

Audit and Assurance Committee

Date of Meeting	18 May 2021
Subject	Audit Recommendation Update
Agenda No.	9
Paper No.	12.8
Prepared By	Corporate Assurance Team
Purpose	Note

1. Background

- 1.1. The Audit and Assurance Committee are invited to note the progress of audit recommendations contained within this report.
- 1.2. A report of this nature will be submitted to all Audit and Assurance Committee meetings in order to provide an update of recommendations from all independent audit activity.

2. Key points

- 2.1. The report sets out the open and closed recommendations, which have been made by independent audit reports. This includes Internal Audit reports, Health-check Reviews and Audit Scotland. The following information is provided:
 - the context and purpose of this document including impacts as a result of Covid 19;
 - a brief overview of open, proposed for closure and closed recommendations;
 - an in depth status update of Internal Audit High Priority recommendations and Health-check Review recommendations;
 - a table noting overall progress of Internal Audit and Health-check Review recommendations;
 - a table noting progress of Audit Scotland Actions and Investigatory Powers Commissioners Office recommendations; and
 - a summary of Internal Audit recommendations proposed as ready for closure

3. Conclusions

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



4. GOVERNANCE CHECKLIST

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

Strategic consideration	Impact
Environment	This report does not have any environmental implications beyond the fact that audit recommendations may be made relating to the environment.
Governance	The Corporate Assurance Team manage the progress of external audit/assurance recommendations. Governance structures are in place for how we respond to recommendations and progress will be reporting to both the Senior Leadership Team and Audit and Assurance Committee.
Data	This report does not have any data implications beyond the fact that there are recommendations made relating to data management.
Finance	The report does not have any financial implications beyond the fact that there are recommendations made relating to finance.
Staff	This report does not have any data implications beyond the fact that there are recommendations made relating to staff.
Equalities	Non applicable
Estates	The report does not have any implications for the Agency estate beyond the fact that there may recommendations made relating to estates.
Communications and Presentation	Non applicable

Impact Assessment
Non applicable

Social Security Scotland – Audit Recommendation Update

1 Purpose

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

2 Context

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

Annex A – Internal Audit Recommendation Tracker

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

Annex C – Audit Scotland Recommendation Update Tracker

Annex D – Investigatory Powers Commissioners Office

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

Annex F – Health-check Definitions of Ratings and Recommendations

3 Summary of Progress

Over the past few months, the Corporate Assurance Team have continued to work closely with action owners to help facilitate implementation of recommendations across all divisions. Implementation is however the responsibility of each area.

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

Due to Covid-19 initial work on the Internal Audit plan for 20-21 was suspended. When work recommenced, priority was given to continuing to provide assurance to our Accountable Officer through reviews. This has meant limited formal follow up work from Internal Audit to close off recommendations completed. Additionally with much of our business as usual work suspended, implementation of many recommendations was delayed. However, the Corporate Assurance Team have considered recommendations ready for closure and reported these as completed.

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

Overall Assurance Level – Internal Audit Reports	Total number of reports	2018-2019	2019-2020	2020-2021
Substantial Assurance Controls are robust and well managed	3	2	0	1
Reasonable Assurance Controls are adequate but require improvement	23	4	9	10
Limited Assurance Controls are developing but weak	8	1	2	5
Insufficient Assurance Controls are not acceptable and have notable weaknesses	0	0	0	0

