Social Security Scotland
Tèarainteachd Shòisealta Alba

Audit and Assurance Committee	
Date of Meeting	21 September 2021
Subject	Audit Recommendation Update
Agenda No.	Below the Line
Paper No.	13.10
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;
- an overview of all open recommendations;
- a brief overview of closed recommendations;
- a high priority Internal Audit recommendations status up date;
- an update on the Essential and Critical recommendations from the Agency Health-check Reviews:
- a table summarising the current outstanding Internal Audit reports;
- a summary of Internal Audit recommendations proposed for closure;
- a table noting progress of Audit Scotland actions;
- an update on the Investigatory Powers Commissioners Office report.

3.   Conclusions

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

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.	

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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 reported 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

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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 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.

No new reports have been finalised this quarter, the focus instead has been on completing existing assurance reviews with 6 reviews closed by Internal Audit at the Follow Up stage. Work continues to be progressed on the 2021-22 Internal Audit Plan.

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

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| 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

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.

Total Healthcheck Review Recommendations Open/Closed

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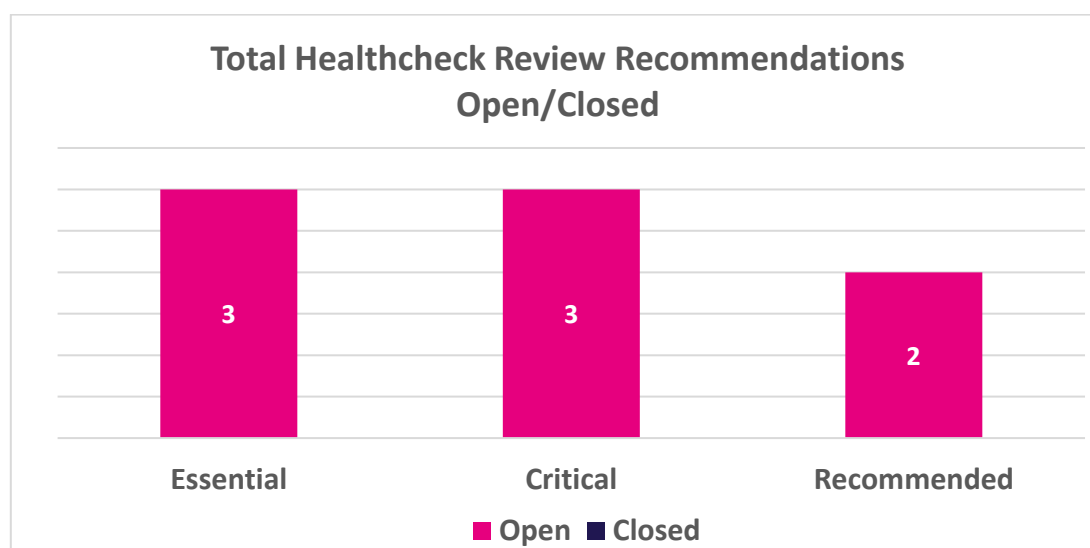
Graph 2 – Total Internal Audit Recommendations Open/Closed

