of objectives.</p>	<p>a) Management to establish meaningful ways of measuring and evaluating performance of stakeholder engagement activities that would allow for measuring effectiveness and progress against agreed objectives.</p> <p>b) Management should ensure the Activity Log referred to in the Stakeholder Engagement Plan is</p>	<b>M</b>	<p>Risk management will become a standard agenda item on a new Internal Coordination Group that is being established. This group will also support improved tracking of activity and progress.</p> <p>National Engagement Team currently working with a range</p>	September 2021

	<p>The Activity Log referred to in the Stakeholder Engagement Plan does not appear to be fully utilised to track stakeholder engagement activities and progress towards achieving plan objectives.</p> <p>The operational risk register held by the National Engagement Team showed that this was last updated in September 2020 and there was no evidence that the Risk Register was part of discussions with other teams involved in stakeholder engagement.</p> <p>Risk</p> <p>The organisation does not have sufficient measures in place against which engagement can be evaluated and effectiveness and impact on Stakeholders understood.</p> <p>Failure to analyse performance against desired objectives could result in teams not being able to identify underlying issues that could be negatively impacting on performance.</p>	<p>regularly reviewed and updated in order to track ongoing activities and progress against stakeholder engagement plan objectives. As part of this consideration of whether progress is on track should be reflected and evidence of any remedial action being taken where objectives are not being achieved.</p> <p>c) Management should ensure that any operational risk registers in place are considered and updated regularly to ensure they stay current and reflect the current risks posed to the teams, impact they may have and controls in place to manage and mitigate these risks.</p>		<p>of other teams to consider how we can develop our approach to measuring success. This will include links to the Charter Measurement Framework which contains stakeholder success metrics.</p> <p>Action Owner: <b>[Redacted]</b></p>	
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	Failure to manage risks effectively could result in them occurring impacting on the organisations ability to deliver and achieve strategic objectives.				
6	<p><u>Management Information and Reporting</u></p> <p>Issue</p> <p>Comprehensive monthly and quarterly management reports are provided to Senior Management. However there has been no discussion regarding content of the report and the detail that should be included.</p> <p>All reporting is currently manual, resource intensive and open to human error.</p> <p>Risk</p> <p>Stakeholder engagement activity reporting to senior management may not be effective with staff being burdened to produce lengthy reports that are not required by the leadership team.</p>	<p>National Engagement Team, in discussion with Management, should ascertain the level of detail and frequency of reporting. This agreement should be documented for audit purposes.</p> <p>Where possible reporting should be automated in order to maximise effective use of resources and minimise the risk of error.</p>	L	<p>National Engagement Team will progress this with relevant senior managers as part of the Social Security Scotland Governance Review process.</p> <p>Action: <b>[Redacted]</b></p>	July 2021



# Internal Audit Report

## Social Security Scotland 2020-21

### Wave 1 Benefit In-Depth Review Job Start Payment

**Directorate of Internal Audit  
and Assurance**

Report Issue Date: 19-04-2021

## **Wave 1 Benefit In-Depth Review – Job Start Payment**

<b>Assurance Category</b>	<b>Reasonable</b>
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<b>Recommendations Profile</b>	<b>1 High</b>	<b>1 Medium</b>	<b>4 Low</b>
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### **Audit Information**

Senior Internal Audit Manager:	[Redacted]
Internal Audit Manager:	[Redacted]
Internal Auditor(s):	[Redacted]
Date of fieldwork:	18 January – 02 February 2021
Issue date of draft report:	08/03/2021
Issue date of final report:	19/04/2021

### **Report Distribution**

David Wallace, (Accountable Officer)*
Audit Scotland*
[Redacted], Head of Operations (Wave 1 & Live Running)
[Redacted], Operations Lead
[Redacted], Operations Manager

\*Final Report only\*

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- 2     Introduction**
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## 1. **Executive Summary**

- 1.1. We have provided an overall **reasonable** assurance opinion, which means we believe that the controls in relation to Job Start Payment are adequate however some improvements are required to enhance the adequacy and effectiveness of processes and controls. There are weaknesses in the risk, governance and control procedures in place but not of a significant nature.

See [Annex L](#) for a full explanation of our assurance and recommendation categories.

- 1.2. Our review identified 1 high, 1 medium and 4 low recommendations. We have summarised below the key examples of good practice and improvement opportunities.

### **Good Practice Examples**

- 1.3. There is an effective process in place for notifying staff of changes to systems, policies and benefit related changes. The change note document gets distributed to staff via Team Managers and breaks down the changes by each individual benefit.
- 1.4. An appropriate compliance checklist has been created that supports the Team Manager and Team Support Officer to perform compliance checks on 10% of processed applications. The checklist was created based on the Young Carers Grant checklist.
- 1.5. Weekly team performance statistics are monitored and there is a spreadsheet in place that records the activity of each Client Advisor including how many approvals and denials have been processed and of those approvals, how many were subject to rejection at approval stage. The spreadsheet is an effective reporting tool that can be used by managers during conversations



with staff, highlighting good performance and the areas where improvements are required.

### **Improvement Opportunities**

- 1.6. Applicants for Job Start Payment do not have a statutory right to redetermination or appeal. However Social Security Scotland has established an Internal Review process for applicants should they feel their application has been incorrectly denied. There is a section on the Internal Review process in the determination letter sent out to unsuccessful clients. However during fieldwork we found that there is currently no mention of the Internal Review process in the Job Start Payment online guidance for clients or within the application form. It would be useful for clients to understand the Internal Review process at the start of the application process and not just at determination letter stage. It would also be beneficial to have access to guidance to refer to should they misplace their determination letter.

**Please see Recommendation 1**

- 1.7. There are daily and weekly team meetings between the Client Advisors, Team Managers and Team Support Officers. There is limited formal evidence of these meetings and of the information being distributed to the team. Whilst it is accepted that formal meeting minutes and agendas are not necessary, notes of meeting discussions, points agreed and actions to be completed should be documented, shared with relevant colleagues and retained for reference for future meetings.

**Please see Recommendation 2**

- 1.8. There is no available guidance or bespoke training packages for Team Managers, Team Support Officers or Performance Managers in relation to Job Start Payment – responsibilities of these roles are not clear and have continuously evolved as Social Security Scotland has grown and new benefits have launched. 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 3**

- 1.9. During fieldwork we found that there was no formal guidance in place for processing payment exception cases. Although there have been no cases to date, guidance should be created to ensure any future cases are processed efficiently and consistently.

**Please see Recommendation 4**

- 1.10. As part of the eligibility requirements, a job offer has to 'average 12 or more hours per week, over a four week period'. **[Redacted]**
- 1.11. During the walkthroughs with both the Client Advisor and Team Support **[Redacted]**. Currently, the Client Advisor checks the job offer evidence matches the application **[Redacted]**
- 1.12. It was noted that during development of the system and processes for this benefit it was agreed that no checks on these elements of the eligibility criteria and evidence would be incorporated into the process. This was agreed and signed off by the Business Design Authority Board and evidence of this was provided.
- 1.13. Due to acknowledgement of the decisions taken and limited risk due to volume and value of Job Start Payment no recommendation will be made but it is important to highlight that **[Redacted]**.
- 1.14. During our walkthrough with Client Experience Team we were advised that a couple of initially denied applications were overturned at Internal Review as a result of the regulations being unclear. The current regulations state the

applicant has to be out of work for six months but has no mention of the requirement to be receiving a qualifying benefit in that six month period. It is essential that management obtain clarification over the regulations in respect of eligibility criteria for Job Start Payment and ensure that guidance, policies and procedures for the determination of eligibility are aligned with this.

**Please see Recommendation 5**

- 1.15. The weekly analysis log maintained by the Team Manager is reliant on manual input and copying from various spreadsheets. The manual input is resource intensive and could result in human error.

**Please see Recommendation 6**

## **2. Introduction**

- 2.1. This internal audit review of Job Start Payment arrangements 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. The scope of the review was to evaluate and report on the controls in place to manage the risks surrounding Social Security Scotland's delivery of Wave 1 benefit – Job Start Payment.
- 2.3. The remit items and key risks were:

### **Remit Item 1 – Policies, procedures and guidance**

To review policies, procedures and guidance in relation to Job Start Payment 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.

### **Remit Item 2 – Processes and Controls**

To assess the processes and controls in place for the administration of Job Start Payment 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 processed, arrangements for payment exceptions, arrangements for reviews and management information and reporting.

Key Risks:

- Social Security Scotland encountering financial loss and reputational damage due to:
  - Job Start Payment being paid to individuals who are not eligible.
  - Job Start Payment not being paid to individuals who are eligible.
  - Incorrect amounts being paid.
- Processes being inefficient leading to:
  - Requirement for increased resources to process applications;
  - Delays in issuing payments to clients who are eligible;
- 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.

### 3. Action Plan

No	Issue / Risk(s)	Recommendation	Priority (H/M/L)	Management Response / Action Owner	Action Due
1	<p><b>Issue</b></p> <p><u>Client Awareness of Internal Review Process</u></p> <p>There is currently no mention of the Internal Review process in the Job Start Payment online guidance or the client application form.</p> <p><b>Risk</b></p> <p>A failure to have a robust and clear process in place when communicating with clients could lead to client uncertainty resulting in poor diminished service levels and reputational damage.</p>	Although there is a section on the Internal Review process in the determination letter sent out to unsuccessful clients, management should consider if the guidance available to clients on the Internal Review process should be strengthened.	L	<p><b>Action Owner:</b></p> <p>Head of Operations (Wave 1 &amp; Live Running)</p> <p><b>Management Response:</b></p> <p>The internal guidance clearly details the Internal Review process for client advisors to take.</p> <p>What has been published externally for clients is aligned to Policy and Legal sign off, impacted by both users and third sector organisations and redacted to a level not to put the Agency at greater risk.</p>	May 2021

				A review with user research from our clients to inform both external guidance and our notifications would ensure we delivery value and is planned in for May 2021.	
2	<p><b>Issue</b></p> <p><u>Communication</u></p> <p>There are daily and weekly team meetings between the Client Advisors, Team Managers and Team Support Officers. There is limited formal evidence of these meetings and of the information being distributed to the team.</p> <p><b>Risk</b></p> <p>Agreed actions may not be implemented and those not able to attend the meeting may not be</p>	It is recommended, as best practice, that items discussed, decisions made and actions agreed at team meetings be recorded. This will ensure that key information is available to members of the team through eRDM for reference and to maintain a record of discussion.	L	<p><b>Action Owner:</b></p> <p>Head of Operations (Wave 1 &amp; Live Running)</p> <p><b>Management Response:</b></p> <p>A team folder has been set up in ERDM. This will hold minutes and action points from team meetings. All team members have been added and the Team Managers are responsible for the administration of this folder. This is accessible by all team members, who have been advised of this.</p>	Complete

	advised of information relevant to their role.				
3	<p><b>Issue</b></p> <p><u>Guidance and Procedures</u></p> <p>There is no available guidance for Team Managers, Team Support Officers or Performance Managers in relation to Job Start Payment – responsibilities of these roles are not clear and have continuously evolved as Social Security Scotland has grown and new benefits have launched.</p> <p>There is also no additional bespoke learning and development materials or sessions for these roles. The initial induction and benefit specific training being offered to the same</p>	<p>Management should ensure that there are appropriate job role definitions, guidance and training which support staff in these roles to deliver their responsibilities effectively, efficiently and consistently.</p> <p>Suitable guidance should be developed to support Technical Support Officers, Team Managers, Performance Managers and any other roles beyond Client Advisors, enabling consistent, effective and efficient delivery of their objectives.</p>	H	<p><b>Action Owner:</b></p> <p>Head of Operations (Wave 1 &amp; Live Running)</p> <p><b>Management Response:</b></p> <p>There is currently no separate guidance for Performance Managers, Team Managers or Team Support Officers working in Job Start Payment .</p> <p>We have requested Learning and Development to support Approval/Denial work and also suitable guidance across all Low Income Benefits.</p> <p>Best Start Grant e-approval learning has recently been launched and this</p>	<p>July 2021</p> <p>May 2021 (Nexus e-learning)</p>



	<p>degree as Client Advisor induction/training.</p> <p><b>Risk</b></p> <p>A failure to establish policies, procedures, guidance and training for all roles could result in an inconsistent or ineffective approach to delivery and staff management.</p>			<p>will be used as a basis for the work currently being undertaken to create Job Start Payment e-learning. This will be available on Nexus, our e-learning portal, once complete.</p> <p>An updated checklist is available for colleagues approving Job Start Payment.</p>	
4	<p><b>Issue</b></p> <p><u>Payment Exception Guidance</u></p> <p>Whilst it is acknowledged that to date there have been no instances in relation to Job Start Payment, there is no formal guidance in place for processing payment exception cases.</p> <p><b>Risk</b></p>	<p>Management should ensure that guidance is in place for staff dealing with any future Job Start Payment Exception cases.</p>	L	<p><b>Action Owner:</b></p> <p>Head of Operations (Wave 1 &amp; Live Running)</p> <p><b>Management Response:</b></p> <p>There is now a robust process in place should we be required to deal with a payment exception case and / or issue a Manual Payment. The Job Start Payment team have been briefed on this. There are 2 nominated</p>	Complete

	A failure to establish policies, procedures, guidance and training for all roles could result in an inconsistent or ineffective approach to delivery and staff management.			<p>contacts at B1 and B2 grade who have received a full overview of the process, should support be required. Confirmation of this has been sent by email.</p> <p>The Operations Manager also has visibility of this process and has to sign off any manual payments.</p>	
5	<p><b>Issue</b></p> <p><u>Unclear Policy Guidance</u></p> <p>During our walkthrough with Client Experience Team we were advised that a couple of initially denied applications were overturned at Internal Review process as a result of the regulations being unclear.</p> <p><b>Risk</b></p>	Management should obtain clarification on the regulations relating to eligibility criteria for Job Start Payment and ensure policies, procedures and guidance for the determination of eligibility are aligned with this.	<b>M</b>	<p><b>Action Owner:</b></p> <p>Head of Operations (Wave 1 &amp; Live Running)</p> <p><b>Management Response:</b></p> <p>The eligibility criteria for Job Start Payment has been clarified with Policy and Legal colleagues. Guidance will be updated to reflect policy intent that was previously</p>	April 2021

	A failure to establish policies and procedures leading to an inconsistent or ineffective approach to delivery, increases the possibility that payments will not be administered correctly resulting in ineligible or incorrect payments being made.			unclear. This is currently with the Content Team for action.	
6	<p><b>Issue</b></p> <p><u>Manual Spreadsheet Use</u></p> <p>The weekly analysis log maintained by the Team Manager is reliant on manual input and copying from various spreadsheets.</p> <p><b>Risk</b></p> <p>Ineffective use of resources due to inefficient working practices and increased risk of error due to manual input.</p>	<p>Management should automate aspects of spreadsheets where possible to minimise risk of error such as including spreadsheet controls.</p> <p>Where possible production of management information should also be automated in order to improve efficiencies and minimise risk of error.</p>		<p><b>Action Owner:</b></p> <p>Head of Operations (Wave 1 &amp; Live Running)</p> <p><b>Management Response:</b></p> <p>The introduction of Curam Operational Insight Tool (COIT) will resolve this issue once fully functional.</p>	May 2021



# Internal Audit Report

## Social Security Scotland 2020-21

### Scottish Child Payment – Application Process

**Directorate of Internal Audit  
and Assurance**

Report Issue Date: 23-04-2021

**Scottish Child Payment – Application Process**

Assurance Category	Limited
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Recommendations Profile	3 High	2 Medium	0 Low
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**Audit Information**

Senior Internal Audit Manager:	[Redacted]
Internal Audit Manager:	[Redacted]
Internal Auditor(s):	[Redacted]
Date of fieldwork:	January – February 2021
Issue date of draft report:	29 March 2021
Issue date of final report:	23 April 2021

**Report Distribution**

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\*Final Report only\*

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- 2     Introduction**
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## 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 control arrangements that could affect the delivery of the Application Phase of Scottish Child Payment. See Annex L for a full explanation of our assurance and recommendation categories.
- 1.2. Our review identified 3 high and 2 medium priority recommendations. We have summarised below the key examples of good practice and improvement opportunities.

### 1.3. **Good Practice Examples**

#### Invitation to Apply

- Proactive approach to identify potentially eligible clients, with those identified all sent Invitation to Apply letters by 15 February 2021 and an ability to alter the number of letters issued in response to the volume of applications being received.
- A detailed Scottish Child Payment Communication Plan was in place and various means of communication were utilised to promote the launch of the benefit, with extensive user research undertaken and post launch user research also planned.
- Fraud Prevention colleagues participated in various pre-launch discussions highlighting identified risks.

#### Processing Applications

- Sufficient policies have been published relating to Scottish Child Payment.
- Applicants are prompted with eligibility questions to minimise the likelihood of ineligible individuals applying and the Scottish Child Payment application is linked to Best Start Grant benefits delivered by Social Security Scotland through integrated cases, making it easier for the Client to apply as only one form is required to be completed and Client Advisors are able to view and process all open benefit cases.

- Processes for dealing with client change of circumstances have been established, guidance is available in the Knowledge Hub and Client Advisors have received training.
- Document upload functionality means clients need to provide minimal physical evidence and a secure mailroom has been set-up for receiving any evidence that does need to be sent in.

#### Management Oversight, Monitoring of Benefit Launch and Lessons Learnt

- Good feedback was provided on the process of business checkout and we evidenced relevant detailed release management documentation.
- Suitable support and oversight post launch was evidenced including support from Social Security Scotland's Live Service Team with Jira tickets raised where issues were identified and suitable routes to feedback technical defects or communication issues through daily operations calls and Social Security Scotland's Change Group.
- The Social Security Scotland website has routes for clients to provide feedback and complaints and user research was undertaken to understand how the benefit landed.
- Project Management Office retain a lessons learnt Trello board for Scottish Child Payment, work is ongoing to improve links from Programme and join up actions across Product Owners and ensure follow-up action.