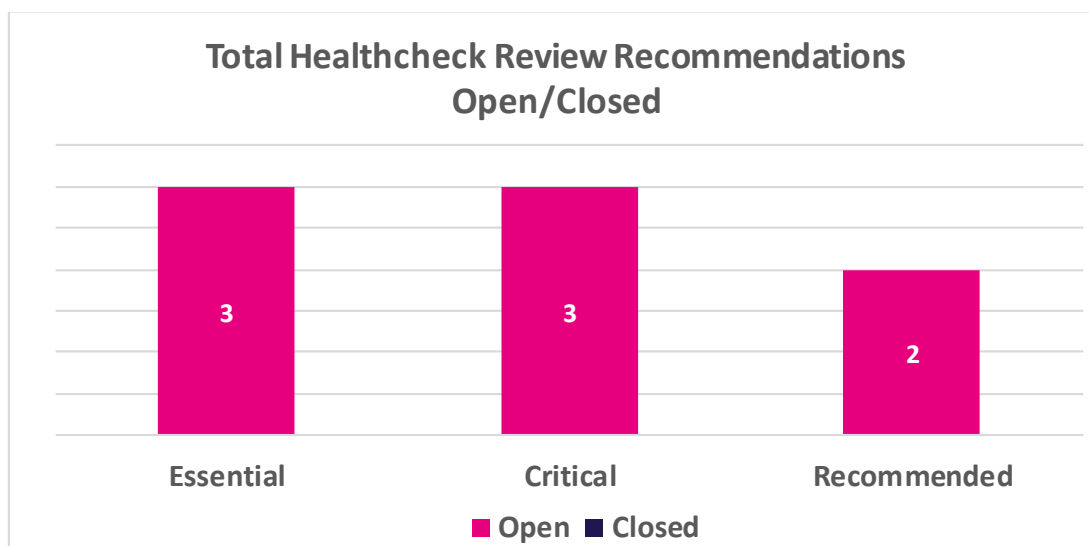
Nine new reports have been finalised this quarter, Child Winter Heating Assistance, Stakeholder Engagement, Job Start Payment, Counter Fraud, People Advice/ Health and Safety, Operations (Policy, Guidance and Controls) were given a reasonable rating and Scottish Child Payment and SPM review were given a limited rating. Part three of the Key Financial System review was also completed and a final overall report was given a Reasonable rating.

To date, eight reports have been given a “limited” assurance rating by Internal Audit. We do note the number of limited assurance reports have increased, but as we grow, we have undertaken a number of reviews in complex cross cutting areas, and it does reflect the stage of maturity of processes delivered following an agile methodology.