Total Internal Audit Recommendations Open/Closed

|	High Priority	Medium Priority	Low Priority
Closed	15	42	25
Open	23	33	20

■ Open ■ Closed
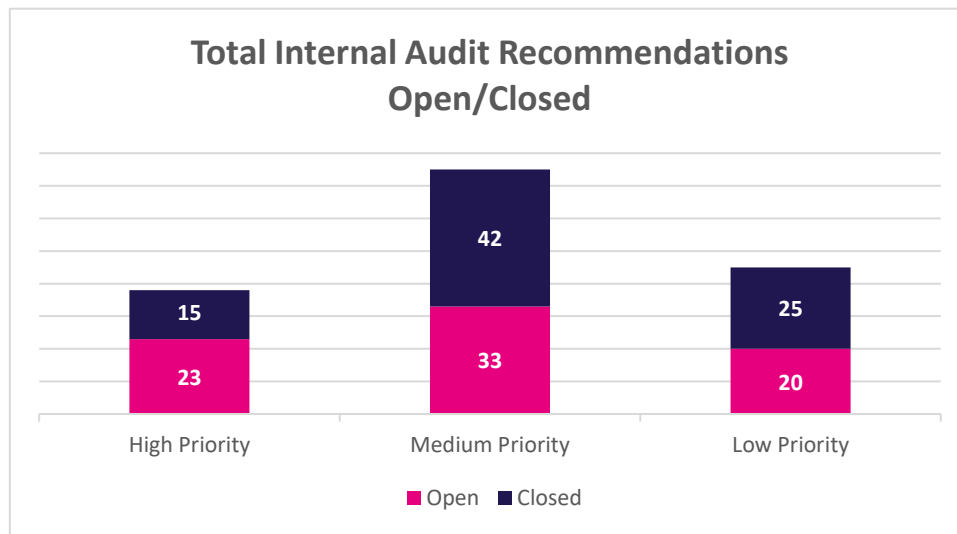
The above chart shows a total of 23 high priority recommendations remain open, 14 high priority recommendations were closed this quarter, which gives an overall total of 15 closed high priority recommendations. A total of 42 medium priority recommendations have been closed to date, an increase in 13 from the previous report. A total of 33 medium recommendations remain open. Finally, a total of 25 low priority recommendations have been closed to date, with 7 new low priority closures this quarter. 20 low priority recommendations remain open. Following a review of older reports one additional low priority recommendation has been added to the count having been incorrectly recorded the previous month.

The decrease in open recommendations is expected as a number of follow up reports have been finalised with no new reviews being completed since the previous report.

A number of reviews are underway and it is anticipated that the number of open recommendations will therefore increase in the next report.

A number of follow up reports are under way on Reporting and Assurance Functions: Roles and Responsibilities; Change Management; and Programme Links. As a result, we should continue to see a number of recommendations reported as closed.
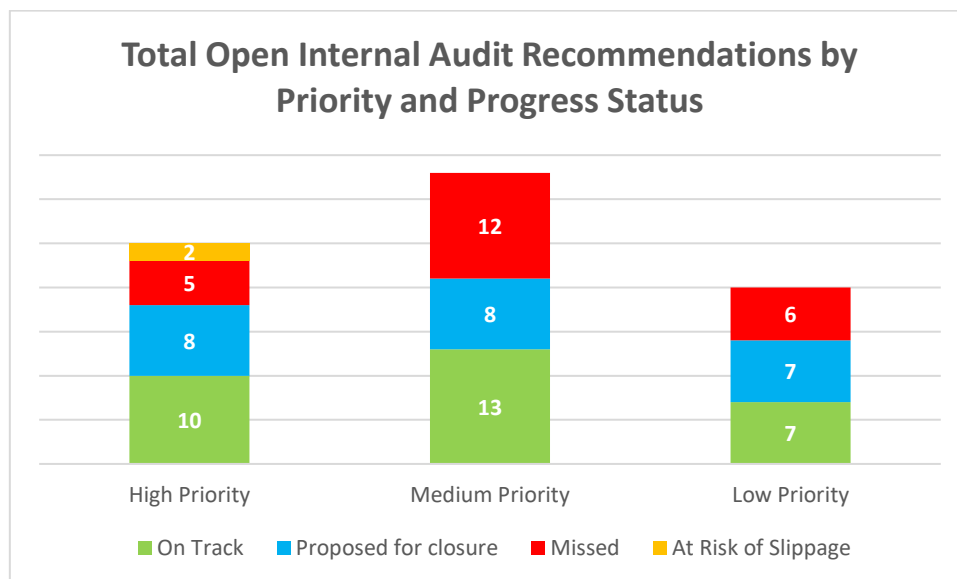
Graph 3 – Total Internal Audit Recommendations Open/Closed by Year