### **1.4. Improvement Opportunities**

#### Invitation to Apply

- There is no management information available to establish the effectiveness of invitation to apply letters in encouraging clients to apply for the benefit. (see [recommendation 5](#))
- There are no timescales agreed for the planned activities to reach groups of stakeholders who haven't been considered through other methods of research undertaken.
- Resourcing models do not consider productivity or succession planning, reflections have not yet taken place on the resourcing of Scottish Child



Payment, however it is planned that this will be undertaken, and there remains a high volume of Scottish Child Payment applications still to be processed. (see [recommendation 1](#))

### Processing Applications

- Weaknesses were found with staff training and guidance including delays in provision and gaps, such as not reflecting the live environment or difficult cases. (see [recommendation 2](#))
- Lack of documentation and formal agreement of definition and scope of the Minimum Viable Product for Scottish Child Payment in early stages of development however this was raised as part of a review of Programme Links and we are aware of on-going work to improve involvement at development stage therefore a further recommendation is not required.
  - [Redacted]
  - SPM recent activity dashboards do not work currently, but if working would provide useful information to system users;
  - [Redacted]
  - An inability to distinguish within SPM which cases were subject to approval easements.
  - Weaknesses in the arrangements for recording HMRC checks as part of the child verification process.
  - [Redacted]. (see [recommendation 3](#))
- A recent decision results in Operations having responsibility for dealing with overpayments below a threshold of £65. We are aware there are no arrangements in place for this yet, including resource and a strategic solution to recover these debts. This is out of scope for this review, as our focus is on the application stage only, as such no recommendation has been made, however Operations should ensure suitable processes are in place now that payments have gone live. We will review this in further detail as part of our review of Scottish Child Payment in 2021/22.
- Compliance testing identified some issues of non-compliance and inconsistency in SPM notes. (see [recommendation 4](#))

- Internal compliance checks for Scottish Child Payment were only due to commence when payments started being made and therefore is out of scope for this review. However we did note that there were concerns that due to demands on workload and the volume of checks the 10% sample checking may be unsustainable. Management should ensure there is a level of quality assurance being undertaken to minimise the risk of errors being missed. [Redacted]

#### Management Information

- Daily and weekly dashboards are available to management to provide some information on cases processed and outstanding, however there is no real time information available [Redacted]. (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. To aid understanding it is important to clearly set out the relationship between Social Security Scotland and the Social Security Directorate (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.
- 2.3. Due to the large volume of applications expected for Scottish Child Payment a phased launch has been undertaken. The application phase for Scottish Child Payment was launched on 9th November 2020. During this phase applicants were invited to apply for Scottish Child Payment. However those eligible did not receive a decision for this benefit until after 15th February 2021 and payment will not be received until after 22nd February 2021. There is also a phased rollout of the benefit, with those with children under the age of six able to apply currently, but by the end of 2022 applications will be open to individuals with children up to the age of 16.
- 2.4. We met with **[Redacted]**, Head of Operations Wave One and Live Running, **[Redacted]**, Head of Fraud and Error Resolution and **[Redacted]**, Organisational Culture and Strategic Relationships Lead on the 7th December 2020. In this meeting we discussed the relevant risks and scope for this review.
- 2.5. Our key risks below were developed through these discussions and our knowledge of Social Security Scotland and its objectives.

- 2.6. The scope was to evaluate and report on the controls in place to manage the risks surrounding the arrangements for the application phase of Scottish Child Payment within Social Security Scotland.
- 2.7. The remit items and key risks, which were deemed to be specific to Scottish Child Payment Application Processes were:

**2.8. Remit Item 1 – Invitation to Apply**

Ascertain if the activities in relation to Invitation to apply were effective and minimise the risk of an influx of last minute applications which could lead to delays in processing and issue of payments.

**2.9. Key Risks:**

- Potential applicants not identified and invited to apply and/or an inability to reach difficult to reach stakeholder groups leading to financial hardship for individuals unaware of the benefit and their eligibility for it.
- Insufficient or ineffective monitoring to assess effectiveness and enable adaptations to be made to approach.
- Delays in payments to eligible clients due to a high volume of applications being received immediately prior to the payment processing period, impacting on Social Security Scotland resources and could result in reputational damage.

**2.10. Remit Item 2 – Processing of Applications**

To assess the processes and controls in place for the administration and processing of Scottish Child Payment applications. This includes consideration of:

- Roles and responsibilities;
- Policies, procedures, guidance and training;
- Processing of applications to verify evidence and determine eligibility;
- Approval of applications; and
- Change of circumstances prior to payment go live.

2.11. Key Risks:

- Lack of clarity over roles and responsibilities leading to confusion, duplication of actions and inefficiencies in the process.
- Insufficient or inaccurate policies, procedures and guidance leading to noncompliance with legislation and an inconsistent or ineffective approach to delivery increasing the possibility that incorrect decisions may be made.
- Ineffective training for staff and poor communication of guidance and processes leading to lack of staff knowledge and an inability to deliver benefits accurately resulting in poor quality, diminished service levels and reputational damage.
- An inability to effectively administer Scottish Child Payment applications due to insufficient system functionality and a need for manual workarounds leading to delays in processing of applications and inefficient use of resources.
- Lack of participation in the business checkout process prior to launch leading to lack of knowledge of known bugs in the MVP impacting on ability to effectively and efficiently process applications.
- Inefficient or ineffective application processing methods resulting in incorrect decisions being made which could lead to financial loss and reputational damage.
- [Redacted].

2.12. **Remit Item 3 - Management Oversight and Monitoring of Benefit Launch and Lessons Learned**

Ensuring there are adequate mechanisms in place for management oversight of the Scottish Child Payment application phase and effective mechanisms for reviewing the launch of the benefit, identifying lesson learned and taking action to ensure future benefit launches are improved.

2.13. Key Risks:

- Insufficient, inaccurate or out of date management information relating to Scottish Child Payment applications, leading and inability to monitor activity and processing backlogs and take remedial action where necessary leading to delays when payment goes live.
- Insufficient support for Operations following the launch of the application phase of Scottish Child Payment leading to an inability to effectively operate and process applications.
- No action taken to consider good practice and lessons learned from the Scottish Child Payment Application Phase launch leading to issues with future benefit launches which results in an inability to provide new benefits resulting in financial hardship for clients and reputational damage.

- 2.14. 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.
- 2.15. To ascertain the controls in place, we interviewed a number of managers and staff in both Social Security Scotland, Social Security Directorate and Chief Digital Office, completed walkthroughs of processes and reviewed relevant documentation.
- 2.16. Our findings, which cover examples of good practice as well as opportunities for improvement, were fully discussed with relevant managers and staff during the review.
- 2.17. We are grateful for the co-operation received from all managers and staff involved in the process.

### **3. Findings**

- 3.1. 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.

#### **Remit One - Invitation to Apply**

##### **Resourcing**

- 3.2. Good practices in recruitment were identified. Forty Client Advisors recruited to deliver Child Disability Payment, were brought in early to provide additional resource for the administration of Scottish Child Payment.
- 3.3. Initial modelling of resource needs was undertaken. Due to the pandemic, remodelling was also undertaken by the Community Analysis Division, this led to an Options Paper being presented to the Project Board and resulted in further recruitment.
- 3.4. However we are aware that the current modelling doesn't consider turnover of staff and the need for succession planning, productivity in relation to the processing of applications or define what is an acceptable head of work and acceptable timescales clients may need to wait before receiving payments. There has also not been any look back on whether the forecasts versus what was in place was effective, although we have been advised this this will be undertaken. Therefore we consider there to be gaps in modelling and suggest lessons are learnt to improve future resourcing arrangements.
- 3.5. As forecast, there remains a backlog of Scottish Child Payment applications. The priority for processing applications is to ensure applications received before the payment launch on the 15<sup>th</sup> February are processed by mid-April. We were advised that 62% of applications received prior to the 15<sup>th</sup> February had been processed at the time of our fieldwork, however this means there remains over 30,000 applications to process from before the 15<sup>th</sup> February and applications continue to be received. Although the volume of applications

is as forecasted by Operations there is a risk that the volume of applications has an impact on resource and client satisfaction.

- 3.6. At the time of review there was no Social Security Scotland Scottish Child Payment Product Owner in place. It is our understanding that this role usually moves from the Programme Directorate and ensures knowledge transfer into Social Security Scotland once the benefit has landed. Without this role there may be a lack of knowledge.

Please see [recommendation 1](#)

## **Remit Two - Processing of Applications**

### Guidance

- 3.7. Guidance is held in the Knowledge Hub. There is a dedicated section on Scottish Child Payment for staff to access and there are routes within Knowledge Hub on specific guidance to highlight issues identified. We also noted specific guidance and training created for change of circumstances, available to all processing applications.
- 3.8. However we did identify that temporary guidance, which is used to communicate workarounds for Scottish Child Payment, is not aligned and many updates are noted in Daily Bulletins issued to Operations staff, making it difficult to keep up with guidance changes and locate such guidance at a later date. During walkthroughs with Operations staff it was evident that the impact of a recent Interim Release update meant it took time for Client Advisors and Approvers to understand the changes and new household evidence required. Confusion with guidance updates hindered their understanding as there is no central location to find changes communicated through temporary guidance or bulletins.
- 3.9. Team Managers advised that the process for approval of Scottish Child Payment applications are time consuming, there are many detailed checks required and there are trends in errors such as Client Advisors not using the most recent case and not updating benefit amounts which has not been reflected in guidance.



- 3.10. There are gaps in guidance including a lack of guidance on action to take for bereavement cases, no guidance available on integrated cases and a lack of guidance for roles outwith Client Advisors. It was also suggested that guidance often reflects a 'happy path' and doesn't show difficult cases or examples to reflect a live situation. We evidenced this during a walkthrough where the Internal Modulus verification guidance on the automation outcomes does not include all possible outcomes and what they mean.
- 3.11. Clients in receipt of Scottish Child Payment are legally required to advise Social Security Scotland of any changes to their circumstances. This is emphasised to clients through online and paper applications. However there was no specific reference to this in telephone guidance provided to Client Advisors. Guidance could be strengthened to ensure clients applying via telephone are reminded of the legal requirement to advise of any changes to their circumstances.
- 3.12. Initial Development of staff guidance is the responsibility of Programme. We were advised the development of Scottish Child Payment guidance took some time due to the need for approval from Scottish Government Policy and Legal Directorate colleagues to ensure guidance was aligned with the policy intent. This led to delays in issue of some guidance. Social Security Scotland have been proactive in reflecting these delays in lessons learnt exercises and the need to take into consideration the time required for future complex benefits. However there has been issues raised in slippage in the timescales of the delivery of guidance and action as a result of lessons learnt. Management should work closely with Programme to ensure guidance is timely and allows sufficient time for clearance processes.

Please see [recommendation 2](#)

#### Training

- 3.13. Suitable training is in place for Client Advisors, there is a 4 week consolidation period with Learning and Development led training adapted due to the pandemic. All Client Advisors that we spoke to had been trained for

processing Scottish Child Payment. Separate change of circumstances training has also been undertaken.

- 3.14. However there is a lack of training materials for roles outwith Client Advisors. Team Managers have an approver's checklist however this is not mandatory. We are aware that Learning and Development have begun discussions with Operations to address training gaps and are considering the best ways of providing training. Approvers training has gone through review processes and is now reflected within guidance which includes the checklist and new child checks for approvers. However there is currently no other available guidance or bespoke training packages for these roles and currently the roles and responsibilities of each of these are not clear.

Please see [recommendation 2](#)

#### Processes and Controls

- 3.15. At the launch of Scottish Child Payment, the systems processes and controls were based on a minimum viable product. We have undertaken a separate review focussing specifically on SPM, however as part of this review we have identified further weaknesses where action should be taken to improve processes, system functionality and controls. We are also aware of work ongoing to quantify manual workarounds within Social Security Scotland's Project Management Office, however through our fieldwork we identified some workarounds which add further risk to the processing and approval of applications.
- 3.16. [Redacted].
- 3.17. A manual workaround for the administration of approvals of Scottish Child Payment applications was in place. This was implemented due to the volume of applications and insufficient capability within SPM to co-ordinate task priorities. The workaround included a diversion of all Team Managers tasks into their Performance Managers work queue to establish complete listings of applications awaiting approval. These listings were then extracted from SPM into excel spreadsheets which were then held within Microsoft Teams and updated as tasks were added and completed. The extract included details of

application reference numbers and the client's name and National Insurance number. Due to such content we had concerns in relation to data protection as the data was being extracted from SPM and held within a Cloud based application and there was no clarity over retention periods. However since fieldwork we have been given assurances that the information is now being held securely within Objective. We were also advised that this workaround shouldn't be required long term, as volumes of applications begin to reduce, [Redacted].

- 3.18. We found during fieldwork that the SPM task filtering functionality was also insufficient when applications submitted for approval were rejected and returned to Client Advisors for remedial action. As a result approvers have added a manual stage to rejecting cases, this requires the Approver to reject the case in SPM and then email the Client Advisor to advise that the case has been rejected. This additional step is required due to SPM not alerting or having the ability to filter tasks or put tasks to the top of the Client Advisors task list and therefore risking that the Client Advisors won't pick up the task and cause delay. The Client Advisor must also email the Approver back once required actions have been taken so that the approval can be processed, as otherwise the case will go to the end of the approval queue.
- 3.19. Through our fieldwork we found that due to work volumes an easement in approval requirements for Best Start Grant cases had been implemented meaning approval checks for 4 in 5 applications were eased. Whilst Best Start Grant is out of scope for this review, a similar easement was due to be applied to Scottish Child Payment applications also. For approvals subject to the easement, approval checks are not completed, however all applications still require to be 'approved' within SPM which requires Team Managers to manually select the approved option in SPM. [Redacted]. It was advised that some methods of post payment checking may be implemented, but there was no detail provided on what checks would take place or when. We were advised that SPM has the functionality to collect a list of unchecked cases but this functionality is not used. Whilst easement of approval checks continue to apply, management should consider the use of SPM functionality to retain a

robust audit trail of cases checked and ensure lessons learnt can be identified and distinguish between cases which have been checked should these cases be selected for review.

- 3.20. SPM appears to have functionality for system users to view their recently approved cases, etc. and monitor the number of approvals made by an individual. However on viewing it was noted that this functionality does not work correctly and does not record the activities they have completed therefore Team Managers cannot track their workload within SPM. It is unknown whether this causes wider impact to all users and therefore this issue should be highlighted to technical support for corrective action.
- 3.21. [Redacted].
- 3.22. In some instances, in order to verify responsibility, a check may be undertaken with HMRC. This is a manual process whereby a listing is provided to HMRC and HMRC will respond confirming if there is child responsibility or not. On receipt of the response from HMRC the Client Advisor will clear the verification in SPM noting that the HMRC check was completed. [Redacted]. Processes should go further to ensure child responsibility eligibility through retaining HMRC spreadsheets and recording a note of the date of check which would allow for the approver or anyone else reviewing the case to refer back to the HMRC spreadsheet for evidence of the check. [Redacted].
- 3.23. [Redacted].
- Please see [recommendation 3](#)

#### Compliance Test

- 3.24. Through our fieldwork we reviewed a sample of 15 Scottish Child Payment applications and assessed these for compliance with guidance. We found that:
- One case had a linked Best Start Grant application open since June 2020. A task has been created to check if a denial could be made, but there was no evidence of any further action being taken. It is unknown the background as to why this case remains open but it is not best

practice to have applications remaining open and could lead to eligible clients not being paid correctly. Management should undertake checks for applications open for a lengthy time and ensure action is taken to address outstanding actions.

- One case the Client Advisor had not updated the incoming evidence and older evidence had not been end dated where new evidence was provided. If changes are made, the client could be paid based on the old evidence, this can result in over or under payments requiring payment corrections to be made which has an impact on workloads in both Operations and other teams. Client Advisors should be reminded about the need to update integrated cases with incoming evidence and ensure they are using the latest evidence to prevent the need for payment corrections.
- Client Advisor notes within SPM remain inconsistent, four cases we reviewed had insufficient and varied notes which made it difficult to understand the actions taken. Action should be taken to improve consistency through reminders, strengthening of training and guidance and consideration of system prompts on the expectation of comments and notes.
- Four cases we walked through with Operations were rejected at approval stage and returned to Client Advisors. It was noted that the reasons for rejection were minor but do delay the process of approval. Analysis of the reasons applications are being rejected should be reflected on and fed back to improve guidance and training for Client Advisors to reduce the number of applications being rejected.

Please see [recommendation 4](#)

### **Remit Three - Management Oversight and Monitoring of Benefit Launch and Lessons Learnt**

#### **Management Information**

- 3.25. There is a good range of Management Information available and produced regularly for Operations through daily and weekly dashboards providing a look

back on the previous day/week however there is no real time Management Information for Team Managers, Performance Managers, Operations Leads etc. Also the Management Information Team produce the Management Information, and processes to produce continue to be manual and resource intensive. Tools such as 'COIT' are expected to be implemented however these do not yet provide information fit for purpose.