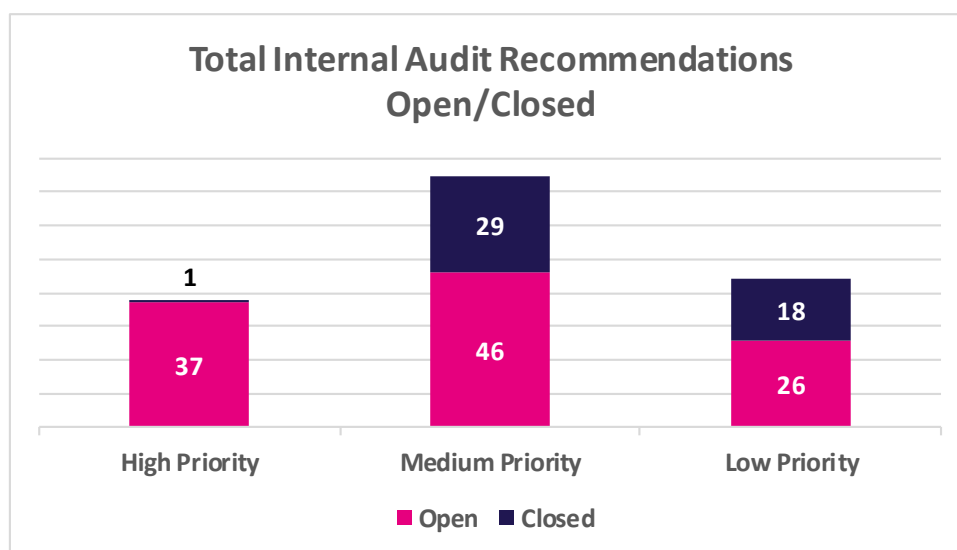
4 Open Recommendations

Graph 1 – Total Health-check Review Recommendations

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



Graph 2 – Total Internal Audit Recommendations Open/Closed

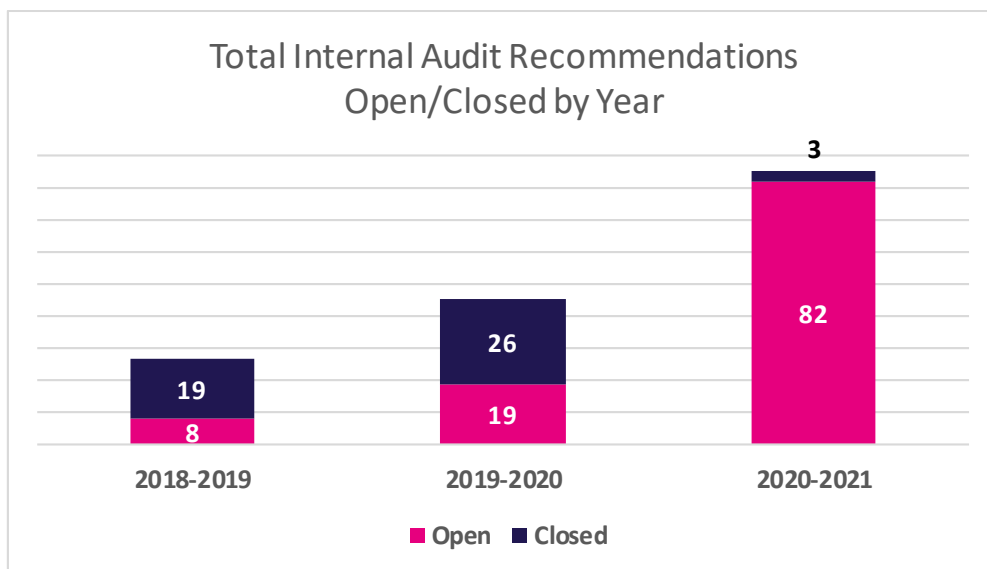


The above chart shows a total of 37 high priority recommendations remain open, an increase of 12 from the previous report, one high priority recommendation has been closed. A total of 29 of the medium priority recommendations have been closed to date. A total of 46 medium recommendations remain open, an increase of 15 from the previous report. Finally, a total of 18 low priority recommendations have been closed to date and 26 low priority recommendations remain open, an increase of 10 from the previous report.

This increase in recommendations is expected as we have just completed the Internal Audit Plan for 2020/21. It also reflects the approach we have taken to focus on completing assurance reviews, to provide that robust assurance for the Accountable Officer ahead of follow up reviews, and also reflects the impact on Covid 19 on last years completed reviews, which have seen some recommendations having to review timescales for completion. .

A number of follow up report are under way on Operations, Business Continuity Planning, Reporting and Assurance Functions (Roles and Responsibilities), Young Carer Grant, Funeral Support Payment, Best Start Grant and Debt Management. The planned Change Management follow up has been rescheduled for July 2021. As a result, we should continue to a number of recommendations reported as closed.

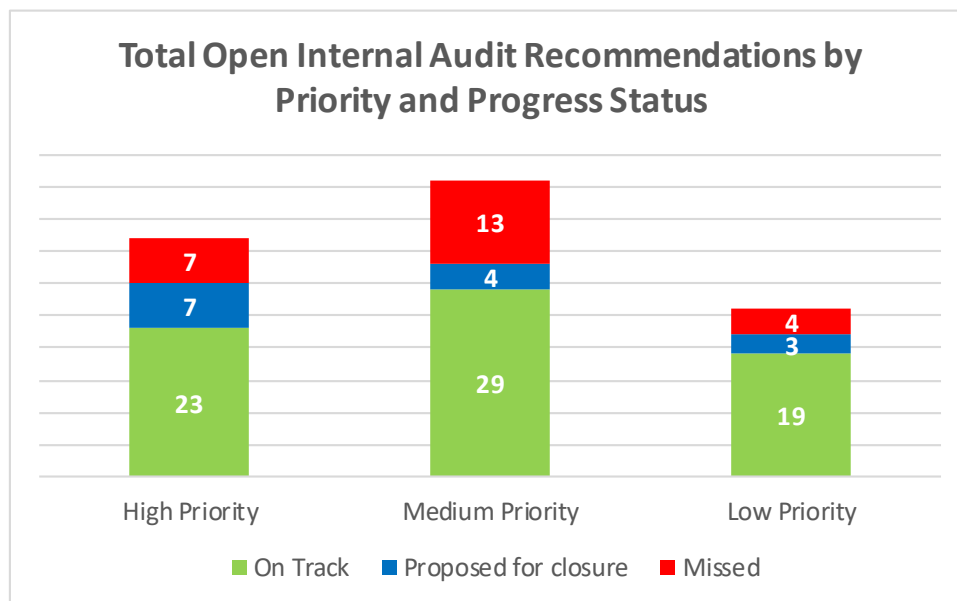
Graph 3 – Total Internal Audit Recommendations Open/Closed by Year



Graph 3 shows a breakdown by year of the open and closed recommendations.