Total Internal Audit Recommendations Open/Closed by Year

2018-2019	2019-2020	2020-2021
19 (Closed)	40 (Closed)	23 (Closed)
8 (Open)	5 (Open)	63 (Open)
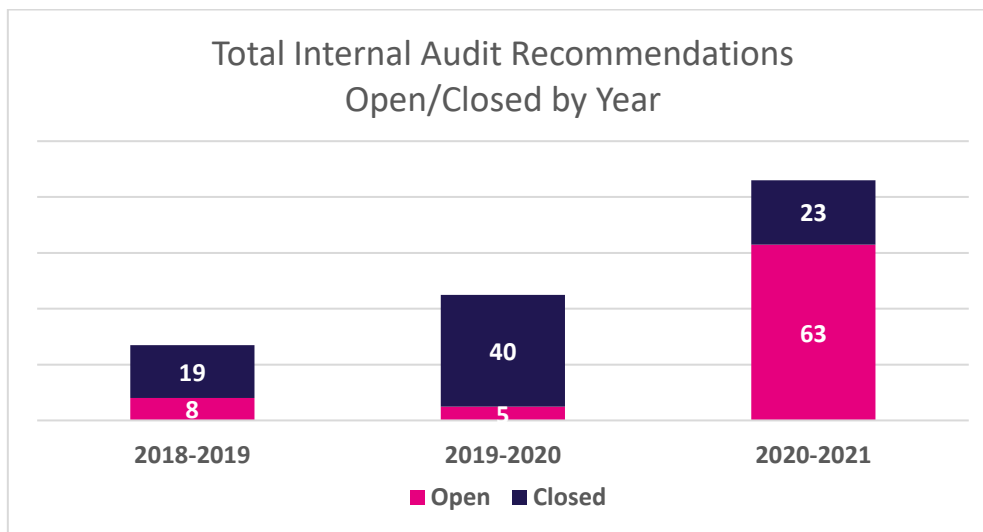
■ Open ■ Closed

Graph 3 shows a breakdown by year of the open and closed recommendations.
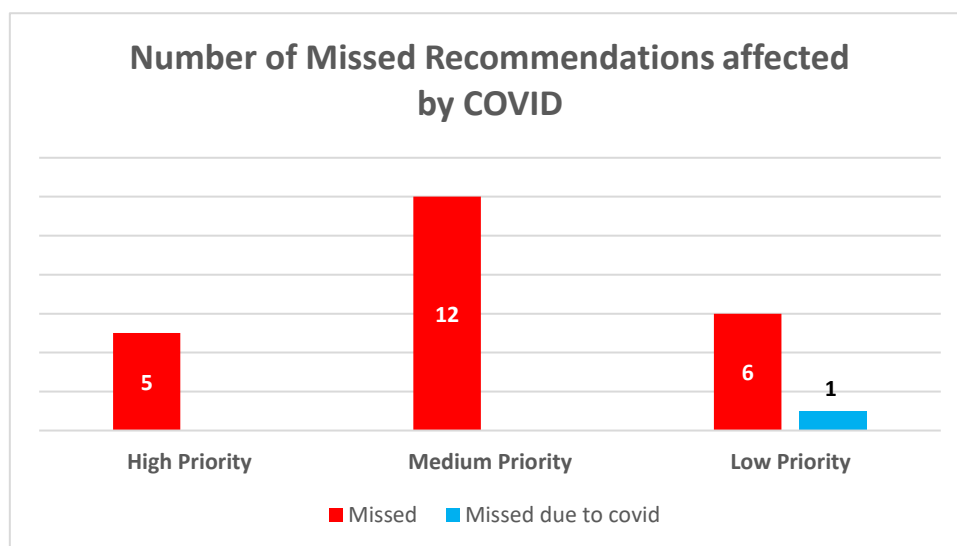
- 2018-19 recommendations - 19 have been closed and 8 remain open. There is no change from the last report, all 8 open recommendations are from the Reporting and Assurance Functions review with 5 already proposed for closure. A Follow Up review is ongoing.

- 2019-2020 recommendations - 40 of the recommendations have been closed, an increase of 14 from the last report, and 5 remain open. The open recommendations are from two reviews – Change Management and Budget's, Expenditure and Monitoring. The Change Management follow up had been rescheduled and is still ongoing. Budget's, Expenditure and Monitoring has one low level recommendation outstanding which had been delayed due to recruitment freeze during Covid-19 but is expected to be cleared by September.

- 2020-2021 recommendations - 23 of the recommendations have been closed, an increase of 20 from the previous report and 63 remain open.