Please see [recommendation 5](#)

#### 4. Action Plan

No	Issue / Risk(s)	Recommendation	Priority (H/M/L)	Management Response / Action Owner	Action Due
1	<p><b>Issue: Resourcing</b></p> <p>Modelling of Scottish Child Payment does not take into consideration staff turnover, succession planning or productivity.</p> <p>It was also noted at the end of fieldwork there was still a large volume of applications to be processed. Reflections on the current resource availability and sufficiency for administering Scottish Child Payment applications have still to be undertaken.</p>	<p>Management should:</p> <p>a) Consider reviewing Operations resource modelling methodology to include consideration of elements such as staff turnover, succession planning, productivity and acceptable timescales for clients to wait.</p> <p>b) Progress with reflecting on lessons learnt from current modelling and sufficiency of resources for benefit launch and feed this into current</p>	H	<p>a) Operations inform resource requirements via analysis provided by Social Security Operational Research.</p> <p>Resource modelling uses Data from Social Security Analysis, Forecasting and Evaluation (SSAFE), who build forecasts based on data they receive from the Department for Work and Pensions and Scottish Fiscal Commission.</p> <p>Where possible data from Social Security Scotland is used to inform the models. For Scottish Child Payment resource modelling, Best Start Grant clearances rates were used as the best comparator benefit, with an uplift based on planned automation updates.</p>	Oct 21

	<p>The Scottish Child Payment Product Owner role within Social Security Scotland is vacant leaving a gap in knowledge transfer.</p> <p><b>Risk:</b> Insufficient resourcing arrangements resulting in an inability to process applications leading to delayed payments which could lead to financial detriment to clients and reputational damage.</p>	<p>and future arrangements.</p> <p>As part of this the volume of work actually generated following the launch of the benefit should be considered and comparisons with projected volumes and target dates for payment of benefits within planned timescales should also be considered with any lessons learnt captured and factored into future forecasting and resource modelling activities.</p> <p>c) Consider if there is any knowledge gaps in the absence of a Product</p>		<p>A number of factors are considered such as annual leave, sickness and training. Assumed productive is 76% of the day. Most models assume staff are less productive at a benefit go-live, and increase in productivity over time.</p> <p>Resource models are reviewed regularly however this is difficult as we do not have a resource management tool in place to give us the data required to assess productivity.</p> <p>Operations is currently working with Social Security Operational Research to extract some data from live teams to review actual productivity and assess versus the modelling.</p> <p>Given the challenges of working from home this is at the infancy stage.</p>	
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		Owner for Scottish Child Payment and address any gaps identified.		<p>Operations will make a request to Social Security Operational Research to analyse the impact labour turnover has on resource modelling.</p> <p>The volume of applications in the pre-launch period for Scottish Child Payment was lower than forecast. However it was decided that the period of time by which all of these pre-launch applications should be processed was brought forward from initial planning.</p> <p>This lead to tactical decisions being taken in terms of resource to achieve this. All of these applications have now been processed.</p> <p><b>b)</b> Lessons have been learned. Considerations for head of work volume and timescales based on resource will be submitted to the Executive Team for consideration of Child Disability Benefit launch.</p>	
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				<p>c) The Scottish Child Payment Product Owner is still in place and will be retained for Scottish Child Payment 2, from programme. Live support for a period of 4 weeks was provided after SCP went live.</p> <p>Live Services have now recruited Product Owner who will link with programme.</p>	May 21
2	<p><b>Issue: Training and Guidance</b></p> <p>Temporary guidance is not aligned with communication of Daily Bulletins and there is no central location where temporary guidance or bulletins, used to communicate changes, are stored to allow these to be easily referred to at a later date.</p>	<p>Management should:</p> <p>a) 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 and held in a central location which is easily accessible should it need to be referred to at a later date.</p>	H	<p>a) Erdm folders will be put in place by cluster or benefit across Live Operations to allow Client Advisors to consult and review communication from Team Managers or be sign posted to guidance updates.</p> <p>Agency Live Services are currently investigating the use of Internal Knowledge Management hub to hold both guidance and training demonstration videos to support Client Advisors .</p> <p>A review of temporary guidance by Agency Live Services has also been completed.</p>	July 21

	<p>Gaps have been identified in guidance such as no reminder in telephony guidance on change of circumstances legal requirements, [Redacted] no guidance on integrated cases.</p> <p>There is currently no available guidance or bespoke training packages for Team Support Officer, Team Manager and Performance Manager roles and currently the roles and responsibilities of each of these are not clear.</p> <p>Guidance doesn't reflect a live environment or show difficult cases.</p>	<p>b) Review Client Advisor guidance and training for Scottish Child Payment to address gaps and weaknesses identified such as telephony guidance on change of circumstances legal requirements, [Redacted] and guidance on integrated cases.</p> <p>c) Ensure training and guidance considers a live environment and include a range of scenarios.</p> <p>d) Ensure suitable guidance and training is developed to support Technical Support Officers, Team Managers,</p>		<p><b>b &amp; c)</b> Further guidance has been provided to client advisors with a one hour long e-learning sessions including video demonstrations. Given the stage of Scottish Child Payment, Team Managers continue to review knowledge gaps on integrated cases and work with programme colleagues to develop further learning tools such as demonstrations.</p> <p>It is not always possible to reflect difficult cases in training/guidance until they arise. Support is provided by programme and Agency Live Services colleagues on complex cases with any issues that require guidance.</p> <p>Guidance for change of circumstance is provided in declarations on intelligence evidence gathering (IEG) so Client Advisers read from the screen; it's not required as separate guidance as well.</p>	<p>Oct 21</p> <p>Completed</p>
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	<p>The development of Scottish Child Payment guidance was delayed due to the complexity and approval needed from policy and legal.</p> <p><b>Risk:</b> Ineffective training for staff and poor communication of guidance and processes leading to lack of staff knowledge and an inability to deliver benefits accurately resulting in poor quality, diminished service levels and reputational damage.</p>	<p>Performance Managers and any other roles beyond Client Advisors, enabling consistent, effective and efficient delivery of their objectives.</p> <p>e) Work closely with Programme colleagues to ensure guidance is timely and allows sufficient time for clearance processes prior to release of new system functionality or benefit launches.</p>		<p>d) All Team Managers completed a two day Route way in line with Client Advisors however training on approving applications was completed on the job.</p> <p>However in the absence of role definitions/responsibilities being available for non-Client Advisor positions when launching benefits, Operations are currently writing role descriptions &amp; responsibilities. This work will be complete by May 2021.</p> <p>At this point operations will engage with colleagues from programme and Learning &amp; Development to review if support in providing guidance or Learning &amp; Development packages is required.</p> <p>It is our intention to have any such support in place by October 2021.</p>	Oct 21
3	<b>Issue: Processes and Controls</b>	Action should be taken to ensure processes and controls	H	[Redacted]	

	<p>We identified weaknesses in relation to processes, system functionality and controls. [Redacted].</p> <p>Areas highlighted include:</p> <ul style="list-style-type: none"> <li>• [Redacted];</li> <li>• Processes for managing approval work queues and recording of approval of cases subject to the approval easement;</li> <li>• [Redacted];</li> <li>• Processes for rejected approvals;</li> <li>• Reliability of recent work activity dashboards in SPM</li> <li>• Recording of evidence of HMRC checks; and</li> <li>• [Redacted].</li> </ul>	<p>are sufficient to minimise risk of error or fraud. This includes action to:</p> <ul style="list-style-type: none"> <li>• [Redacted];</li> <li>• establish sufficient SPM filtering and task management functionality to address the difficulties of filtering tasks.</li> <li>• review workarounds in place for management of approvals and rejection of approvals to consider whether system functionality could prevent workarounds.</li> <li>• Consider the use of SPM functionality to retain a robust audit trail of cases subject to easement of</li> </ul>		<p>[Redacted]</p> <p>Current easement of approval checks is a short term tactical measure which was not within the programme design for launch. Manual lists are being kept of any applications subject to the easement and spot checks conducted.</p> <p>If further discussion results in an ongoing agreement on easements Operations will make a request to programme colleagues for a functionality within SPM.</p> <p>Spreadsheet records relating to HMRC checks are retained and a note if the date checked recorded in notes.</p> <p>There are existing segregation of duties to prevent approvers submitting product delivery cases for approval and approving it, [Redacted]</p>	Nov 21
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	<p><b>Risk:</b></p> <p>An inability to effectively administer Scottish Child Payment applications due to insufficient system controls and functionality and a need for manual workarounds leading to delays in processing of applications and increased risk of fraud, error or data loss.</p>	<p>approval checks and ability to distinguish between cases which have been subject to the easement should these cases be selected for review.</p> <ul style="list-style-type: none"> <li>• [Redacted].</li> <li>• strengthen processes relating to HMRC checks. Where possible this should be automated, but as a minimum the spreadsheet records should be retained and a note of the date of check recorded in the case which would allow for the approver, or anyone else reviewing the case, to refer back to the evidence.</li> <li>• [Redacted].</li> </ul>		<p>Support has been provided to Client Advisors by way of walk throughs and demonstrations on applying evidences – the guidance is in place to support this. Integrated Case Guidance will also be provided in July in a systems release across Low Income Benefits.</p> <p>In addition Operations have been working closely with programme colleagues who have confirmed the following;</p> <p>Segregation of Duties sits within SPM' Epic, which is in its 'Discovery' phase on the SPM.</p> <p>There are currently two Epics on the SPM Cross Cutting development backlog to address limitations in the existing bereavement process.</p> <p>Requirements will be added to Epic SCCP-27 'Applications &amp; Validation of Evidence to ensure</p>	
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				<p>checks are in place to ensure validity of applications (Part 1)'</p> <p>[Redacted].</p> <p>Agency Live Service team will review filtering and task management within SPM. Agency Live Service has also commenced discussion in relation to issues around automation and information pulling through for approving These will be prioritised and investigated against all other work any timeframe is based on the totality of the broader Agency priorities across the systems and services.</p>	
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					June 21
4	<b>Issue: Compliance Testing</b> From sample testing we identified a number of issues of non-compliance in relation to: <ul style="list-style-type: none"> <li>• [Redacted];</li> <li>• Client Advisors not updating the Integrated Case with the incoming evidence;</li> <li>• inconsistent notes being recorded to explain any actions taken or decisions made;</li> <li>• Client Advisors not using the most recent case</li> </ul>	a) Management should ascertain if there are any trends in reasons for cases being rejected at approval stage.  b) Based on any trends identified from the above review and the points raised from our findings, guidance should be reviewed to ensure it is sufficient and take action to enhance the guidance where necessary.	M	<b>A, b &amp; d)</b> Given the stage of Scottish Child Payment management monitor the performance and provide feedback to Client Advisors to continue to build knowledge and skills. This leads to further coaching and training.  A checklist was issued to approvers and was shared with all Client Advisors to help improve errors. Feedback is given to prevent further re-occurrence of same non –compliance  <b>c)</b> Further training for Integrated Case work was included in a two day Scottish Child Payment Routeway. There was still a requirement for further intermediate and more complex cases, programme	Oct 21



	<p>evidence and not updating benefit amounts.</p> <ul style="list-style-type: none"> <li>Cases being rejected at approval stage due to approvers identifying issues of non-compliance.</li> </ul> <p><b>Risk:</b> Ineffective training for staff and poor communication of guidance and processes leading to lack of staff knowledge and an inability to deliver benefits accurately resulting in poor quality, diminished service levels and reputational damage.</p>	<p>c) Further training should also be considered, where gaps or weaknesses are identified.</p> <p>d) Client Advisors should be reminded of the need to comply with guidance and follow the correct processes. Where they are unsure of the action to take they should ask for support.</p> <p>e) Management should confirm there are sufficient processes in place to identify any tasks or applications open for long periods of time and ensure</p>		<p>developed demonstrations for Client Advisors to support.</p> <p>A workshop with representative colleagues was held to upskill on Integrated Case with evidence.</p> <p><b>e)</b> Management monitor applications open for a long time. A case tracker log is in place for management to monitor and decide if this is for an appropriate reason.</p>	
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		steps taken to address outstanding actions.			
5	<p><b>Issue: Management Information Management</b></p> <p>No real time Management Information is available and production of current management information is manual and labour intensive.</p> <p><b>Risk:</b></p> <p>Insufficient, inaccurate and out of date management information relating to Scottish Child Payment applications, leading and inability to monitor activity, take remedial action where and administer Scottish Child Payment effectively.</p>	<p>Management should review current arrangements for collation of management information and ensure where possible the most efficient and effective methods through automated tools and functionality are implemented.</p>	M	<p>Operations have been advised that a new visualisation tool – Microsoft Power BI – has been approved for implementation in February 2021, this will reduce the manual process. An implementation plan is currently under development.</p> <p>Real time Management Information will be achieved by two tools are currently being implemented – Business Intelligence Reporting Tool (BIRT) and Curram Operational Information Tool (COIT). Both of these tools sit within the SPM. BIRT is on track to deploy its first reports on May 18<sup>th</sup> 2021.</p> <p>COIT Proof of Concept went live in February 2021. This was as a minimum viable product with many requirements sitting within the SPM Cross Cutting development backlog but, due to higher priorities for the CDP National release, further development is</p>	

				<p>not 'in-plan' currently. Currently only Team Managers can access.</p> <p>Operations will work with report owners to understand how they can be used provide real time management information, when they are operational however no dates are available at this time.</p>	
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# Internal Audit Report

## Social Security Scotland 2020-21

**Wave 2 Benefit In-Depth Review**  
**Child Winter Heating Assistance**

**Directorate of Internal Audit  
and Assurance**

Report Issue Date: 20-04-2021

**Wave 2 Benefit In-Depth Review - Child Winter Heating Assistance**

<b>Assurance Category</b>	<b>Reasonable</b>
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<b>Recommendations Profile</b>	<b>2 High</b>	<b>1 Medium</b>	<b>3 Low</b>
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**Audit Information**

Senior Internal Audit Manager:	[Redacted]
Internal Audit Manager:	[Redacted]
Internal Audit Technician:	[Redacted]
Date of fieldwork:	16 February – 16 March 2021
Issue date of draft report:	29 <sup>th</sup> March 2021
Issue date of final report:	20 <sup>th</sup> April 2021

**Report Distribution**

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\*Final Report only\*

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## 1. **Executive Summary**

- 1.1. We have provided an overall **reasonable** assurance opinion, which means we believe that the controls in relation to Child Winter Heating Assistance are adequate however some improvements are required to enhance the adequacy and effectiveness of processes and controls.
- 1.2. See **Annex L** for a full explanation of our assurance and recommendation categories.
- 1.3. Our review identified two high, one medium and three low priority recommendations.

We have summarised below the key examples of good practice and improvement opportunities.

### **Good Practice Examples**

- 1.4. There has been a comprehensive lessons learned exercise undertaken following launch of the benefit. A wide range of teams from across Social Security Scotland were involved in the process, with evidence of this being fed back to others within Social Security Scotland and Social Security Directorate so lessons can be considered for future benefits.
- 1.5. There is clear segregation of duties in place throughout the process for processing and approving Child Winter Heating Assistance cases on SPM.
- 1.6. Although there has only been a couple of cases to date, the Payment Exceptions Team have processes in place for dealing with payment queries and handling these when a requirement for a Payment Exception case is identified.

- 1.7. During fieldwork we selected a sample of 15 exception queue cases to ensure eligible requirements were followed. We found no issues during the testing, all cases had been processed in line with guidance and met eligibility requirements.

### **Improvement Opportunities**

- 1.8. There is guidance available on Knowledge Hub for Client Advisors relating to Child Winter Heating Assistance. Our fieldwork looked at the telephony requirements that were in place during the launch of Child Winter Heating Assistance and we found them to be effective.
- 1.9. However from discussions it was noted that there were some gaps in the guidance available. It was identified that two issues arose during the processing of Child Winter Heating Assistance. One related to where the child's carer changed and on DWP processing this change the benefit in receipt, on which eligibility for Child Winter Heating Assistance is based, was backdated to the qualifying period. This meant that the new carer was eligible to receive the payment and action was required to ensure payment was made to the correct recipient. The second issue related to the data upload from DWP. It was advised an issue occurred which resulted in some payments being made to the wrong bank accounts. It was confirmed action is being taken to deal with both situations which have arisen, however it was highlighted that there is no supporting guidance to ensure correct actions are taken and all cases are dealt with effectively and consistently.

### **Please See Recommendation 1**

- 1.10. There is no available guidance or specific training for Team Managers and Performance Managers in relation to Child Winter Heating Assistance. It was also noted that the roles have continuously evolved as Social Security Scotland has grown and new benefits have launched however the responsibilities of these roles have never been clearly defined and there is



an increased risk that individuals in these roles may develop inconsistent and ineffective approaches to delivery and staff management are not clear and have continuously evolved as Social Security Scotland has grown and new benefits have launched.

**Please See Recommendation 2**

- 1.11. Guidance for clients is available online. Where a client was found to be ineligible and did not receive Child Winter Heating Assistance, if the client wishes for Social Security Scotland to 'look at the decision again' the online guidance provides a link to further information. However, when following this link, although there is a dedicated contact number given for Best Start Grants, Young Carer Grant, Scottish Child Payment and Funeral Support Payment and a further link to a dedicated page for all other UK benefits, there is no mention of the process clients should take if they wish to query if they are eligible or not for Child Winter Heating Assistance. Whilst it is acknowledged that clients receive a Redetermination Form alongside their Award Letter, it is our opinion that there is an increased risk that clients may be unaware of the process to follow to raise a request for their case to be reviewed due to the lack of online guidance in the link given, which may deter clients from taking such action.

**Please See Recommendation 3**

- 1.12. During our fieldwork we found that there is no skills matrix in place for staff working on Child Winter Heating Assistance. As such we feel there is an increased risk that not all staff may have the required skills and training for the role they are undertaking.

**Please See Recommendation 4**

- 1.13. Daily and weekly team meetings are in place for all the team working on Child Winter Heating Assistance. However there is limited formal evidence of these meetings and of the information being distributed to the team.

- 1.14. Whilst it is accepted that formal meeting minutes and agendas are not necessary, notes of meeting discussions, points agreed and actions to be completed should be documented, shared with relevant colleagues and retained for reference for future meetings.

**Please See Recommendation 5**

- 1.15. During the walkthrough process with the Client Advisors it was noted that there was no option for a Child Winter Heating Assistance client to use the document upload function on SPM. This was also raised during the walkthrough with the Operations Lead. Evidence was provided that shows the use of this function was requested prior to the launch of the benefit, however it was advised that there was insufficient development time prior to launch to allow this to be delivered.

- 1.16. The option to use this function would be beneficial for both the client and the Child Winter Heating Assistance team to save time and resource requesting and sending evidence. This was most noted during the process when looking at issue and receipt of Appointee Forms for clients.

**Please See Recommendation 6**

## **2. Introduction**

- 2.1. This internal audit review of Child Winter Heating Assistance arrangements formed part of the Audit Plan agreed by the Accountable Officer and noted by the Audit and Risk 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 Social Security Scotland's delivery of Child Winter Heating Assistance.
- 2.3. The remit items and key risks were:

### **Remit Item 1 – Policies, procedures and guidance**

- 2.4. To review policies, procedures and guidance in relation to Child Winter Heating Assistance to confirm that these are sufficient to support delivery of the benefit payments consistently and effectively.

#### **Key Risks:**

- A failure to establish timely 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.
- Ineffective resourcing leading to the inability to process the benefit resulting in possibility that payments will not be administered correctly resulting in delays in payments being made.

## **Remit Item 2 – Processes and Controls**

- 2.5. To assess the processes and controls in place for the administration of Child Winter Heating Assistance 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:
  - Child Winter Heating Assistance being paid to individuals who are not eligible.
  - Child Winter Heating Assistance not being paid to individuals who are eligible.
  - Incorrect amounts being paid to recipients.
  - Delays in payments being made due to late receipt of data download of recipient information from DWP.
- Processes and controls being circumvented leading to instances of fraud or error.
- Processes and controls requiring manual workaround 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 Child Winter Heating Assistance.
- An inability to identify instances of error and non-compliance which could result in fraudulent or erroneous payments being made.