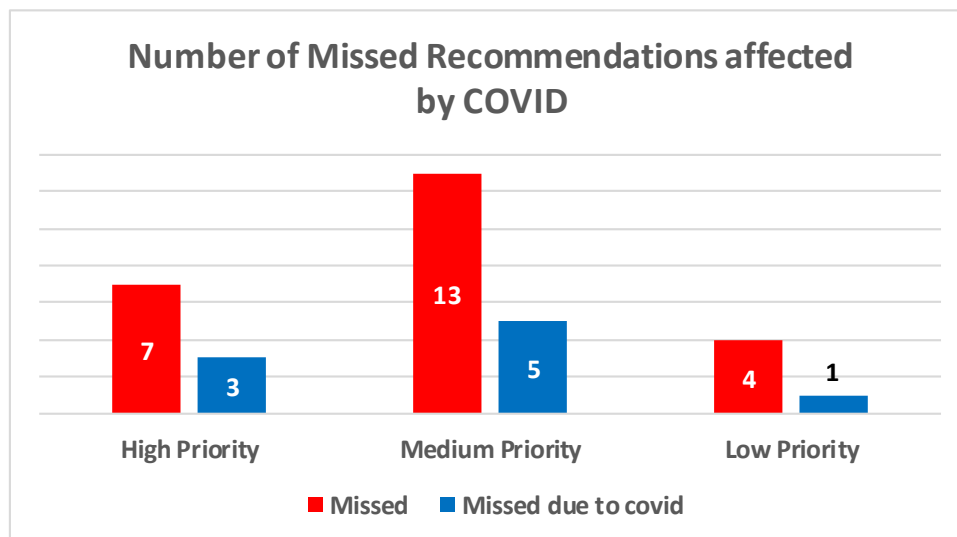
- 2018-19 recommendations - 19 have been closed and 8 remain open. All 8 open recommendations are from the Reporting and Assurance Functions review with 5 already proposed for closure. A Follow up review is planned.
- 2019-2020 recommendations - 26 of the recommendations have been closed so far with 19 remaining open. The open recommendations are from 4 reviews. The Operations follow up is currently in progress and the Change Management follow up has been rescheduled for July. Progress on the Business Continuity/ Resilience recommendations have been severely delayed by Covid and progress on the remaining low recommendation for the Budget's, Expenditure and Monitoring review has also been delayed by Covid.
- 2020-2021 recommendations - 3 of the recommendations have been closed and 82 remain open.

Graph 4 – Open Internal Audit Recommendations by Progress Status



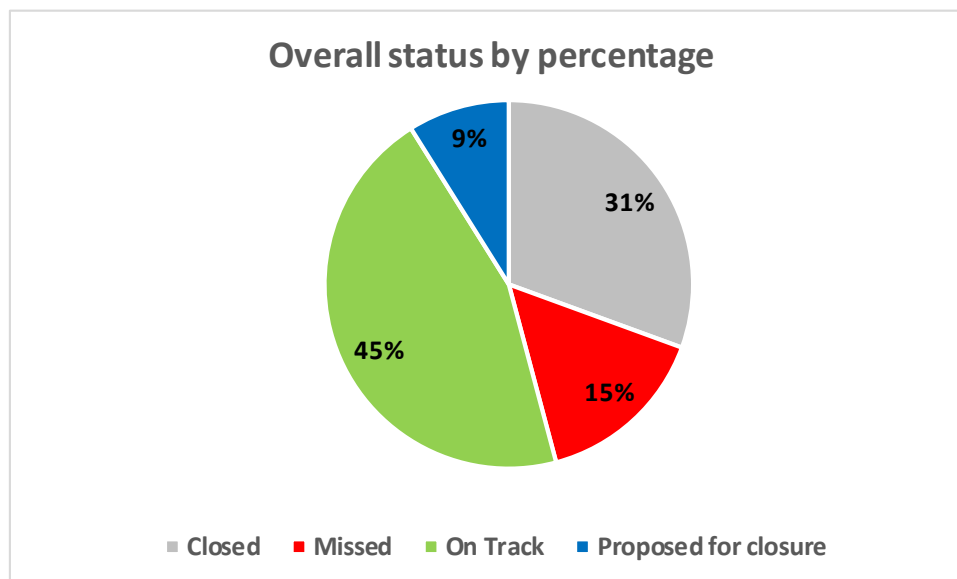
For a more comprehensive breakdown of the above, please see **Annex A** which illustrates which report each recommendation sits against.