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Graph 4 – Open Internal Audit Recommendations by Progress Status

Total Open Internal Audit Recommendations by Priority and Progress Status

High Priority	Medium Priority	Low Priority
2 (At Risk of Slippage)	12 (Missed)	6 (Missed)
5 (Missed)	8 (Proposed for closure)	7 (Proposed for closure)
8 (Proposed for closure)	13 (On Track)	7 (On Track)
10 (On Track)		

■ On Track ■ Proposed for closure ■ Missed ■ At Risk of Slippage

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

Graph 5 – Internal Audit Recommendations Missed due to COVID

Number of Missed Recommendations affected by COVID

High Priority	Medium Priority	Low Priority
5	12	6 1

■ Missed ■ Missed due to covid

The above chart highlights how many of the Internal Audit recommendations were missed due to Covid-19. There is only one recommendation outstanding that was missed due to Covid -19; this is expected to be cleared by September.

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Graph 6 – Internal Audit Recommendations overall status by percentage

Overall status by percentage

1%

15%

18%

14%

52%

■ Closed ■ Missed ■ On Track ■ Proposed for closure ■ At Risk of slippage
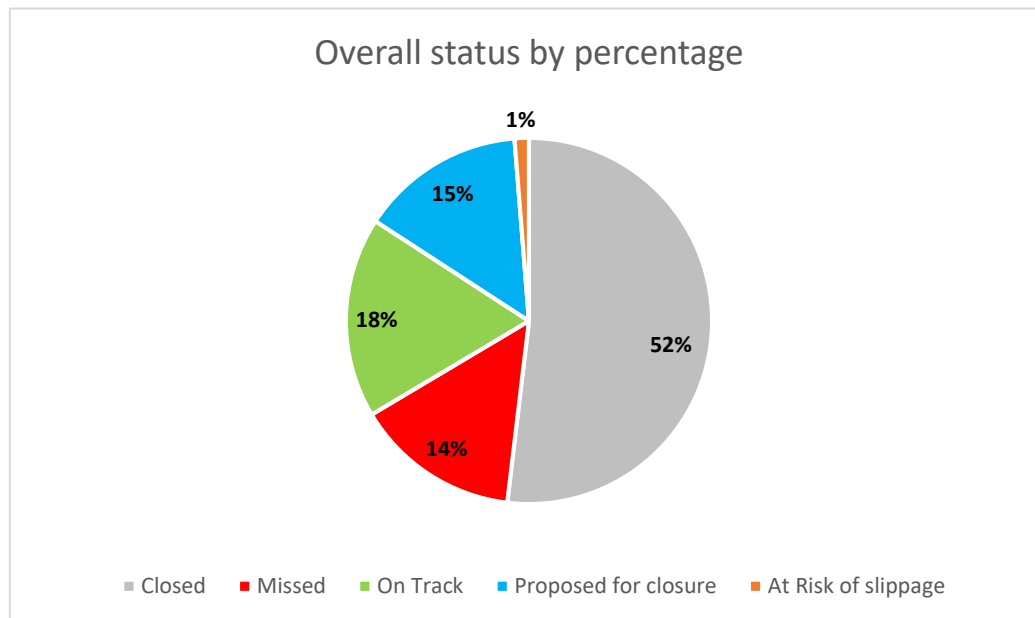
The above graph provides an overall picture of progress so far on Internal Audit recommendations. In total 52% of all recommendations have been closed to date, 15% of recommendations are currently proposed for closure, 18% of the recommendations are currently in progress and 1% are at risk of slippage. A total of 14% have missed their target deadline, but are continuing to be progressed.

5   Closed Recommendations

Follow-up Internal Audit reports into Best Start Grant, Funeral Support Payment, Job Start Payment, Operations (From reporting year 19/20), Resilience - Business Continuity and Young Carer Grant 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 Internal Audit Recommendations Status Update

The below table provides a current status update of the **High Priority** Internal Audit recommendations in progress, recommendations that are already proposed for closure are not included.