### 3. Action Plan

No	Issue / Risk(s)	Recommendation	Priority (H/M/L)	Management Response / Action Owner	Action Due
1	<p><b>Issue</b></p> <p><u>Gaps in Guidance</u></p> <p>There are some gaps in the guidance available including guidance for instances where the child's carer changes and the qualifying benefit is backdated to the qualifying period and guidance for when payments are made to incorrect bank accounts. As such there is no supporting guidance to ensure correct actions are taken and all cases are dealt with effectively and consistently.</p> <p><b>Risk</b></p>	Management should review guidance and training for Child Winter Heating Assistance to address gaps and weaknesses identified.	H	<p><b>Action Owner:</b></p> <p>Head of Operations (Wave 1 &amp; Live Running)</p> <p><b>Management Response:</b></p> <p>Operations continue to work with programme colleagues to review gaps identified in guidance. Resource has been allocated to commence updating/adding guidance from May 2021.</p> <p>Guidance updates are contained within the Information Knowledge Management hub. Clients Advisors are aware of this and should consult this on an ongoing basis.</p>	Oct 21

	Ineffective training for staff and poor communication of guidance and processes leading to lack of staff knowledge and an inability to deliver benefits accurately resulting in poor quality, diminished service levels and reputational damage.			<p>Work by the Agency Live Service team is ongoing to evolve the Information Knowledge Management hub. Resource has been recruited to work in this area.</p> <p>Attention would be drawn to any changes or important updates via communication from Team Managers and the Operations Daily bulletin.</p>	
2	<p><b>Issue</b></p> <p><u>Role Definitions, Guidance and Training</u></p> <p>There is no available guidance for Team Managers or Performance Managers in relation to Child Winter Heating Assistance – responsibilities of these roles are not clear and have continuously evolved as Social</p>	<p>Management should ensure that there are appropriate job role definitions, guidance and training which support staff in these roles to deliver their responsibilities effectively, efficiently and consistently.</p> <p>Suitable guidance should be developed to support Team</p>	H	<p><b>Action Owner:</b></p> <p>Head of Operations (Wave 1 &amp; Live Running)</p> <p><b>Management Response:</b></p> <p><b>Operations</b></p> <p>In the absence of role definitions/responsibilities being available for launching benefits, Operations are currently writing draft role descriptions &amp;</p>	Sept 21

	<p>Security Scotland has grown and new benefits have launched.</p> <p>There is also no additional bespoke learning and development materials or sessions for these roles. The initial induction and benefit specific training being offered to the same degree as Client Advisor induction/training.</p> <p><b>Risk</b></p> <p>A failure to establish policies, procedures, guidance and training for all roles could result in an inconsistent or ineffective approach to delivery and staff management.</p>	<p>Managers, Performance Managers and any other roles beyond Client Advisors, enabling consistent, effective and efficient delivery of their objectives. Appropriate training to supplement this guidance should also be put in place where necessary.</p>		<p>responsibilities. This work will be complete by May 2021.</p> <p>At this point operations will engage with colleagues from programme and Learning &amp; Development to review and support in providing guidance or Learning &amp; Development packages is required.</p> <p>It is our intention to have any such support in place by September 2021.</p>	
3	<p><b>Issue</b></p> <p><u>Client awareness of redetermination and appeals process</u></p>	<p>Management should consider if the guidance available to clients on the process of</p>	L	<p><b>Action Owner:</b></p> <p>Head of Operations (Wave 1 &amp; Live Running)</p>	Sept 21

	<p>A link to information on how to request a review or redetermination is given in the online guidance, however this provides guidance specific to other benefits Social Security Scotland delivers, but does not make reference to Child Winter Heating Assistance.</p> <p><b>Risk</b></p> <p>A failure to have a robust and clear process in place when communicating with clients could lead to client uncertainty resulting in poor diminished service levels and reputational damage.</p>	looking at decisions again should be strengthened with clear reference made to all relevant benefits.		<p><b>Management Response:</b></p> <p>Operations will consult with Live Services Team to request redetermination and appeals guidance is published for clients in line with other live benefits.</p> <p>Information regarding challenging a decision is included in the decision letter sent to clients.</p> <p>Clients can also use the current low income benefits generic Redetermination form if they wish to challenge their decision, included in the decision letter and found online.</p>	
4	<p><b>Issue</b></p> <p><u>Training and Development</u></p> <p>During our fieldwork we found that there is no skills matrix in place for</p>	Management should produce a skills matrix for all staff working on Child Winter Heating Assistance. This will highlight	L	<p><b>Action Owner:</b></p> <p>Head of Operations (Wave 1 &amp; Live Running)</p>	Sept 2021



	<p>staff working on Child Winter Heating Assistance.</p> <p><b>Risk</b></p> <p>Ineffective continuous training for staff could lead to lack of staff knowledge and an inability to deliver benefits resulting in poor quality and diminished service levels, financial loss and reputational damage.</p>	<p>both mandatory and recommended training for staff as well as recording who has completed what and provide an overview of staff strengths and areas where further additional training or development is required.</p>		<p><b>Management Response:</b></p> <p><b>Operations</b></p> <p>The need for an Operations wide Skills Matrix has been identified. Currently Client Advisors complete a route way induction programme which covers mandatory training. Learning &amp; Development hold records of who has completed this training and provide a handover to line Managers within Operations.</p> <p>Due to interfaces with Scottish Government systems it is not possible to access reports on e-learning mandatory training completed easily. However there will be a new Social Security Scotland system launching in June allowing training logs to be available going for future training.</p>	
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				Resource is currently being recruited, as part of an Operations Support Service, to create and maintain an Operations Skills Matrix.	
5	<p><b>Issue</b></p> <p><u>Staff Communication</u></p> <p>Daily and weekly team meetings are in place for all the team working on Child Winter Heating Assistance. However there is limited formal evidence of these meetings and of the information being distributed to the team.</p> <p>Whilst it is accepted that formal meeting minutes and agendas are not necessary, notes of meeting discussions, points agreed and actions to be completed should be</p>	<p>It is recommended, as best practice, that items discussed, decisions made and actions agreed at team meetings be recorded. This will ensure that key information is available to members of the team through eRDM for reference and to maintain a record of discussion.</p>	L	<p><b>Action Owner:</b></p> <p>Head of Operations (Wave 1 &amp; Live Running)</p> <p><b>Management Response:</b></p> <p><b>Operations</b></p> <p>Erdm folders will be put in place by cluster or benefit across Live Operations to allow Client Advisors to consult and review communication from Team Managers or be sign posted to guidance updates.</p>	July 21

	<p>documented, shared with relevant colleagues and retained for reference for future meetings.</p> <p><b>Risk</b></p> <p>Agreed actions may not be implemented and those not able to attend the meeting may not be advised of information relevant to their role.</p>			Decision logs can be stored for reference.	
6	<p><b>Issue</b></p> <p><u>Document Upload Function</u></p> <p>There was no option for Child Winter Heating Assistance clients to use the SPM document upload function. Such functionality would be beneficial making the process for requesting and submitting evidence more efficient. In particular this would improve the process for issue</p>	<p>Management should ensure the use of the document upload function on SPM is implemented for the benefit going forward.</p>	M	<p><b>Action Owner:</b></p> <p>Head of Operations (Wave 1 &amp; Live Running)</p> <p><b>Management Response:</b></p> <p>Operations understand the regulations will be change in 2021 (predicted October) were there will be no requirement to send a declaration to appointees. This will resolve the need</p>	Nov 21

	<p>and receipt of client Appointee Forms.</p> <p><b>Risk</b> A failure to have a robust process in place could lead to an inconsistent or ineffective approach to delivery.</p>			<p>for a document upload function and the issues identified.</p> <p>However there are ongoing discussion between Operations and programme colleagues that this functionality should still be included for Child Winter Heating allowance, in line with other live benefits and in case of future changes or requirements.</p>	
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# Internal Audit Report

## Social Security Scotland 2020-21

**Review of People Advice and Health and Safety**

**Directorate of Internal Audit  
and Assurance**

Report Issue Date: 5-05-2021

**Review of People Advice and Health and Safety**

<b>Assurance Category</b>	<b>Reasonable</b>
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<b>Recommendations Profile</b>	<b>1 High</b>	<b>1 Medium</b>	<b>3 Low</b>
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**Audit Information**

Senior Internal Audit Manager:	[Redacted]
Internal Audit Manager:	[Redacted]
Internal Auditor(s):	[Redacted]
Date of fieldwork:	25 02 – 24 03 2021
Issue date of draft report:	1 April 2021
Issue date of final report:	05 May 2021

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\*Final Report only

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## 1. **Executive Summary**

- 1.1. We have provided an overall **Reasonable** assurance opinion, which means that there are weaknesses in the risk, governance and control arrangements in place, but not of a significant nature.
- 1.2. See [Annex L](#) for a full explanation of our assurance and recommendation categories.
- 1.3. As a result of our review we have identified one high, one medium and three low priority recommendations. Most of the recommendations highlight best practice and it is hoped that through implementation of all recommendations, Social Security Scotland will be able to strengthen existing arrangements.
- 1.4. It is important to highlight that at the time of the audit fieldwork there had recently been staff movement within the Health and Safety Team and the Senior Health and Safety Manager had only just taken up their post with Social Security Scotland.
- 1.5. We have summarised below the key examples of good practice and improvement opportunities.

### **Good Practice Examples**

- 1.6. A Memorandum of Understanding between Social Security Scotland and the Scottish Government People Directorate is in place and in the process of being updated to reflect current working arrangements.
- 1.7. Roles and Responsibilities of the People Advice and Support Team and the services the team provides are clearly set out in power point presentations.



- 1.8. People Advice and Support Team risks are monitored through an established Risk Register which is in line with Scottish Government best practice guidance. We note that the copy provided to audit has been updated to reflect current situation.
- 1.9. Social Security Scotland aligns its Human Resources policies with those of the Scottish Government. The People Advice and Support Team have added to these policies and procedures to include some elements of best practice to support managers, finer detail of Social Security Scotland aims and values and to incorporate Social Security Scotland's branding.
- 1.10. The People Advice and Support Team deliver a number of sessions to Social Security Scotland staff that include: People Advice Sessions for Operational Managers, Resilience Sessions, Bullying and Harassments sessions, Quality Monthly Conversation Sessions. A Wellbeing calendar of events has been established and visual aids, including coloured charts and graphs are used in materials produced by the People Advice and Support Team to aid accessibility and understanding.
- 1.11. Members of the People Advice and Support Team undertook advanced Microsoft Excel training. This has led to improvement of processes such as the introduction of dashboards in their existing casework spreadsheet tracker.
- 1.12. The People Advice and Support Team record all key current and planned projects on a Work Plan. This is a comprehensive document with projects colour coded to highlight the project owner, due dates, priority levels and links to eRDM action plans along with a section for comments. We note that this tracker is positive in assurance terms and we confirm that weaknesses in relation to skills matrix analysis, lessons learned and performance measures identified during our review were already included on the tracker, with evidence of actions to progress and timescales for delivery noted.

- 1.13. Regular meetings between the People Advice and Support Team with Scottish Government Policy team and with Trade Unions are taking place, which helps ensure that performance is discussed and evaluated on a regular basis and issues highlighted to the senior management.
- 1.14. The Health and Safety policy statement sets the tone at the top and shows the commitment of the Chief Executive towards Health and Safety in Social Security Scotland.
- 1.15. The Health and Safety team introduced a number of thorough risk assessments, checklists and health and safety procedures in response to Covid-19.
- 1.16. The Health and Safety job descriptions, currently being developed, contain requirements for health and safety qualifications and adequate work experience that will help ensure that Social Security Scotland has the professional qualifications/ expertise needed. Both teams expressed interest in taking on a modern apprentice/trainee and upskill their workforce internally.

### **Areas for Improvement**

#### Awareness of People Advice and Support and Health and Safety Roles and Responsibilities

- 1.17. We are aware that Client Advisors in Operations are provided with an introduction to the People Advice and Support Team. However this is not provided to all new staff and we were not aware of details of the Health and Safety team being highlighted through this means. As such management should ensure that all new staff joining Social Security Scotland are provided with an overview of the services on offer and similarly to make them aware of their roles and responsibilities, particularly in relation to health and safety.  
(Recommendation 1)

- 1.18. There are programmes for Induction and Training for line managers which capture line manager responsibilities for People Advice and Health and Safety. There are however gaps where staff promoted internally or staff that join Social Security Scotland from Scottish Government may not be provided the usual induction to line management roles and responsibilities. These arrangements should be reviewed and consideration should also be given to whether training for new line managers should be made mandatory. (Recommendation 1)

#### Document Controls

- 1.19. From review of guidance documents (including policy statements, guidelines, policies and procedures, strategies, etc) for both teams it was noted that there was little evidence of version control in place. Both teams should consider including document controls which would allow for audit trail of changes and for evidence of a review documents. (Recommendation 2)

#### Staff Skills and Knowledge

- 1.20. The People Advice and Support Team have initiated a skills matrix exercise, however, this is still in development and not currently used to identify skills and knowledge of current team and any gaps or development needs. With regards to the Health and Safety Team, due to the infancy of this team no similar skills matrix is in place. It is recommended that both teams progress with development of skills matrices for their teams and utilise these to ensure that the required skills and knowledge are available and to allow them to take action where gaps are identified. (Recommendation 3)

#### Health and Safety Arrangements

- 1.21. As noted in the Executive summary, the Senior Health and Safety Manager has only recently joined Social Security Scotland. From discussion it was understood that the Senior Health and Safety Manager is clear on the direction she wishes to take Social Security Scotland's Health and Safety arrangements. However it is also noted that there is a significant amount of work needed. There is currently no documented plan of action for taking this forward, which is primarily due to the Senior Health and Safety Manager not yet having the time in post to analyse the current arrangements in order to inform such a plan. As such it is recommended that the Health and Safety team undertake appropriate analysis and establish a Work Plan / Action Tracker detailing all of the key projects to be undertaken. Such a document will assist with ensuring a pragmatic approach to development is taken and allow for ongoing monitoring of progress and dependencies.  
(Recommendation 4)
- 1.22. The Health and Safety team is not fully staffed to allow for effective ways of working. We note that this was highlighted as a priority by the Senior Health and Safety Manager and work has already been undertaken to determine resource needed. Action to address vacancies identified should be continued as a priority to ensure Social Security Scotland has in place the Health and Safety staff resources needed to operate effectively. (Recommendation 4)
- 1.23. Whilst it is noted that the Health and Safety Policies and Procedure document contains a great overview of current health and safety arrangements within Social Security Scotland, this document is still in draft form and yet to be finalised and published. It was also noted that the Health and Safety Teams Operational Risk Register did not demonstrate that it was subject to recent review and update. (Recommendation 4)
- 1.24. It was noted that a Health and Safety Committee was established, which is good practice, however there was no evidence provided to demonstrate that this committee is in operation and delivering as planned in its terms of

reference. It was advised this was partly due to challenges in ensuring appropriate representation on the Committee and also due to the infancy of the organisation at the time when the Committee was set up. The team has been working through the Partnership Committee but it was recognised that it would now be appropriate for the Health and Safety Committee to be re-established and, as part of this, the Terms of Reference for the committee reviewed. (Recommendation 4)

- 1.25. We were not provided with any reports produced by the Health and Safety team for the Social Security Scotland Executive Team or other scrutiny bodies. We expected there to be reports providing detail in relation to Social Security Scotland compliance with health and safety requirements, details of any significant health and safety incidents and an annual report, etc. We also sought evidence of relevant management information and performance reporting in relation to the Health and Safety team but again no evidence was available for review. As such we cannot confirm there are adequate arrangements in place for effective of management oversight and scrutiny. (Recommendation 4)

#### Systems and tools

- 1.26. Both teams should review the adequacy of current systems and tools in place to support delivery and evaluate whether these are fit for purpose. During fieldwork both teams recognised that the system currently used, Microsoft Excel, has limited functionality. Relying on excel spreadsheets also comes with risk of manual input which is time consuming and which is closely linked to a risk of human error. The information that can be pulled from the trackers / spreadsheets is not easy to generate reports and identify trends. (Recommendation 5)

## 2. **Introduction**

- 2.1. This review was added to the 2020/21 Internal Audit Plan following discussions with key staff. Changes made to the original plan were agreed by the Accountable Officer and noted by members of the Audit and Assurance Committee in February 2021. The review was added to the plan due to the impact of Covid-19 which resulted in a change in timescales for the launch of new benefits which meant scheduled audits were removed from the audit plan. A review of the risk register and key priorities highlighted that People Advice/Health and Safety was an area of priority for Social Security Scotland.
- 2.2. This review considered current arrangements in place in relation to Social Security Scotland People Advice and Health and Safety in order to provide assurance over effectiveness of the processes, systems and controls in place. Particular focus was given to staff wellbeing and Social Security Scotland's welfare response including how the organisation responded to requests for reasonable adjustments.
- 2.3. Advisory work on the effectiveness of controls for Social Security Scotland's preparation for the return to office was carried out by Internal Audit in September 2020 and feedback was provided on the interim arrangements in place. As a result this audit did not cover this aspect in detail to avoid duplication of work.
- 2.4. We met with **[Redacted]**, Head of People Policy, Advice & Wellbeing , **[Redacted]**, Head of People Services, **[Redacted]**, Health & Safety Advisor, and **[Redacted]**, Senior People Advice & Support Manager, on Wednesday 16th December 2020 to undertake the planning for this review.
- 2.5. Our key risks below were developed through the above discussion and our knowledge of Social Security Scotland and its objectives.

## **Scope**

2.6. The Scope of this review was to evaluate and report on the controls in place to manage the risks surrounding people advice and staff health and safety.

2.7. The remit items and key risks, which were considered as part of this review were:

### **2.8. Remit Item 1 - Roles, Responsibilities, Policies and Guidance**

To review roles, responsibilities, policies and guidance in place in relation to people advice and staff health and safety to confirm that these are sufficient to provide support to all staff.