Graph 5 – Internal Audit Recommendations Missed due to COVID



The above chart highlights how many of the missed Internal Audit recommendations were missed due to Covid. In total 9 out of the 24, or 38% of missed recommendations were missed due to Covid. Although the impact of Covid remains an ongoing issue in the areas of business resilience and delayed recruitment, the overall reduction in percentage highlights the impact of Covid has reduced overall.

Graph 6 – Internal Audit Recommendations overall status by percentage



The above graph provides an overall picture of progress so far on Internal Audit recommendations. In total 31% of all recommendations have been closed to date, 9% of recommendations are currently proposed for closure and 45% of the recommendations are currently in progress and ongoing. A total of 15% have missed their target deadline, but are continuing to be progressed.

5 Closed Recommendations

Follow-up Internal Audit reports into Local Delivery, Interim Estates Management Arrangements, Management of Shared Services and Budgets, Expenditure and Monitoring have all been completed and issued. Some recommendations were found to be partially implemented, and the Corporate Assurance Team will continue to monitor these until closed.

6 High Priority Recommendations Status Update

The below table provides a current status update of the **High Priority** recommendations in progress. New reports published this quarter with high recommendations have not been added here but will be reported on in the next update.

Resilience			
Rec	Recommendation	Update	Status & Due date
R1	Business continuity documentation including the Business Continuity Framework and individual plans are still to be completed and published.	The Major Incident Framework has been through a formal Quality Review. Feedback is being incorporated in to the draft document and will be presented to the Agency Leadership Team to be agreed for final approval.	Missed Revised deadline – May 2021
R2	a) The planned sessions to identify the organisations critical activities, the prioritisation of these and the timescales for recovery be undertaken and used to develop the business continuity plans. b) Management ensure SLAs and agreements between Social Security Scotland and relevant third party suppliers, required to support continuation of critical activities, make appropriate reference to ensure the required level support and service is in place should BCPs be invoked.	Communications colleagues will develop a paper using the new Corporate Business Plan to help establish priorities.	Missed a) Jun - Dec 2020 b) Jun - Dec 2020 Revised deadline – May/June 2021
R4	Management to ensure BCP testing is undertaken once the plans are completed.	In April 21 the Business resilience team worked on five days of live incidents with our web chat and telephony services, this	Missed

	Processes for reporting on the outcome of testing and any actions for improvement should also be formalised and implemented.	continues to help to test our current major incident arrangements and support the extensive lessons learned piece of work currently ongoing.	Jul 20 – Jan 21 Jul 20 – Jan 21
--	--	--	------------------------------------

Operations – all recommendations were agreed as ‘ongoing’ and are in progress. We hold monthly checkpoints with the team responsible for implementation and receive regular update reports. Formal follow up is in progress by Internal Audit.

Number	Recommendation	Update
R 2	[Redacted]	Guidance and process reminders have been issued to address issues [Redacted]
R 3	Processes and Procedures [Redacted]	[Redacted] Issues raised regarding Duplicate search, validations and Denial letters have now been addressed.
R4	SPM & Systems Technical Issues Management should: [Redacted]	Following the SPM update in November, most issues have been delivered. [Redacted]
R 5	[Redacted]	[Redacted]
R 6	Management Information Management should consider what MI is available and what further data is required and take steps to ensure sufficient MI is available and reviewed to enable the effective management and monitoring of benefit delivery. [Redacted]	Reporting tools are scheduled for implementation in July 2021.

	Where possible MI should be sought via other channels for example, through the use of Business Analysts, to ensure operational decisions are appropriate.	
--	---	--

Reporting and Assurance Functions			
Rec	Recommendation	Update	Status & Due date
R 2.3/2.4	3) Currently Counter Fraud and Operations are still developing process and controls, for quality assurance and error detection. [Redacted]	[Redacted]	Missed Internal Audit Follow Up in progress.
R 3	[Redacted]	[Redacted]	Missed Internal Audit Follow Up in progress.

Debt Management			
Number	Recommendation	Update	Status & Due date

R 1	<p>A Debt Management Policy should be fully documented, agreed and made available to all relevant stakeholders. The Policy should include reference to elements of the Debt Management activities, including processes for legal action, future benefit deductions as well as write-off guidance including authorisation limits and automatic write offs.</p> <p>Procedures and guidance should also be completed and made available to all relevant staff to ensure there are set guidelines, aligned with the Debt Management Policy, which staff must comply with. Any training needs for staff should also be identified as part of the development of both the policy and procedures to ensure staff are aware of and understand the policy and processes to be followed.</p>	<p>Proactive Debt recovery suspension extended until 1st October due to financial impact of Covid on clients. Policy and guidance is in place for Scottish Child Payment. Cross cutting policy work on Change of Circumstances and Reconsiderations and Appeals linked to overpayments are being finalised.</p> <p>Initial draft policy submissions for Hardship/ Vulnerability, Reviews and Legal enforcement are completed. Stakeholder engagement being scheduled in advance of Cabinet Secretary submission, which will take place in May once Scottish elections period is passed.</p> <p>Debt training material has been drafted on policy/ processes completed and delivered to new entrants. Material will be updated when policy signed off and subsequent guidance is updated.</p>	<p>Missed</p> <p>February 2021</p>
-----	--	--	------------------------------------

Best Start Grant			
Rec	Recommendation	Update	Status & Due date
R1	[Redacted]	<p>Mailroom - E - Learning has been created by Learning & Development and delivered to mailroom staff prior to Scottish Child Payment launch.</p>	<p>On Track</p> <p>Revised date Sept 21</p>

		[Redacted]	
--	--	------------	--

Young Carer Grant

Rec	Recommendation	Update	Status & Due date
R1	[Redacted]	See update above with reference to broader piece of work aimed at responding to this recommendation across all operation audits.	On Track Revised date September 2021

Funeral Support Payment

Rec	Recommendation	Update	Status & Due date
R1	[Redacted]	See update above with reference to broader piece of work aimed at responding to this recommendation across all operation audits.	On track Revised date September 2021

Programme Links			
Rec	Recommendation	Update	Status & Due date
R1	<p>Social Security Scotland should:</p> <p>Define and document requirements for MVP and make formal arrangements to share with Programme for joint discussion and agreement, with formal sign-off points throughout all development.</p> <p>Ensure, where elements of Social Security Scotland's MVP is not accepted, assurances are obtained for when these elements will be delivered and that there are sufficient mitigating controls. Ensure there is a formal, documented process agreed with Programme for changing or descope areas of MVP, which has input from key decision makers in both Social Security Scotland and Programme.</p> <p>The formal process should include justification for elements to be changed/de-scoped, impact analysis on both Programme and Social Security Scotland and communicated effectively through a central point to avoid miscommunication. This should also include quantifying the impact of additional resource needs to enable</p>	<p>Workshops to understand MVP requirements for Scottish Child Payment completed. Steering group now meeting weekly and undertaking a gap analysis. This will then create a baseline MVP for future benefits including inclusive communications, accessibility etc.</p>	<p>On Track</p> <p>June 2021</p>

	effective launch and delivery of benefits where MVP requires manual workarounds in order to fully understand the impact of these workarounds. Output from this should be escalated where necessary and appropriate action taken to reduce impact on Social Security Scotland.		
--	---	--	--