#### *Key Risks:*

- Staff not aware of their roles and responsibilities in relation to people advice and supporting staff wellbeing and health and safety.
- People and Advice and Health and Safety teams do not have sufficient capacity to meet the needs of Social Security Scotland.
- Inconsistent or ineffective approach to supporting staff wellbeing resulting in a negative impact on culture and staff morale due to:
  - Lack of appropriate policies, procedures and guidance
  - Insufficient or ineffective training for those with people advice/health and safety responsibilities for their staff.
  - Lack of senior management oversight and buy-in.

### **2.9. Remit Item 2 - Delivery of People Advice**

To review the arrangements established for delivery of people advice. This includes consideration of the support and advice available to staff, how this can be accessed and monitoring of uptake and effectiveness.

*Key Risks:*

- An inability for staff to effectively undertake their work leading to an inability for Social security Scotland to deliver benefits and achieve its strategic objectives. This relates to both current staff and those new staff being onboarded.
- People advice and support arrangements not being sufficient to meet the needs of Social Security Scotland's workforce both in terms of staff being able to access the service and also receive the support needed.
- Inability to understand the effectiveness of the current people advice services due to insufficient arrangements to measure staff uptake of the service and success of arrangements in place to provide support.
- Inability to achieve continuous improvement due to not reviewing current arrangements, obtaining feedback from staff, learning lessons and considering best practice approaches undertaken by other organisations.

**2.10. Remit Item 3 - Delivery of Health and Safety arising from current working arrangement**

To review the arrangements for staff health and safety, both in relation to staff currently working from home and also those staff that have returned to or continued to work from Social Security Scotland's offices.

*Key Risks:*

- Staff members are put at risk due to ineffective or insufficient arrangements to assess the health and safety of current work environments.
- An inability to protect staff due to poor health and safety working practices
- Inconsistent approach to health and safety due to insufficient or ineffective communication with staff and management
- Lack of management oversight and ability to ensure compliance with health and safety requirements
- Insufficient arrangements for continuous improvement and ensure lessons are learnt and best practice is applied where appropriate.



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## Approach

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- 2.10. We undertook the audit in compliance with the Internal Audit Charter and Memorandum of Understanding agreed between Internal Audit and Social Security Scotland.
- 2.11. 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.
- 2.12. To ascertain the controls in place, we interviewed key contacts involved in People Advice and Support and Health and Safety, we reviewed relevant documentation on processes provided by Social Security Scotland Staff and we reviewed guidance available on Saltire and on the Scottish Government website.
- 2.13. 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.
- 2.14. We are grateful for the co-operation received from all managers and staff involved in the process.

### 3. Action Plan

No	Issue / Risk(s)	Recommendation	Priority (H/M/L)	Management Response / Action Owner	Action Due
1	<p><u>Awareness of People Advice and Support and Health and Safety Roles and Responsibilities</u></p> <p><b>Issue:</b></p> <p>The introduction to the People Advice and Support Team provided to Client Advisors is not provided to all new staff in other areas of the organisation, and we were not aware of details of the Health and Safety team being highlighted through this means.</p> <p>Similarly, staff promoted internally or joining from the Scottish Government may not be provided the usual induction to line management roles and responsibilities in</p>	<p>a) Management should ensure arrangements are in place to provide all new staff joining Social Security Scotland with an overview of the services on offer and make them aware of their roles and responsibilities, particularly in relation to health and safety.</p> <p>b) Existing training requirements for new line managers in Social Security Scotland should be reviewed and consideration should be given to whether</p>	M	<p>Learning &amp; Development have confirmed that the induction package is currently only provided to Operational staff.</p> <p>This is a known gap for Learning and Development, and work is underway to determine what induction might be provided to non-operational staff. In the meantime, People Advice and Support will commission a monthly workshop to describe and introduce the services we offer to non-operational staff, including those who have transferred from other</p>	[Redacted] July 2021

	<p>relation to People Advice and Health and Safety.</p> <p><b>Risk:</b></p> <p>Staff not aware of their roles and responsibilities in relation to people advice and supporting staff wellbeing and health and safety.</p>	<p>training for new line managers should be made mandatory.</p>		<p>Government Departments which will be advertised on events online.</p>	
2	<p><u>Document controls</u></p> <p><b>Issue:</b></p> <p>Guidance documents reviewed as part of this review (policy statements, guidelines, policies and procedures, strategies, etc) did not contain document controls such as details of version numbers, updates details and review dates.</p> <p><b>Risk:</b></p> <p>Lack of document controls leads to inconsistent and uncontrolled approach to</p>	<p>Management should consider if guidance documents should include document controls which would allow for audit trail of changes and evidence of review.</p>	L	<p>Agreed. We will introduce document control within our ERDM documentation.</p>	<p><b>[Redacted]</b></p> <p>July 2021</p>

	reviewing and updating key documents, policies and procedures and to the inability to evidence review.				
3	<p><u>Staff Skills and Knowledge</u> <b>Issue:</b></p> <p>The People Advice and Support Team have initiated a skills matrix exercise, however, this is still in development and not currently used to identify skills and knowledge of current team and any gaps or development needs. There is also no similar skills matrix in place for the Health and Safety Team.</p> <p><b>Risk:</b></p> <p>People and Advice and Health and Safety teams do not have sufficient knowledge or expertise to meet the needs of Social Security Scotland.</p>	People Advice and Support and Health and Safety teams to progress with development of skills matrices for their teams and utilise these to ensure that the required skills and knowledge are available and to allow them to take action where gaps are identified.	L	<p>Work has commenced to have all members of the People Advice and support Team undertake the Skills Matrix as part of their Monthly Conversation.</p> <p>5 new People Advisors have undertaken their Skills Matrices which will be used to inform future skills and knowledge needs They will undertake relevant learning and plan to undertake CIPD qualifications.</p> <p>Work will commence on a skills matrix for the Health and Safety team as staff are brought on board</p>	<b>[Redacted]</b> August 2021

				and will form part of their monthly conversations.	
4	<u>Health and Safety Arrangements</u> <b>Issue:</b> a) There is currently no documented plan of action for developing health and safety arrangements in Social Security Scotland. As such there is limited ability to track progress and highlight dependencies.  b) The Health and Safety team is not fully staffed. Action to address vacancies identified should be continued as a priority and ensure Social Security Scotland has in place the Health and Safety staff resources needed to operate effectively.	a) A Health and Safety Work Plan / Action Tracker should be established to help track planning and implementation of all key health and safety projects.  b) Management should continue taking action to address resourcing issues in the Health and Safety Team.  c) The Health and Safety Policies and Procedures document should be finalised and signed off.  d) The Health and Safety teams' Operational Risk Register should	H	a) People Services have shared the workplan tracker with the Health & Safety team and it will be populated in line with the wider Health and Safety review being undertaken.  b) Resources have been set aside to establish a Health and Safety team made up of professionals at different levels. Three posts are currently being advertised with interviews to be held in May 2021.  c) The Health and Safety policies and procedures document will be reviewed and amended in line with	<b>[Redacted]</b>  a) May 2021  b) Sept 2021  c) April 2022

	<p>c) The Health and Safety Policies and Procedure document is still in draft form and yet to be finalised and published.</p> <p>d) There was no evidence to confirm the Teams Operational Risk Register was subject to recent review and update.</p> <p>e) A Health and Safety Committee was established, however there was no evidence provided to demonstrate that that this committee is in operation and delivering as planned.</p> <p>f) The Health and Safety team do not produce management information, performance or compliance reports for the Social Security Scotland Executive Team or other scrutiny bodies.</p>	<p>be updated to reflect current health and safety risks in Social Security Scotland. This should then be subject to ongoing review and update to ensure it remains current and risks are managed effectively.</p> <p>e) The terms of reference for the Health and Safety Committee should be reviewed to evaluate the importance and adequacy of the Committee. If relevant, the Committee should be re-established.</p> <p>f) Management establish reporting arrangements to enable appropriate scrutiny of activities and ensure compliance with</p>		<p>any changes in legislation as health and safety staff are brought on board. Policies and procedures such as this will be submitted to the Health and Safety Committee as part of consultation with Trade Unions before being finalised.</p> <p>d) The Health and Safety Operational Risk Register is currently under review as part of the wider Health and Safety document review above. The Senior Health and Safety Manager meets monthly with the Risk Management team to discuss health and safety risks that have been identified to date.</p>	<p>d) July 2021</p>
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	<p><b>Risk:</b></p> <p>Social Security Scotland staff members are put at risk due to ineffective or insufficient health and safety arrangements in place because the Health and Safety Team is under resourced and unable to carry out their roles and responsibilities.</p>	<p>health and safety requirements. This should include reports on compliance, incidents, annual reports as well as Management Information and performance reports.</p>		<p>e) The Terms of Reference for the Health and Safety Committee are under review in consultation with the Trade Unions. The current proposal is to hold the first meeting of the new Committee in September 2021.</p> <p>f) A mechanism for such reporting arrangements is under discussion and will be established in line with the set-up of the Health and Safety Committee and review of policies and procedures.</p>	<p>e) September 2021</p> <p>f) Sept 2021</p>
5	<p><u>Systems and Tools</u></p> <p><b>Issue:</b></p> <p>Microsoft Excel is currently utilised for case management. Staff have undertaken training to gain further knowledge and abilities, however the functionality and uses of this</p>	<p>Management should review the adequacy of current systems in place and evaluate whether these are fit for purpose. Based on the outcome of the reviews ensure</p>	L	<p>A review of the adequacy of current systems will be undertaken and consideration will be given to options available to make improvements.</p>	<p>June 2021</p>

	<p>system are limited. Relying on Microsoft Excel also means a reliance on manual input which is resource intensive and increases the risk of human error. it is also highlighted that the information that can be pulled out from trackers is also limited and not easy to generate.</p> <p><b>Risk:</b> Error, inefficient use of resources and reputational damage due to ineffective processes.</p>	<p>appropriate action taken to achieve improvements.</p> <p>Where possible processes and the production of Management Information and reports should be automated.</p>			
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# Internal Audit Report

## Social Security Scotland 2020-21

### Counter Fraud Governance Review

**Directorate of Internal Audit  
and Assurance**

Report Issue Date: 12-05- 2021

**Counter Fraud Governance**

<b>Assurance Category</b>	<b>Reasonable</b>
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<b>Recommendations Profile</b>	<b>1 High</b>	<b>6 Medium</b>	<b>1 Low</b>
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**Audit Information**

Senior Internal Audit Manager:	[Redacted]
Internal Audit Manager:	[Redacted]
Internal Auditor(s):	[Redacted]
Date of fieldwork:	01 March 2021
Issue date of draft report:	29 March 2021
Issue date of final report:	12 May 2021

**Report Distribution**

David Wallace, Chief Executive (Accountable Officer)*
Audit Scotland*
[Redacted], Head of Fraud and Error Resolution
[Redacted], Internal Investigation and Controls Lead
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[Redacted], Fraud & Error Prevention Lead

\*Final Report only\*

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- 1     Executive Summary**
- 2     Introduction**
- 3     Action Plan**

## 1. **Executive Summary**

- 1.1. We have provided an overall **reasonable** assurance opinion, which means we believe that the controls are adequate but require improvement. See Annex L for a full explanation of our assurance and recommendation categories.
- 1.2. It should be noted that we found the governance arrangements and resultant culture within the Fraud and Error Unit to be strong. There is an obvious breadth and depth of experience, knowledge and skills throughout the team with a clear desire to provide a robust counter fraud function, we do however have concerns that unless adequate counter fraud support systems and tools are put in place this will impact and hamper the delivery of that function.
- 1.3. Our review identified 1 high, 6 medium and 1 low recommendations. We have summarised below the key examples of good practice and improvement opportunities.

### 1.4. **Good Practice Examples**

#### Governance

- 1.5. The Fraud Strategy is robust setting out the key objectives and aims to mitigate the threat of fraud. It supports the values of Social Security Scotland and links with the number of legislative requirements and is up to date until 2022. A statutory code of practice is also published setting out powers and standards that the organisation adheres to.
- 1.6. Although the Fraud and Error Unit is still in development, they have been proactive on putting in place policies and procedures which weren't dependent on other areas, such as the Social Security Policy Division, to input. The policies and procedures that have been developed are well documented with process maps, documented management checks with frequencies, risks and responsibilities and supporting guidance aligned to the objectives of the unit.
- 1.7. The Fraud response plan is in the final stage of the sign off process. Although there hasn't been opportunity to test the plan, due to minimal cases being detected, appropriate stakeholders such as People Services and Audit and Risk colleagues were consulted in the drafting of the plan and legal

requirements have been considered. The plan has been proposed to be reviewed annually which would be appropriate given the changes in the landscape of the unit at this point.

- 1.8. Aligned with the Fraud Response Plan, we evidenced sufficient skills and resource such as individuals with specialist knowledge and training to allow them to conduct both internal and external fraud investigations through trained Authorised Officers and investigator roles. This should help ensure that all investigations conform to the same standards and are undertaken in accordance with relevant legislation. A training log also captures the fraud related training across the unit.
- 1.9. The unit have also taken action to ensure staff have appropriate security clearance to allow sufficient access to information.
- 1.10. Effective close working relationships have been established with the Programme and Policy Divisions of the Social Security Directorate, Chief Digital Office and People Services to develop the unit's policies and procedures. The unit is also proactively involved in the development of benefits to ensure consideration of fraud risks and to influence fraud controls from an early stage.
- 1.11. Newly established joint ways of working with DWP went live at the beginning of March 2021 to agree the process of dealing with common interest cases. This allows information to be shared and joint investigation where suitable. Roles and responsibilities are clear in this arrangement, processes are set out in a process map, guidance and an agreed terms of reference between both parties.
- 1.12. Positive steps have also been taken to engage with key stakeholders to enhance the function, this includes considering ways of working with the National Fraud Initiative, HMRC and Local Authorities to share intelligence and becoming part of the Intelligence Sharing Group enabling effective knowledge transfer.

### Structure

- 1.13. The Fraud and Error Unit sit within the Finance and Corporate Services Division of Social Security Scotland. There are clear governance routes to the

Executive Team, the Audit and Assurance Committee and the Executive Advisory Board as well as close working with the Programme Directorate and Chief Digital Office.

- 1.14. The unit have an established structure supported by C band management in each section of the unit and there is a clear vision of where they want to be with a target structure. Best practice steps have been taken to improve the structure by separating the Intelligence Team within the unit, facilitated by the recruitment of an Intelligence Manager, this will be effective from 2021/22.
- 1.15. The unit has capacity in some areas whilst other areas are not yet fully operating, which means staff have been able to provide support across the unit, **[Redacted]**
- 1.16. Long term resourcing of the unit is under way. The modelling for the unit has been difficult **[Redacted]**, however modelling has been compared to DWP headcount and estimates have been confirmed up to Child Disability Payment and further estimates are expected by April to allow recruitment to take place and ensure arrangements are on track to be in place for further disability benefits. There is also opportunity to continuously review.
- 1.17. There are clear objectives across the unit.

#### Fraud Response

- 1.18. A range of well documented detective control checks are being undertaken by the Internal Investigations Team, **t[Redacted]**
- 1.19. All staff have mandatory security, remote working and code of conduct e-learning to complete, the Internal Investigations Team hold a record of training completed and proactively take action to chase completion.
- 1.20. Established internal and external whistleblowing procedures are in place. Reports of fraud can be received via phone call, email, web form or post. There are redirections of telephone calls to Referral Officer's mobiles for remote working the web form links into the current case management system to record reports. There are also documented templates and risk scoring guidance to support these processes. The Internal Investigations Team are currently engaging with mailroom to define processes for post received relating to internal whistleblowing.

- 1.21. Although there hasn't been a high number of external investigations, management checks for these are clearly documented and guidance available on fraud referral and intelligence and evidence team processes which align with the legislative requirements.
- 1.22. A Fraud Champion Network was established in the early stages of Social Security Scotland, supported by an agreed terms of reference, this group made up of around 60 staff members mainly from Operations meets monthly and is used effectively to disseminate examples for fraud and drive best practice.
- 1.23. The Fraud Prevention Team also encourage staff to contact the central fraud mailbox with any potential frauds, although this process is reliant on staff advising them of issues it is good practice that the unit are being proactive in encouraging staff to report fraud.
- 1.24. There is best practice communication across the unit through bulletins on on-going activity and detailed unit induction pack which supports the development of new staff and imbeds the culture and objectives across the unit.
- 1.25. A suitable working environment is required for the unit to operate effectively, the unit have identified a range of accommodation requirements. These requirements have some dependencies, however on-going discussions are progressing with the Accommodation Team to ensure a suitable environment is available for the unit's needs. **[Redacted]**

#### Monitoring and Reporting

- 1.26. There are good risk monitoring procedures in place with the unit maintaining and regularly review two risk registers on unit risks and operational risks. These are restricted to individuals within the team and unit management. The Fraud Prevention Team have clear ownership and control over the identified risks and actions with three Risk Analysis & Control Officers in place to mitigate and raise risks.
- 1.27. An effective action tracker for 2020/21 was developed to track on-going work streams across the unit which is discussed at monthly unit management meetings. Where work streams are not likely to be completed on time action is

taken to add risks to their risk registers. A similar tracker for 2021/22 is in development.

- 1.28. The Fraud and Error Unit effectively report to the Audit and Assurance Committee by presenting a quarterly paper on the level of fraud and update on fraud operations with relevant publications made, this paper has over time developed and fraud have adapted to meet the needs of its members.

1.29. **Improvement Opportunities**

Manual Checks

- 1.30. Established processes to detect internal and external fraud are manual and reliant on human intervention. **[Redacted]**.
- 1.31. **[Redacted]**
- 1.32. **[Redacted]**
- 1.33. **[Redacted]**

Systems

- 1.34. The current fraud case management system is a tactical solution and is not fully functional. The tactical solution was agreed by Social Security Scotland, but the contract is now due for renewal in August 2021 and a decision has not yet been made on who will lead development of a strategic solution and there is no budget or agreed plan. A decision needs to be made on what solution will replace the current system and budget and ownership agreed. The strategic solution must consider the outstanding requirements to ensure a fully functioning fraud case management system is implemented. (see [recommendation two](#))
- 1.35. **[Redacted]**
- 1.36. The development of the visualisation tool hasn't yet considered how to apply basic controls such as access controls, audit trail and segregation of duties. Although it is the Social Security Directorate's responsibility to develop suitable systems and therefore not in the scope of this review, there is a risk that the strategic solution delivered is not fit for fraud needs if these controls are not in place. Management should ensure they influence the development



of fraud solutions to get assurances on the effectiveness of developments.

(see [recommendation three](#))

1.37. **[Redacted]**

1.38. **[Redacted]**

1.39. Further work is planned to ensure a comprehensive fraud service is developed and prioritised as business needs are not yet met.

1.40. **[Redacted]**

1.41. **[Redacted]**

#### Policy Development

1.42. Although the unit is still immature and we wouldn't expect all policies to be developed at this stage, there are a number of key fraud policies in draft or yet to be developed such as a Fraud Enforcement Policy and Decision Making guidance which are reliant on engaging with other parties such as the Social Security Directorate Policy Division and the Scottish Government Legal Directorate to implement.

1.43. **[Redacted]**. We are aware of on-going discussions with the Social Security Directorate Policy Division and the Scottish Government Legal Directorate to address these issues however Social Security Scotland should ensure policies are in place and gaps addressed in a reasonable timescale. (see [recommendation six](#))

#### Management Information

1.44. The unit have a good range of information reported on including number of investigations, outcome of checks, error rates, training and recruitment which is produced by the Fraud Case Management System, however manual work is still required to capture details. Processes to report on near miss fraud is also manually collated and analysed.

1.45. The unit also hope to make use of another management information tool when it is fully functional expected to be introduced and handed over from the Social Security Directorate later this year.

1.46. If the unit identify the need for a new report, they are reliant on approaching the Social Security Directorate to engage with the developers to create a

product and implement, this can take some time and prevents the unit from being reactive or flexible due to the time to implement. Currently the processes for receiving management information isn't efficient and could be improved to enhance the information available and flexibility of reporting. (see [recommendation seven](#))

#### Fraud Awareness Sessions

- 1.47. Fraud prevention awareness sessions take place regularly which are well attended. These are mandatory for Client Advisor and Client Experience roles as part of their package of learning and so have been tailored and prioritised for Client Advisors and Client Experience as they were seen as the biggest risk and provide maximum impact due to the size of teams. There are not sessions available however for wider staff and fraud sessions are not mandatory for other roles. Other roles are also key to highlighting potential fraud therefore the fraud team should ensure other roles also have the knowledge needed and training available. We are however aware that other roles may be a part of the fraud champion network and therefore knowledge is transferred through this forum. (see [recommendation eight](#))

## 2. **Introduction**

- 2.1. This review forms 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 looked at Social Security Scotland's Counter Fraud Governance arrangements and not at the operational activity of the function as this is still in early stages of development. A more detailed review of operational counter fraud activity will be included in future audit plan proposals.
- 2.3. To aid understanding it is important to provide some context and highlight that the counter fraud arrangements within Social Security Scotland are still developing.
- 2.4. Social Security Directorate (Programme) is responsible for developing the policies and designing and building the new Scottish social security services and is delivering the components on an incremental day to day basis through an agile environment. Minimal Viable Products are designed by the Social Security Directorate, in collaboration with Social Security Scotland from early discovery through to transition when Social Security Scotland will be supported to develop these as necessary.
- 2.5. We met with **[Redacted]**, Internal Investigation and Controls Lead, **[Redacted]**, External Investigations Lead and **[Redacted]**, Head of Fraud and Error Resolution, on Thursday 10th December 2020 to undertake planning for this review.
- 2.6. Our key risks developed through the above discussion and our knowledge of Social Security Scotland and its objectives were:
- 2.7. Remit Item 1 – **Governance**
  - Counter Fraud Strategy does not clearly articulate approach to managing fraud risks resulting in lack of ownership, oversight and fraud controls not being aligned to organisational objectives.
  - Reporting at Senior Management/Board level is inadequate resulting in insufficient direction and control over strategy development.

- Lack of effective policies and procedures resulting in internal or external fraud not being identified leading to financial loss and reputational damage.

2.8. Remit Item 2 – **Fraud Response – Internal and External**

- Fraud response plan is not fit for purpose leading to the risk that there are inadequate processes in place for fraud prevention and to deal with allegations of fraud or actions taken are inappropriate resulting in financial loss and/or reputational damage.
- Systems and resources to support the counter fraud strategy are not sufficient or effective resulting in inability to: fulfil strategic objectives; meet legal standards; and/or, provide value for money.

2.9. Remit Item 3 – **Monitoring and Reporting**

- Failure to correctly measure fraud loss and identify trends resulting in inability to identify financial loss and adequacy of preventative and detective controls.
- Reporting arrangements are unclear or inappropriate leading to ineffective scrutiny of fraud response.

2.10. 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.

2.11. To ascertain the controls in place, we interviewed a number of managers and staff, and reviewed relevant documentation.

2.12. 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.

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

### 3. Action Plan

No	Issue / Risk(s)	Recommendation	Priority (H/M/L)	Management Response / Action Owner	Action Due
1	<p><b>Issue: Manual Checks</b></p> <p>Detective checks are manual and require human intervention and therefore resources and time may not be used effectively and may be deviated from undertaking key detective activities.</p> <p><b>Risk:</b></p> <p>Lack of automated processes leads to a negative impact on resource and time to undertake sufficient detective activities</p> <p><b>[Redacted]</b></p>	The impact of manual processes should be quantified and management should engage with system developers to ensure automation is considered for on-going work to develop fraud solutions and reasonable timescales are agreed.	M	<p>Accepted.</p> <p><b>[Redacted]</b>. Fraud and Error Resolution have been engaging with Social Security Directorate and will continue to engage to ensure necessary requirements are met.</p>	<p>Pre-discovery work recommenced in November 2020 but planning is still to be completed – planned activities should be defined by July 2021</p> <p><b>[Redacted]</b></p>
2	<p><b>Issue: Fraud Case Management System</b></p> <p>The current fraud case management system is a tactical</p>	Management should seek assurances that a decision on the plans for a fraud case management system is finalised	H	<p>Accepted: Finance and Corporate Services – Digital Service team have supported Fraud and Error Resolution through production of</p>	<p>Planning should be completed by July 2021.</p>

	<p>solution and not fully functional therefore not meeting business needs. Decisions are outstanding on ownership and budget of a strategic solution.</p> <p><b>Risk:</b></p> <p>Systems to support the Counter Fraud Strategy are not sufficient or effective leading to an inability to detect fraud or meet legal standards resulting in financial loss.</p>	<p>as soon as possible to progress procurement of a strategic solution. Management should aid discussions with appropriate Programme colleagues to agree the approach ensuring solutions are fit for purpose, fully functional and budget and ownership is clear.</p>		<p>a comprehensive set of artefacts relating to requirements for the Fraud Case Management System, which have subsequently been provided to Programme along with recommendations for the temporary extension of the contract. Conversations in relation to the development and delivery of the strategic solution are currently being progressed at Deputy Director level between Programme and Social Security Scotland.</p>	<p>Contract extension is already underway and will be secured ahead of summer 2021.</p> <p>Additional improvements to the tactical case management solution are being released in April 2021.</p>
3	<p><b>Issue: Fraud Solutions</b></p> <p>Timescales on a strategic repository system and visualisation tool are not clear and how basic system controls will be</p>	<p>Management should ensure they influence the development of fraud solutions in conjunction with the Social Security Directorate to ensure they have appropriate assurances on the</p>	M	<p>Accepted. Recommendations 3 and 4 are linked to development of the same product by Programme. However Programme also have a dependency on support from the</p>	<p>Planning will be complete by July 2021.</p>

	<p>applied has not yet been considered.</p> <p><b>Risk:</b></p> <p>Fraud solutions are not sufficient or effective leading to an inability to detect fraud or meet legal standards resulting in financial loss.</p>	<p>effectiveness of developments and timescales for a resolution are reasonable.</p>		<p>Chief Digital Officer Division.</p> <p>Fraud and Error Resolution have been engaging with Social Security Directorate and will continue to engage to ensure necessary requirements are met.</p>	
4	<p><b>Issue: Independence of Information</b></p> <p>The Fraud and Error Unit have a lack of independence in retrieving information from SPM and without exposing investigations to other parties. On-going developments are expected to address this issue however timescales are unclear.</p> <p><b>Risk:</b></p> <p>Lack of independence in fraud activity leading exposure of investigations resulting an inability</p>	<p>Management should seek assurances from the Social Security Directorate that the independence of the unit is considered and a solution will be delivered in a reasonable timescale. Management should consider possible interim solutions in consultation with Chief Digital Office such as administration system access which could mitigate the risk</p>	M	<p>Accepted. Recommendations 3 and 4 are linked to development of the same product by Programme. Fraud and Error Resolution have been engaging with Social Security Directorate and will continue to engage to ensure necessary requirements are met.</p> <p>However a tactical solution to provide direct access to audit data tables has been considered and discounted – this is highly</p>	

	to prevent fraud and reputational damage.	while solutions are in development.		technical work and Fraud and Error Resolution does not have this expertise within the team.	
5	<b>Issue: Other Fraud Tools</b> [Redacted] <b>Risk:</b> [Redacted]	Priority of tools and systems needed for the Fraud and Error Unit should be defined by management and risks escalated to Social Security Scotland Executive Board and the Programme Directorate if appropriate to get assurances that action is on-going to develop the needed functionality.	M	Accepted: Fraud and Error Resolution have been engaging with Social Security Directorate and will continue to engage to agree scope and timescale, escalating as necessary. [Redacted]	
6	<b>Issue: Policies</b> There are outstanding gaps in current policies and key policies yet to be established which are preventing the actions being taken in investigations and preventing	Management should take action with appropriate areas to push for policy developments to be prioritised setting out the current risks and gaps with Social Security Scotland is exposed to.	M	Accepted: Fraud and Error Resolution have been working collaboratively with Social Security Directorate Policy colleagues to prioritise outstanding policy elements, providing resource to support. We will continue with this	The 1 <sup>st</sup> iteration of Decision Maker's Guidance and of the Fraud Enforcement Policy is in development and due for completion by 1 <sup>st</sup> July 2021.



	<p>the Fraud and Error Unit building capability.</p> <p><b>Risk:</b></p> <p>Lack of effective policies and procedures resulting in internal or external fraud not being identified or action able to be taken leading to financial loss and reputational damage.</p>			<p>approach. A risk relating to the policy gaps has been raised on the Strategic Risk Register and has been mirrored by Programme.</p>	
7	<p><b>Issue: Management Information</b></p> <p>Producing management information isn't efficient and requires manual input. Improvements are required to enhance the information available and flexibility of reporting.</p> <p><b>Risk:</b></p> <p>Failure to correctly measure fraud loss and identify trends resulting in inability to identify financial loss</p>	<p>Action should be taken by management to raise management information capability issues with the appropriate team to create efficient requirements for automated management information tools.</p> <p>When agreeing new reports, management should ensure suitable timescales are agreed to produce a product in a timely</p>	M	<p>Accepted: Fraud and Error Resolution have been engaging with Social Security Programme Directorate and will continue to engage to agree scope and timescale, escalating as necessary.</p> <p>Work to analyse trends is most immature and this gap in capability has been highlighted. The need for reporting to be flexible, and where possible self-</p>	

	and adequacy of preventative and detective controls.	manner which suits business needs.		service has been included in the requirements defined for the strategic Fraud and Debt Case Management solutions.	
8	<p><b>Issue: Fraud Awareness Sessions</b></p> <p>There are no fraud awareness sessions or training aimed at roles out with Client Advisors and Client Experience.</p> <p><b>Risk:</b></p> <p>Lack of effective procedures across all roles resulting in internal or external fraud not being identified leading to financial loss and reputational damage.</p>	Management should consider fraud training needs of other roles across the organisation to ensure all roles within the organisation have a clear understanding of their responsibility and are also encouraged to report fraud concerns.	L	<p>Accepted. We recognise the risk highlighted and can confirm that we have planned activity outlined in our Action Plan for 2021/22 to create more sessions tailored to the needs of other roles. In addition, we are considering how best to refresh awareness for staff who have been in their role for some time.</p> <p>Our latest offering, fraud awareness for staff in corporate roles and team managers started in March 2021 and has been well received.</p>	This work is responsive in nature so will always be ongoing. However we will have made good progress towards delivering for all known roles by end March 2022.



# Internal Audit Report

## Social Security Scotland 2020-21

### Key Financial Systems

**Directorate of Internal Audit  
and Assurance**

Report Issue Date: 4-05-2021

**Key Financial Systems**

Assurance Category	Reasonable
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Recommendations Profile	0 High	2 Medium	2 Low
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**Audit Information**

Senior Internal Audit Manager:	[Redacted]
Internal Audit Manager:	[Redacted]
Internal Auditor(s):	[Redacted]
Date of fieldwork:	17 August 2020 – 21 April 2021
Issue date of draft report:	28/04/2021
Issue date of final report:	04/05/2021

**Report Distribution**

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\*Final Report only\*

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## 1. **Executive Summary**

- 1.1. We have provided an overall **reasonable** assurance opinion, which means we believe that controls are adequate but require some improvement to enhance the adequacy and effectiveness of key financial systems. There are weaknesses in the risk, governance and/or control procedures in place but not of a significant nature.

See [Annex L](#) for a full explanation of our assurance and recommendation categories.

- 1.2. We undertook this review as a suite of smaller individual reviews of key financial systems/processes/controls including:
- Benefit Payment Exceptions and Manual Payments
  - Worthy Cause payments to fund benefit bank accounts
  - Non-Benefit Payments made via SEAS
- 1.3. After each individual review we provided management with a Management Letter to report our findings and any subsequent recommendations. This report now provides a summary of the outcome of each of the individual reviews.
- 1.4. We identified two medium and two low priority recommendations in our audit of Key Financial Systems. We have summarised below the key examples of good practice and improvement opportunities.

### **Good Practice Examples**

### **Policy, Guidance and Training**

- 1.5. In all three reviews we were able to confirm that there are appropriate procedures and clear guidance in place, which clearly sets out roles and responsibilities of the teams involved.
- 1.6. Worthy cause process follows Scottish Government processes and systems for the processing of worthy cause payments. Similarly, Social Security Scotland adopt and adhere to the Scottish Government guidance on PECOS (the Scottish Government Purchasing System utilised by Social Security Scotland for administering the purchase of goods and services).
- 1.7. Social Security Scotland have also developed a suite of organisation specific process maps and their own bespoke guidance materials for both PECOS and worthy cause payments. During our review we noted that bespoke guidance was still in draft form. From discussion it was advised that this was due to the guidance being reviewed and updated to reflect lessons learnt and improvements to internal processes. All guidance should be reviewed, updated and made available to all relevant staff. However no recommendation has been made as we are aware that work is ongoing with this and that this bespoke guidance supplements the official Scottish Government guidance which all staff have access to and are required to follow, therefore the risk is minimal.
- 1.8. From discussions with management and staff it is evident that there is sufficient knowledge within the teams with suitable resilience for staff absence or if colleagues leave. Appropriate staff training is in place to support individuals. Prior to being given access to relevant systems all staff must complete relevant learning. Additional support is also available from the Corporate Reporting Team, should this be needed.

## **Systems Processes and Controls**

- 1.9. There were effective controls in place for handling payment exceptions (either recalled or returned payments) and manual payments for all benefits, which minimise the risk of duplicate or erroneous payments being made and ensure suitable segregation of duties is in place. There are suitable templates and trackers in use to ensure that the appropriate steps in the process are completed and these have fields for processor and approver information and notes are recorded on SPM where relevant.
- 1.10. From sample testing of payment exceptions, manual payments and Carers Allowance Supplement (CAS) mini-bulk payments we were able to confirm that the controls expected were in place and all had been processed in compliance with guidance.
- 1.11. Staff in the Operational Finance team have relevant access and permissions for various systems utilised in the payment process which is managed and monitored by the Operational Finance Manager. A tracker is used to monitor who has what level of access to each system and there is a leaver's checklist which prompts for system access being revoked.
- 1.12. For Payment Exceptions and Manual Payments there is a robust three way reconciliation process conducted at each month end between Bankline extracts, the manual trackers and SPM. These are completed by colleagues who are not involved in the payment exception or manual payment processes. From a review of the reconciliations completed in July we were able to confirm all could be traced back to source data, all had been completed correctly and all had been signed and countersigned by the relevant individuals. Additionally, reconciliations are spot checked as part of the month end management checks completed by the Operational Finance Manager.
- 1.13. At the time of our field work in August 2020 the source data, obtained online via Bankline, for reconciliations was not retained. Instead the information was downloaded in excel format, copied into the relevant reconciliation tracker and



the source document then deleted. It was recommended that source data be retained, in line with retention periods for other key financial documents, to ensure that this has not been altered prior to reconciliation. This recommendation was accepted and following issue of our management letter evidence of implementation was provided.

- 1.14. There is a Finance and System Process team within Operational Finance. This team is aligned to Social Security Scotland, but is Programme facing. Through engagement with the Operational Finance Manager and Operational Finance Team they seek to capture root cause of payment issues, be it system or procedural. This team is also linked with other key areas of Social Security Scotland, including the Project Management Office, and with Programme product owners and systems developers to ensure that systemic or technical issues are correctly logged, appropriately escalated, progressed, developed and implemented.
- 1.15. We found the controls in place for making worthy cause payments to be effective in informing suitable forecasts and monitoring of expenditure. The team utilise available reports from the Department for Work and Pensions (DWP), refer to previous payments as a basis for reconciliations and have suitable reporting using a Cash Management and Forecasting dashboard. Suitable segregation of duties is maintained throughout the processing of worthy cause payments. This was evidenced during testing walk-throughs and also reflected in the guidance documents for each key process. SEAS ensures automated segregation of duties, sufficient access user controls and approval requirements from an authorised SEAS hierarchy prior to payments being made.
- 1.16. There are processes in place to ensure there are sufficient staff in place to raise and approve purchase orders to meet the needs of Social Security Scotland. This includes consideration of cover for planned and unplanned leave, etc. Although it was found that processes are sufficient, it was

highlighted through discussions that this is an area of concern for the Corporate Reporting team due to the volume of staff changes and movement of staff throughout Social Security Scotland.