Information Management			
Rec	Recommendation	Update	Status & Due date
R1	The Data Protection and Information Governance team should liaise with The Scottish Government Programme Directorate to research, develop and agree a scope and timescale of arrangements needed which are fit for purpose to ensure sufficient Disclosure arrangements are in place in time for stand-up of the implementation of disability benefits.	<p>A final decision was reached at Delivery Sub Group on 12 April 2021, that they were not able to divert resource to support the research, development and scope the arrangements needed for a fit for purpose Disclosure Service.</p> <p>Work continues to put in place the technical systems meantime. The solution for 24/7/365 access to client data is progressing. The capability of the Vodafone STORM system is being explored to meet the telephony system needs and Business Analyst resource is being sought to start to scope a technical solution for case management.</p>	<p>On Track</p> <p>July 2021</p>

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

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

2019 Report				
Rec	Recommendation	Update	Owner	Status
R1 Critical	The Agency should acquire the resource to provide meaningful frontline contribution to Wave 2 service design and enhancements that affect customer operational experience.	<p>Operations - Plans are in place to take back Child Disability Case Managers and Client Advisors from live operations in time for Child Disability pilot and national launch. Disability Assistance Managers continue to work alongside Programme colleagues informing service design. Recruitment campaigns continue to ensure resource is in place for national launch. Operations, in association with workforce planning, continue to review requirements due to an updated resource model provided by Social Security Operational Research in March 2021. This work includes further understanding of potential additional applications which are being considered by Agency Leadership</p> <p>Local Delivery – [Redacted] Finance – Work on this is now completed</p>	Agency wide	On track
R2 Essential	The Agency should develop measures that demonstrate its efficiency of operation consistent with its delivery philosophy.	[Redacted]	Operations/ Strategy & Client Experience	On track

R3 Critical	Priority should be given to analytical work to improve forecasting of potential expenditure on devolved disability benefits, given the proportion of devolved benefit expenditure this encompasses and the impact any unmet need could have on the Scottish Government's overall financial position in the future.	[Redacted]	Communities Analysis Division	On track
----------------	--	------------	-------------------------------	----------

2020 Report – This is the final formal response to the March 2020 Health-check Review. The formal response had been delayed as a result of the impact of Covid.

Rec	Risk	Update	Owner	Status
-----	------	--------	-------	--------

R1 Essential	Social Security Scotland should [Redacted]	[Redacted]	Social Security Scotland	On track
R2 Essential	Social Security Scotland should [Redacted]	[Redacted]	Social Security Scotland	On track
R3 Recommended	[Redacted]	[Redacted]	Social Security Scotland	On track
R4 Critical	Engage [Redacted]	[Redacted]	Social Security Scotland	On track
R5 Recommended	[Redacted]	[Redacted]	Social Security Scotland	On track

8 Conclusion

The Corporate Assurance team will continue to liaise with recommendation owners, specifically those with a rating of high, to track and report all outstanding recommendations and highlight to Internal Audit colleagues all further updates in advance of Internal Audit follow up work.

In recent months we have introduced a new process to help facilitate implementation and tracking, by engaging with the Business Support Team's in each Division. We have also introduced a new reporting template for each Deputy Director that will provide them with a dashboard on activity within their area and highlight any areas for concern.

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

Annex A: Current outstanding Internal Audit reports

Title of Publication	Assurance	Proposed Closed	Missed	On track	Risk of slippage
Operations					
Resilience - Business Continuity Planning	Limited		8		
Operations	Limited			6	
Best Start Grant	Limited	2	4	1	
Funeral Support Payment	Reasonable	2		1	
Young Carer Grant	Reasonable	1		2	
Child Winter Heating	Reasonable			6	
Job Start Payment	Reasonable			6	
Operations – Policy, Guidance & Controls	Reasonable			4	
Scottish Child Payment	Limited			5	
SPM	Limited			11	
Finance and Corporate Services					
Budgets, Expenditure Monitoring and Reporting	Reasonable		1		
Debt Management	Limited		3	2	
People Advice and Health & Safety	Reasonable			5	
Key Financial Systems (Final report)	Reasonable			3	
Counter Fraud Governance	Reasonable			8	
Strategy and Client Experience					
Reporting and Assurance	Limited	5	3		
Change Management	Reasonable	1	3		
Programme Links	Limited		2	2	
Information Management	Reasonable	3		3	
Stakeholder Engagement				6	

Annex B: Internal Audit reports proposed for closure

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

Report	Assurance Level	Priority level	Recommendation	Update
Reporting & Assurance Functions	Limited	H	<p>Memorandum of Understanding</p> <p>Undertake an exercise to collate all existing Memorandum of Understandings and ensure that relevant business areas are notified of their responsibilities.</p> <p>Liaise with Programme colleagues to ensure that Memorandum of Understandings being developed, containing cross border audit requirements are identified and communicated at an early stage, to ensure necessary provision is allocated within the Internal Audit Plan.</p>	All relevant areas within the organisation are aware of the obligations placed on them by the various formal agreements. Moving forward, more proactive "contract" management of the formal agreements led by the Procurement team who are currently recruiting a dedicated resource to lead this work
Information Management	Reasonable	M	<p>Records Management</p> <p>Records Management should establish an action tracker to track progress to completion of the Records Management Plan. This should be reported internally to ensure those with responsibility for Information Management are aware of progress and action can be taken where slippage occurs.</p>	Work has now be completed on this, a template Maturity Model from the records manager at Food Standards Scotland was adapted and is now in use.

Information Management	Reasonable	M	Monitoring Compliance As part of the implementation of the Records Management Plan management should establish relevant processes for monitoring and reporting on compliance with its requirements.	Completed as above.
Information Management	Reasonable	L	Information Assets Data Protection should ensure a process for capturing instances where individuals in Asset Manager roles move or leave to ensure appropriate action can be taken to update the Information Asset Register. A formal process for the ongoing monitoring of the Information Asset Register and alerting officers responsible when a review date is approaching should be established.	The team have successfully populated the information asset review forms from the Information Asset Register. This work has already identified areas where there are gaps in the Information Asset Manager Network. Once all gaps identified these will be targeted to find replacements to take on the role. Existing Information Asset Managers have been contacted to establish whether they are still in this role. Going forward, a quarterly email will be sent to all Information Asset Managers to ensure they are still in post or indicate if they are leaving and whether a replacement needs to be found. Following on from the work a tracker listing all the Assets and their dates for review has been created. This will allow greater control over the review process.
Funeral Support Payment	Reasonable	M	[Redacted]	[Redacted] This was communicated to staff and updated externally for clients.
Best Start Grant	Limited	H	[Redacted]	[Redacted] This team will evolve as disability benefits go live and further decisions will be made about the structure and

				roles of this team. Guidance and responsibilities will be changed and evolve.
Best Start Grant	Limited	M	[Redacted]	[Redacted] This is available for review on follow up internal audits.

Annex C: Audit Scotland

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

Audit Scotland Recommendations 2019/20 – Action Plan

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

	<p>year financial forecast should be continually developed to take a longer-term view.</p> <p><i>Without robust longer-term planning there is a risk that key decisions may not fully consider different scenarios or the potential implications.</i></p>		Dec 2021
3.	<p>Delivery and financial plans</p> <p>The Covid-19 pandemic has impacted on the delivery of Wave Two benefits and raised significant financial pressures for the Scottish Government which will need to be balanced alongside existing commitments such as social security.</p> <p><i>The significant uncertainty prevents the successful delivery of the revised timetable.</i></p>	Social Security Scotland needs to work with the Scottish Government, its social security programme and DWP to ensure its operational needs and capacity are reflected in revised delivery and financial plans for Wave Two benefits.	<p>Agreed</p> <p>Dec 2021</p>
4.	<p>Improvement of Digital Systems</p> <p>Social Security Directorate Programme uses agile approach which will often result in a minimum viable product being available. This may lead to a significant volume of technical debt and workarounds in the interim. There is currently a back log of digital work that is outstanding for Social Security Scotland systems, with this new technical debt adding to it.</p>	Social Security Scotland should work on ensuring the MVP meets their needs and is fully tested. Consideration should also be given to reducing technical debt, especially in areas where manual workarounds are needed.	[Redacted]

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

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

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

The final two recommendations from the Investigatory Powers Commissioner's Office Inspection Report (September 2019) have now been completed and closed. An interim inspection successfully took place on 13 April.

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

Annex E: Definition of Assurance Ratings and Recommendation Categories

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

Assurance

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

Recommendations

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

Annex F: Agency Healthcheck Review – Delivery Confidence Assessment RAG

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

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

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

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

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

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