- 1.17. PECOS access is managed by the Scottish Government Payments System Service Desk. The process has recently changed and requests for user access must be made via iFix (the Scottish Government ICT Support Portal). A form is completed and this must be authorised by the individuals line manager who must be a permanent C1 or above. A sample of Social Security Scotland PECOS users was selected for review and we were able to obtain the User Request Form for two of the individuals to confirm the correct process had been followed. For all others it was advised that the form had not been retained. It was advised that this may be due to the initial set-up up of users, which was done in bulk with all initial users noted in a spreadsheet, rather than through individual User Request Forms. However it was stated that going forward all future forms will be retained in a central location and available on request if needed. As system access is managed by the Scottish Government, no recommendation has been made in relation to this point.
- 1.18. There are adequate controls in place in relation to approving purchase orders, receipting goods/services, management of suppliers and disputing invoices. Although these controls are weakened if users are given both requisitioner and approver roles in PECOS. The actual payments are then made via SEAS the administration of which is undertaken by Scottish Government colleagues.

### **Monitoring and Reporting**

- 1.19. An Internal Dashboard, disseminated to relevant colleagues within the Operational Finance Team, is produced monthly showing year on year trends on volume of payment exceptions and manual payments and other key management information. A separate high level dashboard is also produced

and provided to the Head of Finance and Deputy Director of Finance and Corporate Services for scrutiny and information.

- 1.20. For worthy cause payments, the Banking and Financial Controls team report monthly to Scottish Government Treasury and Banking providing their forecasts. We also noted good reporting relationships through quarterly meetings. Cash Management and forecasting is also reported regularly to the Social Security Scotland Finance Leadership Team.
- 1.21. For Non-Benefit Payments, evidence of ongoing review of spend, both during the month and as part of month end processes was provided. This includes action to identify purchases at risk of exceeding ten day payment terms and activity to identify any spend incorrectly coded to wrong cost centres and/or account codes.
- 1.22. Each month relevant financial information and expenditure details are provided to budget holders and senior management by the Corporate Reporting Team. The Executive Advisory Body and Audit and Assurance Committee also review financial reports. There are clear processes for production of this information and there are steps in the process for checks and review.

## **Improvement Opportunities**

### **Worthy Cause Payments to Fund Benefit Bank Accounts**

#### **Approval Levels**

- 1.23. Within our sample of worthy cause payments we identified payments which had been split to avoid approval being required from C band staff. The worthy cause payments are for the funding of Social Security Scotland bank accounts, and not making external payments, thereby limiting the risk. However the process of splitting payments to circumvent controls is not best practice. We had a finding in our 2019/20 review of Budgets, Expenditure,

Monitoring and Reporting where there was also a circumvention of control. We have concerns that this could lead to a potential cultural issue where it is accepted that controls can be circumvented to reduce administrative burden and there is an increased risk that this approach could be adopted in other circumstances where the level of risk is greater. From discussions we are aware work has now been completed to re-align appropriate approval levels for worthy cause payments to ensure these fit business needs and are appropriate. These new approval levels are now reflected in the SEAS hierarchy and as a result the need to split payments for worthy cause payments is no longer required therefore no recommendation has been made.

### **Manual Controls of Spreadsheet Usage**

- 1.24. The Banking and Financial Controls team processes for forecasting the funds needed for each benefit are undertaken using Microsoft excel spreadsheets. This reliance on spreadsheets includes manual updates and copying of data from various other spreadsheets which could result in error. The Banking and Financial Controls team are aware of this risk and have highlighted this issue through their risk and controls framework and work has begun to explore short to long term solutions for ways of improving the use of spreadsheets and forecasting. We support the actions being made to improve controls and suggest the Banking and Financial Controls team explore ways of automating controls in spreadsheet use for forecasting and reconciliation processes.  
(Please see [Recommendation 1](#))

### **Compliance with Forecast Sign-off Controls**

- 1.25. During the worthy cause sample testing we found four instances where the drawdown working sheet had not been signed and countersigned in line with the local processes.
- 1.26. For two cases, these related to drawdown top up payments. The current spreadsheet in place for top up payments did not have the function of including the 'prepared by' and 'reviewed by' names and dates that currently

exists on the standard drawdown working sheet. Although there are approval checks in place via email correspondence and built within SEAS, to ensure consistency, the team should ensure that the top up drawdown spreadsheets contain a section to include reviewer name, approval name and actioned dates.

- 1.27. For the other two cases in our sample the appropriate sign-off through completion of entering the reviewer's name had not been updated. For completeness and to evidence review, the Banking and Financial Controls team should ensure sign-off is evident in all forecasts.

(Please see [Recommendation 2](#))

## **Non-Benefit Payments**

### **PECOS Access**

- 1.28. The process for amending/removing PECOS access for staff who move within or leave Social Security Scotland is reactive and relies on Budget Holders advising that an individual has left or has changed role and so no longer needs PECOS access or needs their PECOS access changed. The Corporate Reporting team are proposing to implement monthly checks based on information obtained from the monthly Workforce Planning Return to capture those who have changed roles. However, having an effective process established to capture changes at the time they take place would be more efficient. It should be highlighted that Line Managers, as part of their process for an individual leaving or changing role, are responsible for identifying systems which the individual has access to and ensure appropriate action is taken to amend or revoke this access at the time of leaving/moving.
- 1.29. For the purchase of goods and services, to ensure segregation of duties system users should have only one form of access to PECOS, either requisitioner or approver. On review of current system users, as at 8th March 2021, there were two Social Security Scotland members of staff who were

found to have both requisitioner and approver access. It was confirmed that these users had not circumvented segregation of duty controls by both raising a purchase order and approving it. However the ability to do this was there. As a result of this fieldwork the Scottish Government Purchasing System Service Desk confirmed that one of the users identified is now inactive on the system. For the other user their access has now been amended and they are now only an Approver in PECOS. It must be ensured going forward that no other users have both roles within PECOS to ensure segregation of duty controls cannot be circumvented in order to minimise the risk of error or fraud and financial loss.

- 1.30. PECOS approvers who are responsible for approving Purchase Orders are assigned levels of authority within PECOS, ensuring they can only approve transactions up to a value, which should be aligned with their level of delegation. The Social Security Scotland draft guidance sets out the approval limits for staff, based on their grade. From review of a sample of four PECOS Approvers it was identified that two of these had an approval limit in excess of the limit stated in the guidance. For one of these users it was confirmed that the approval limit had been given prior to the guidance being put in place and that there was an operational need for this. It was also advised that there is ongoing work with colleagues in Operations to ensure sufficient users have access and the approval limits are appropriate for their role. For the other user it was advised that the limit had been set in error and that action would be taken to remove the approval limit beyond which they should have.

(See [Recommendation 3](#))

### **Retention of Budget Holders Approval**

- 1.31. During fieldwork a sample of Purchase Orders was reviewed to confirm if they had been undertaken in compliance with policies, processes and guidance. E.g. approval process, segregation of duties, delegated authority limits, etc.

- 1.32. For all Purchase Orders, evidence of Budget Holder Approval should be attached as evidence. From the sample of 14 Purchase Orders we found
- Two instances where no evidence of Budget Holder Approval was attached to the Purchase Order.
  - One instance where it appears the evidence has been attached to the Purchase Order. However we were unable to view this evidence due to system error related to the way in which the evidence was saved into PECOS.

(See [Recommendation 4](#))

## 2. **Introduction**

- 2.1. This internal audit review of Key Financial Systems 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. This review considered Social Security Scotland's Key Financial Systems and through our testing we sought to assess the extent to which financial processes and systems were effective and efficient and had appropriate controls in order to minimise the risk of fraud and error, thereby reducing the risk of financial loss and reputational damage.
- 2.3. We undertook this review as a suite of smaller individual reviews of key financial systems/processes/controls including:
- Benefit Payment Exceptions and Manual Payments
  - Worthy Cause payments to fund benefit bank accounts
  - Non-Benefit Payments made via SEAS
- 2.4. The remit items and key risks, developed following discussions with [Redacted], Head of Finance, [Redacted], Corporate Finance Lead and [Redacted] Operational Finance Lead, were:

### **Remit Item 1 – Policy, Guidance and Training**

To ensure that there is sufficient guidance and training in place for staff and that any policies are adhered to.

#### **Key Risks:**

- An inability to achieve strategic objectives,
- Fraud, financial loss or reputational damage;
- Non-compliance with corporate processes and procedures due to:



- lack of appropriate policies and procedures documented and disseminated;
- lack of clarity over roles and responsibilities; and
- lack of continuity of staff and staff being inadequately trained and/or without the relevant skills.

### **Remit Item 2 – Systems Processes and Controls**

To ensure that systems and processes have robust controls in place to maximise the effective use of resources and minimise the risk of fraudulent or erroneous transactions which result in financial loss or reputational damage.

Key Risks:

- Fraud, error, financial loss and reputational damage due to:
  - Insufficient or ineffective controls in relation to segregation of duties and approval.
  - Ineffective and/or insufficient systems access controls
  - No reconciliations being undertaken.
- Insufficient arrangements for cash management and the drawdown of funds resulting in insufficient or excessive funds being held increasing the risk of resource issues, an inability to pay benefit recipients and other stakeholders and ultimately reputational damage.

### **Remit Item 3 – Monitoring and Reporting**

To ensure that adequate monitoring and reporting of key financial systems and processes is in place.

Key Risks:

- Ineffective scrutiny, transparency and accountability due to insufficient, inaccurate or out of date financial information being provided to management and the Board;
- Poor decision making; and
- Non-compliance with SG reporting requirements.

### **3. Action Plan**

No	Issue / Risk(s)	Recommendation	Priority (H/M/L)	Management Response / Action Owner	Action Due
1	<p><b>Manual spreadsheet use</b></p> <p><b>Issue:-</b> Forecasting arrangements are reliant on manual input and copying from various spreadsheets which could result in human error, there are compensating controls via review checks however we identified incompleteness of evidence in some checks.</p> <p><b>Risk:-</b> Fraud, error, financial loss and reputational damage due to ineffective processes.</p>	The Banking and Financial Controls team should automate aspects of spreadsheets where possible to minimise risk of error such as including spreadsheet controls.	L	<p><b>Action Owner</b> [Redacted]</p> <p><b>Management Response</b> Agree - we have plans in place under continuous improvement to automate our processes where possible.</p>	Mar- 22
2	<p><b>Compliance with Forecast Sign-off Controls</b></p> <p><b>Issue:-</b></p>	The Banking and Financial Controls team should ensure that all drawdown working spreadsheets are fully populated, consistent and evidence of review is documented to avoid uncertainty and	L	<p><b>Action Owner</b> [Redacted]</p>	Complete

	<p>We found cases within our sample of payments where the drawdown working sheet had not be signed and countersigned as well as varied processes for different benefits in evidence of review making it unclear within the forecast whether it had been reviewed and signed off.</p> <p><b>Risk:-</b> Fraud, error, financial loss and reputational damage due to: Insufficient or ineffective controls in relation to segregation of duties and approval.</p>	doubt on whether these cases have been processed and signed off. Guidance should emphasise the need to evidence the review and sign-off process for forecasting.		<p><b>Management Response</b> Agreed.</p>	
3	<p><b>PECOS Access</b></p> <p><b>Issue:-</b> The process for amending / removing PECOS access for staff who move</p>	a) The process for identifying system access changes needed as a result of staff leaving or changing roles should be reviewed to determine	M	<p><b>Action Owner:-</b> [Redacted]</p>	<p><b>Date:-</b> Dec-21</p>

	<p>within or leave Social Security Scotland is reactive and relies on Budget Holders advising that an individual has left or has changed role and needs their PECOS access changed or revoked.</p> <p>On review of current PECOS users, there were two officers who were found to have both requisitioner and approver access.</p> <p>From review of a sample of four PECOS Approvers it was identified that two of these had an approval limit in excess of the limit stated in the guidance. For one of these users it was advised that the limit had been set in error and that action would be taken to remove the approval limit beyond which they should have.</p>	<p>if there is a more formal and effective way for this to be done.</p> <p>b) Line managers should be reminded that as part of process for an individual leaving or changing role, they are responsible for identifying systems which the individual has access to and ensure appropriate action is taken to amend or revoke this access at the time of leaving/moving.</p> <p>c) Management should review user access rights to PECOS regularly and ensure no user has both Requisitioner and Approver access or an approval limit in excess of their delegated authority. Where both roles are allocated to a user or incorrect approval limits are identified, action should be taken to amend this so that no one user can both raise and approve a purchase order or act outwith their delegated authority.</p>		<p><b>Management Response:-Agreed</b></p>	
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	<b>Risk:-</b> Increased risk of fraud, error, financial loss and reputational damage due to insufficient or ineffective systems access controls and management.				
4	<b>Retention of Budget Holder Approval Issue:-</b> For all Purchase Orders, evidence of Budget Holder Approval should be attached. From a sample of 14 Purchase Orders we found <ul style="list-style-type: none"> <li>• Two instances where no evidence of Budget Holder Approval was attached.</li> <li>• One instance where evidence was attached however we were unable to view it due to system error.</li> </ul> <b>Risk:-</b>	a) Management should remind all relevant staff of the need to obtain Budget Holder Approval prior to raising any Purchase Orders and that this approval should be attached as evidence. b) Guidance on the process for attaching evidence to PECOS should be reviewed to ensure it is clear and all system users should be reminded of the correct process to follow. c) PECOS Approvers should be reminded that as part of the approval process they should confirm that Budget Holder Approval has been given and relevant evidence of this is attached in PECOS.	M	<b>Action Owner:-</b> <b>[Redacted]</b> <b>Management</b> <b>Response:-</b> <b>Agreed</b>	Sep-21

	Increased risk that purchases may be made without the required Budget Holder Approval.	Where no such evidence is available the Purchase Order should not be approved.			
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# Internal Audit Report

## Social Security Scotland 2020-21

**Operations Policy, Guidance and Controls**

**Directorate for Internal Audit  
and Assurance**

Report Issue Date: 23-04-2021

**Operations: Policy, Guidance and Controls**

<b>Assurance Category</b>	<b>Reasonable</b>
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<b>Recommendations Profile</b>	<b>0 High</b>	<b>4 Medium</b>	<b>0 Low</b>
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**Audit Information**

Senior Internal Audit Manager:	[Redacted]
Internal Audit Manager:	[Redacted]
Internal Auditor(s):	[Redacted]
Internal Audit Technician:	[Redacted]
Date of fieldwork:	July 2020 – March 2021
Issue date of draft report:	1 April 2021
Issue date of final report:	23 April 2021

**Report Distribution**

David Wallace, (Chief Executive and Accountable Officer)*
[Redacted], Deputy Director Operations
[Redacted], Head of Operations (Wave 1 & Live Running)
[Redacted], Operations Support Lead
[Redacted], Corporate Assurance Lead
Audit Scotland*

\*Final Report only\*



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- 2      Introduction**
- 3      Action Plan**

### **Annexes**

- K1      Summary of Findings**

## 1. **Executive Summary**

- 1.1 We have provided an overall **Reasonable** assurance opinion, which means that there are weaknesses in the risk, governance and control arrangements in place, but not of a significant nature.
- 1.2 See **Annex L** for a full explanation of our assurance and recommendation categories.
- 1.3 Our review identified four medium recommendations.
- 1.4 Our audit was a compliance review focussed on assessing compliance with guidance and procedures in relation to the administration of Low Income Benefits. Testing was undertaken between August 2020 and February 2021. We obtained listings of approved, denied and withdrawn cases across all live Low Income Benefits from SPM, covering the period 1<sup>st</sup> April 2020 through to 31<sup>st</sup> December 2020. Overall we sampled:
- 110 Funeral Support Payment applications;
  - 99 Young Carers Grant applications;
  - 113 Best Start Food applications;
  - 144 Best Start Grant applications; and
  - 66 Job Start Payment applications.
- 1.5 For a visual breakdown of our summary of findings from the samples selected please see **Annex K1**.
- 1.6 We have summarised below the key examples of good practice and improvement opportunities.

### **Good Practice Examples**

- 1.7 We found good practices in our testing of Funeral Support Payment cases where checks on hierarchy, residency and funeral details were fully compliant and had been processed in line with guidance.

- 1.8 We also noted that all denied and withdrawn cases from our sample for Funeral Support Payment had a clear reason for denial and withdrawal recorded in SPM, as guidance requires.
- 1.9 With regards to Job Start Payment cases, all cases in our sample had been processed with full segregation of duties, eligibility checks had been followed and payments amounts were correct.
- 1.10 Overall, there is a high level of compliance with most elements of the established policies, guidance and controls. However there is need for improvement in specific areas as detailed below to ensure accurate payments are made to eligible recipients and risk of error and financial loss is minimised.

### **Improvement Opportunities**

- 1.11 Across our sample of benefits tested, there were a number of specific compliance issues identified which are set out below across verifications, evidencing actions, approvals and issue of award letters.
- 1.12 Verifications
  - a) No address verifications were on file for approved cases and there was no record of duplicate searches being performed on SPM for Best Start Food and Best Start Grant applications. Evidence of these verification checks are expected to be recorded in SPM, Client Advisors should ensure these checks are undertaken and Approvers should also be returning applications where these checks have not been completed.
  - b) We identified three approved cases of Best Start Foods that appeared to be ineligible as the client was not in receipt of a qualifying benefit at the time of application. These were passed on to the Interventions Team and amendments were made to payments. Lessons should be learnt on the errors made in processing these applications and feedback provided to the Client Advisors involved for their training and development.
  - c) From our sample of Best Start Food cases there were cases where the verification for qualifying benefits had been carried forward from a previous application processed last year and not re-verified. We are aware that SPM generates the verifications that are to be completed by the Client Advisor, however our concern is that details could have

changed within this period which could be missed. In all cases we were able to confirm that the clients were still in receipt of a qualifying benefit, however we feel Client Advisors should be reminded of the need to re-verify benefits which have been pulled from a long time ago to ensure the most up to date information is being used and is still accurate.

- d) For Best Start Grant and Job Start Payment, we identified denied applications where there were outstanding verifications. All verifications should be cleared, according to guidance, before the application is denied, otherwise incorrect information can be recorded in denial letters sent to clients. Client Advisors should be reminded of the need to complete all outstanding actions, training should also highlight this requirement.
- e) We found that there were 14 Funeral Support Payment cases that never had the social fund interest check recorded on SPM, so it is unclear if this check had been performed.
- f) One approved Funeral Support Payment case was found to have been applied for out with the six month eligibility period. As such we believe this application should have been denied.

#### 1.13 Evidence of Action Taken

- a) During testing of denied cases of Best Start Grant and Best Start Foods, there were instances where the reason for denial and reason for withdrawal was not recorded on SPM. Client Advisors should be reminded of the need to comply with guidance and training of the need to ensure SPM has a full record of all actions taken and justifications for decisions made. Approvers should ensure cases where no reasons have been input are picked up and updated appropriately.
- b) When testing approved applications for Job Start Payment we found there to be instances where the evidence in relation to the job offer was unclear on SPM. We also found a number of cases where the job offer date was either not clear to read or had not been provided by the client. Guidance and training should highlight the need for evidence to be attached and clear through the use of notes within SPM.

#### 1.14 Approval and Counterchecking Issues

- a) With Young Carer Grant, we identified eight instances where Client Advisors had approved the application and for Best Start Foods we found one instance of this. It may be that the individuals were in receipt of a Temporary Responsibility Supplement and acting in an approver's role, however we were unable to confirm this when undertaking the fieldwork. Applications being approved by Client Advisors is non-compliant with current guidance and such instances should be reviewed to ensure this does not reoccur. It is understood updates to SPM took place in November which provides controls around segregation of duties. However Client Advisors should be reminded that they do not have the authority to approve applications to reduce the likelihood that payments are made without the required approval checks and authorisation.
- b) There were a number of denials and withdrawals that had not been countersigned by an appropriate officer for Best Start Grant and Job Start Payment. There was also one Funeral Support Payment case, where the denied application was processed and approved by the same officer and as a result there was no segregation of duties in place. Guidance on denials and withdrawals should be clear on the requirements for countersigning to ensure appropriate segregation and ensure the correct action has been taken. Management should also consider whether SPM supports automated segregation of duty controls to ensure all cases are countersigned at the appropriate grade for approved and denied cases to minimise the risk of controls being circumvented.

#### 1.15 Issue of Award Letters

- a) For Young Carer Grant, we found seven approved cases where the award letters had not been issued. A number of the cases had a status of 'not processed on SPM. Award letters are expected to be issued for all approved cases, if an award letter is not issued sufficient notes should be added to the case to justify the reason for this. Guidance to explain to Client Advisors the action to be taken if an award letter is not generated

by SPM should be established. Operations should also explore whether this is a technical issues and take any action required to resolve.

(See [recommendation one](#))

- 1.16 It is essential that guidance and training is sufficient for addressing further non-compliance in processing applications. Management should ensure guidance and training captures the compliance issues and is reiterated to Client Advisors and Approvers. (see [recommendation two & three](#))
- 1.17 The issues identified such as award letters not being issued, missing evidence, outstanding verifications and the instance where a client was not in receipt of a qualifying benefit requires remedial action to rectify. Management should ensure action is taken to resolve the issues identified in these cases. Management have been provided the full details of our sample to aid this process. (see [recommendation four](#))

## 2. **Introduction**

2.1 This internal audit review of Operations: Policy, Guidance and Control arrangements formed part of the Audit Plan agreed by the Accountable Officer and noted by the Audit and Risk Committee on 11 February 2020.

2.2 The scope was to assess compliance with guidance in relation to the processing of applications and approval of payments.

2.3 The remit items and key risks were:

### **Remit Item 1 – Compliance with policies, procedures and guidance**

2.4 To undertake substantive testing which confirms compliance with policies, procedures and guidance to ensure benefits are being delivered effectively and efficiently.

#### **Key Risks:**

2.5 Social Security Scotland encountering financial loss and reputational damage due to:

- Benefits being paid to applicants who are not eligible
- Benefits being denied to applicants who are eligible
- Incorrect amounts being paid to benefit 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.

### 3. Action Plan

No	Issue / Risk(s)	Recommendation	Priority (H/M/L)	Management Response / Action Owner	Action Due
1	<p><b>Compliance with processes</b></p> <p><b>Issue:</b> Our sample found instances where Clients Advisors hadn't fully complied with processes when processing applications including verifications, evidence of actions, approvals and issue of award letter.</p> <p><b>Risk:</b> Non-compliance with processes and procedures resulting in applications being</p>	Management should ensure Client Advisors and Approvers are reminded of the need to ensure applications are processed in compliance with established guidance.	M	<p><b>Action Owner:</b></p> <p>Head of operations</p> <p><b>Management Response</b></p> <p>Team Managers regularly remind Client Advisors and Approvers to follow established guidance.</p> <p>Folders will be put in place by team cluster or benefit across Live Operations to allow Client Advisors to consult and review communication from Team Managers or be sign posted to guidance updates.</p> <p>All future significant guidance updates will be issued via a change note provided by Operational Readiness &amp; Continuous Improvement and communicated via Operations Management.</p>	July 2021



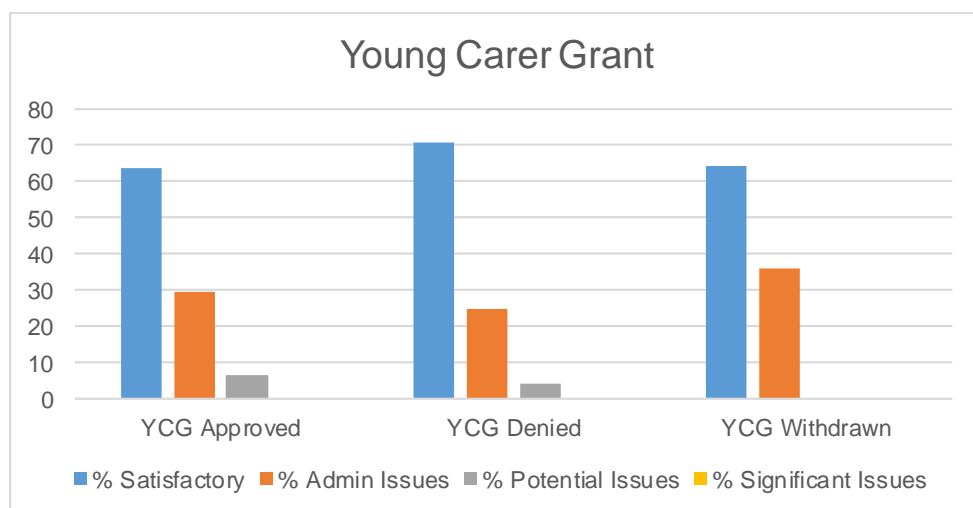
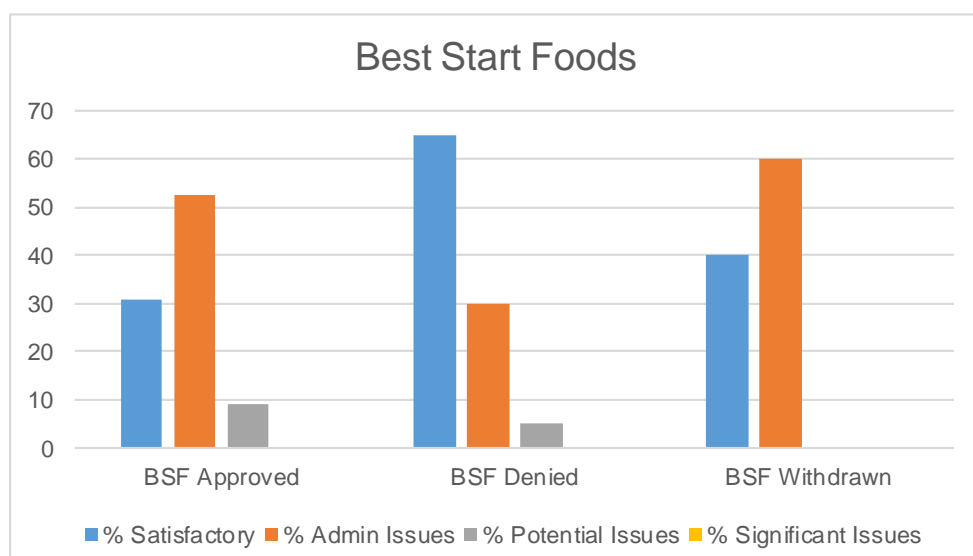
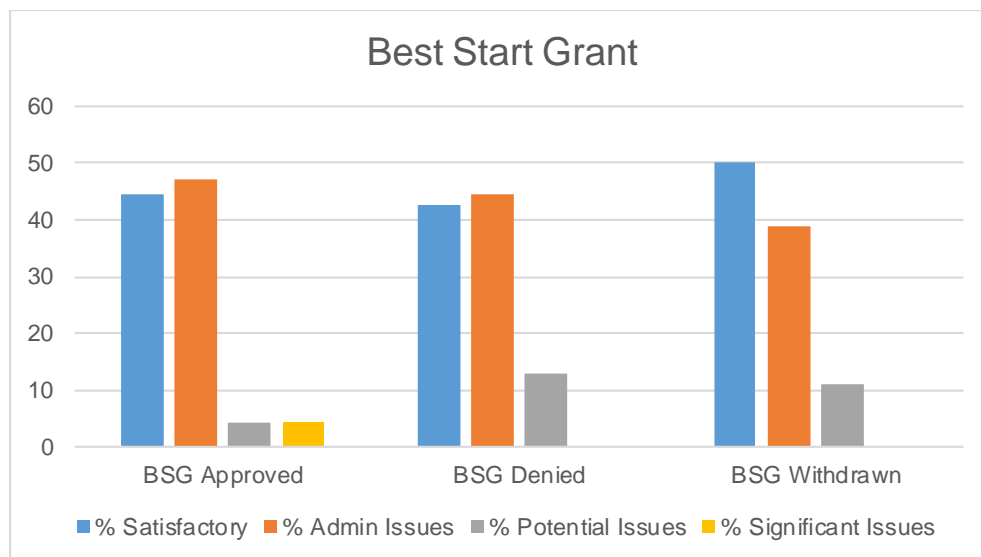
	processed incorrectly leading to wrong decisions and inaccurate payments which could result in financial hardship of clients, financial loss and reputational damage.				
2	<b>Guidance</b> <b>Issue:</b> Our sample found instances where Clients Advisors hadn't fully complied with processes when processing applications including verifications, evidence of actions, approvals and issue of award letter. This may in part be due to guidance	a) Guidance should be reviewed in light of the issues identified to ensure there is clarity over the correct processes to be followed and weaknesses in compliance captured. b) Guidance should be clear with regards to the segregation of duties required in the systems to prevent a case being	M	<b>Action Owner:</b> Head of Operations/Agency Live Service Lead  <b>Management Response</b> a) Weaknesses in compliance captured by this audit are being reviewed and addressed. Agency Live Service Team have conducted a review of guidance and are investigating the use and further development of the Internal Knowledge Management hub to hold both guidance and training tools such as demonstration videos.	Oct 21

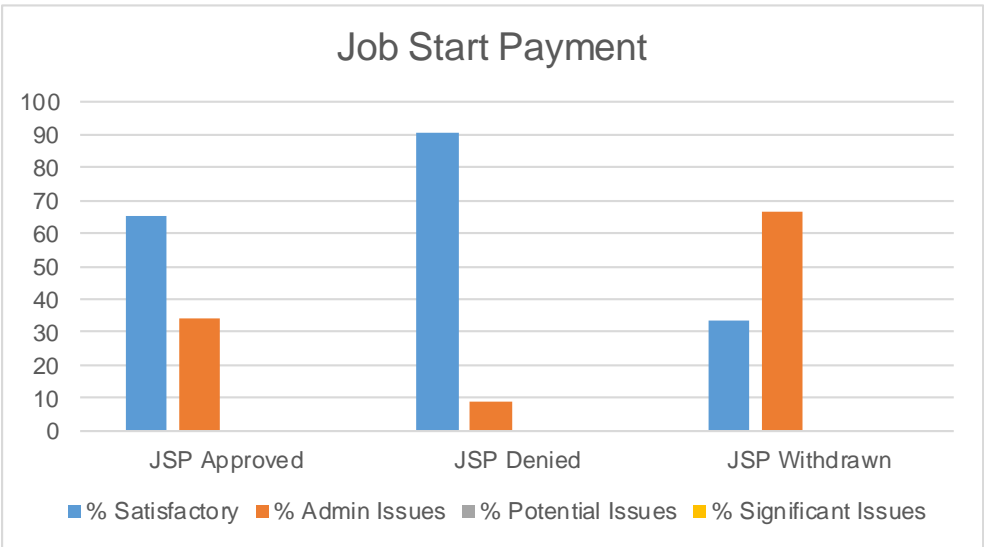
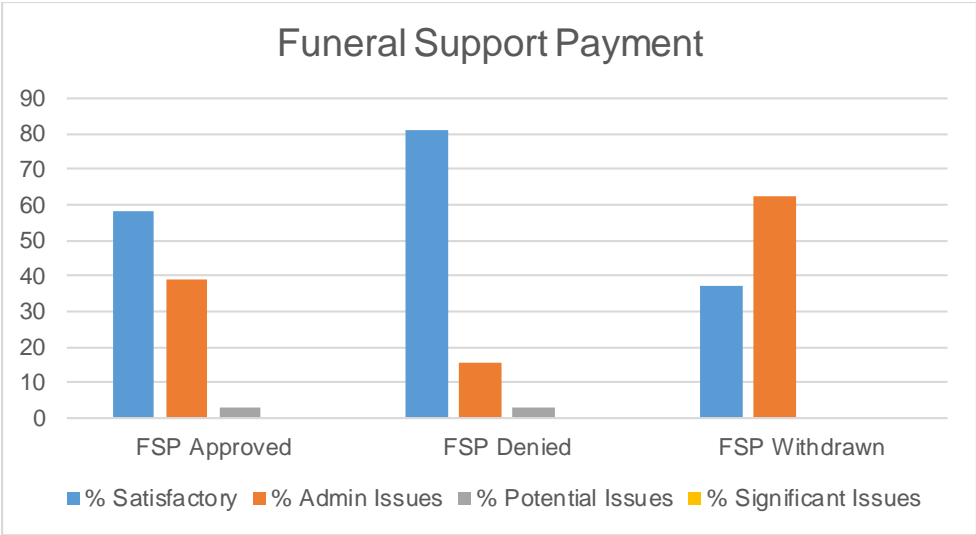
	<p>not providing clarify or addressing the issues identified.</p> <p><b>Risk:</b> Insufficient guidance resulting in inconsistencies in processing applications and lack of actions to take leading to inaccurate decisions and payments which could result in financial hardship of clients, financial loss and reputational damage.</p>	<p>processed and approved by the same person or approved by an officer without the authority, even for denials, to ensure actions are not being taken without the required approval checks and authorisation.</p>		<p>Incorrect or unclear guidance can be highlighted via the feedback button in Internal Knowledge Management.</p> <p>Guidance does set out segregation of duties.</p> <p>b) An update within SPM was applied in November 2020 which ensures segregation of duties. This means that the same person cannot process and approve an application.</p> <p>Further work on Segregation of duties within SPM is planned, however no timescales are available at this time as these changes will be reviewed alongside other development priorities.</p> <p>There a number of controls in place to ensure segregation of duties. Denial applications are referred to a separate queue on SPM to allow a further check by a Client Advisor before the application is denied.</p>	
3	<b>Training</b>	Training should be reviewed to consider the areas of non-	<b>M</b>	<b>Action Owner:</b> Head of Operations	

	<p><b>Issue:</b> Our sample found instances where Clients Advisors hadn't fully complied with procedures when processing applications including verifications, evidence of actions, approvals and issue of award letters. This may in part be due to the training provided to Client Advisors and Approvers insufficient and ineffective.</p> <p><b>Risk:</b> Insufficient training provided to those processing and approving applications resulting in a lack of</p>	<p>compliance identified to ensure that these points are noted as areas of weakness where further training may be needed to support Client Advisors and Approvers.</p>		<p><b>Management Response</b></p> <p>Client Advisors receive a four week route way of training delivered by Learning and development and then a further period of four week supported consolidation.</p> <p>In the absence of a Quality Assurance Framework at this time, Team Managers and Team Support Officers review reasons for rejected claims and record manually to identify any trends or training required. Each benefit also has 10% compliance check in place and these are recorded.</p> <p>Individual one to one feedback is provided if required.</p> <p>Approver checklists was created and has been adopted and published within the Internal Knowledge Management hub to support staff with this responsibility. Training for this has been on the job.</p>	<p>Complete</p> <p>Complete</p>
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	knowledge and exposure to error leading to financial loss and reputational damage from incorrectly processing applications.			Funeral Support Payment learning route way has recently undergone a full review to reflect the recent guidance updates.  Specific changes made were communicate to existing staff by Team Managers.	Complete
4	<p><b>Remedial Action</b></p> <p><b>Issue:</b> As a result of our sample test findings, there are cases where information is inaccurate or not up to date and remedial action is required to resolve the issues identified.</p> <p><b>Risk:</b> Lack of action taken on non-compliance identified</p>	a) Management should take remedial action, where appropriate in relation to the issues identified within our sample to ensure information on SPM is accurate and up to date, clients are in receipt of correct payments for which they are eligible, and any over payments are identified and action	M	<p><b>Action Owner:</b> Head of Operations</p> <p><b>Management Response</b></p> <p>a) Operations are currently reviewing the information provided and will take any remedial action required.</p> <p>b) Requirements for technical support to address issue are raised via the Operations Change Implementation Team and placed on the Issues Log and Trello Board. Updates and progress is monitored by this team who communicate with the Agency Live Services Team.</p>	<p>June 21</p> <p>Ongoing</p>

	<p>resulting in incorrect payments of decisions being made leading to financial loss and reputational damage.</p>	<p>taken to recover, where appropriate.</p> <p>b) Management should consider whether technical support is needed to address issues such as award letters not being issued and whether prevention controls could support non-compliance with guidance for approvals.</p> <p>c) Feedback to relevant individuals should also be provided, ensuring that Client Advisors and Approvers are aware of any errors made to prevent making the same mistakes and assist development.</p>		<p>c) Approver checklists was created and has been adopted and published within the Internal Knowledge Management hub to support staff with this responsibility. Training for this has been on the job.</p> <p>Team Managers and Team Support Officers review reasons for rejected claims and record manually to identify any trends or training required. Each benefit also has 10% compliance check in place and these are recorded.</p> <p>Individual feedback will be provided if required.</p>	Completed
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**Annex K1****Summary of Findings**



## Annex L

### Definition of Assurance and Recommendation Categories

#### Assurance

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

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