Scottish Child Payment			
Rec	**Recommendation**	**Update**	**Status & Due date**
SCP2	Management should: 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. b) Review Client Advisory 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. c) Ensure training and guidance considers a live environment and include a range of scenarios. d) Ensure suitable guidance and training is developed to support Technical Support Officers, Team Managers, Performance Managers and any other roles beyond Client Advisors, enabling	eRDM team folders by benefit are in place and work is ongoing with management to ensure they are utilised effectively and communicated to staff. Guidance has been updated in the Knowledge Hub and elearning sessions rolled out. Roles and responsibilities work is partially implemented.	On Track Oct 21

	consistent, effective and efficient delivery of their objectives. 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.		
SCP3	Action should be taken to ensure processes and controls are sufficient to minimise risk of error or fraud. This includes action to: • [Redacted]; • establish sufficient SPM filtering and task management functionality to address the difficulties of filtering tasks. • review workarounds in place for management of approvals and rejection of approvals to consider whether system functionality could prevent workarounds. • Consider the use of SPM functionality to retain a robust audit trail of cases subject to easement of approval checks and ability to distinguish between cases which have been subject to the easement should these cases be selected for review. • [Redacted].	[Redacted]. Current easement of approval checks is a short-term tactical measure which was not within the programme design for launch. Manual lists are being keep of any applications subject to the easement and spot checks conducted. If further discussion result in an ongoing agreement on easements Operations will make a request to programme colleagues for a functionality within SPM. Spreadsheet records relating to HMRC checks are retained and a note if the date checked recorded in notes. There are existing segregation of duties to prevent approvers submitting product delivery cases for approval and approving it, [Redacted]. 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.	On Track Nov 21

• 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. • Management should explore SPM functionality to flag bereavement cases, prevent such cases being reopened and implement management checks to minimise risk of fraudulent or erroneous activity.	In addition Operations have been working closely with programme colleagues who have confirmed the following; Segregation of Duties sits within SPM' Epic, which is in its 'Discovery' phase on the SPM. There are currently two Epics on the SPM Cross Cutting development backlog to address limitations in the existing bereavement process. Requirements will be added to Epic SCCP-27 'Applications & Validation of Evidence to ensure checks are in place to ensure validity of applications (Part 1)' [Redacted]. 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.

Child Winter Heating			
Rec	**Recommendation**	**Update**	**Status & Due date**
CWH1	Management should review guidance and training for Child Winter Heating Assistance to address gaps and weaknesses identified.	No specific guidance updates have been implemented to date. This has now been raised with Programme.	On Track October 21
CWH2	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. Suitable guidance should be developed to support Team 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.	This work is partially completed, roles and responsibilities are written and now work is be completed by Live Service/Learning and Development to support.	On Track Sept 21

SPM			
Rec	**Recommendation**	**Update**	**Status & Due date**
SPM1	[Redacted].	[Redacted].	At risk of slippage Oct 21
SPM5	a) Following the review being undertaken to capture and quantify the number of workarounds required within SPM and assess the impact on resources and productivity a clear, prioritised action plan should be developed to address workarounds with reasonable target dates. 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.	A) Live Service are deploying on average every 6 weeks to address live defects, when capacity allows we have attempted to address workarounds. We have also made attempts to separate workarounds over manual processes, which may also be required. B) We continue to deploy workarounds to ensure clients claims are progressed when defects arise in the service. We work with all operational areas when impacting and fully test in live like environments prior to deploying. We monitor through the defect and prioritise.	Missed May 21
SPM6	Management should ensure Management Information needs are fully understood and ensure systems/processes are established to provide reliable, timely and accurate information which does not require labour intensive manual input to deliver.	[Redacted].	On Track Dec 22
SPM8	[Redacted].	[Redacted].	At risk of slippage Dec 21

SPM9	a) Processes should be developed for on-going review of gap analysis. b) Management should undertake work to review what SPM functionality has been delivered versus what should have been delivered to ensure the expected service is sufficient and meets Social Security Scotland's needs. Where it is not, action should be taken to escalate and resolve this. 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. d) Management should assure themselves that for those backlog issues identified there are reasonable timescales for action being taken to remedy them and that controls in place currently are sufficient to minimise risk to Social Security Scotland.	New finance role has been filled in late August to measure the financial impact of technical debt. Chief Digital Office team within architecture has continued to log and monitor technical debt in the run up to Child Disability Payment pilot and continue to for forthcoming releases.	On Track Aug 21

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].	[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	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	Working with Policy to finalise hardship/ affordability policy by end of August to allow guidance/ processes to be in place for Debt Suspension being lifted on 1st October.	Missed February 2021

| | including authorisation limits and automatic write offs.
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. | | |

People Advice and Health and Safety			
Rec	**Recommendation**	**Update**	**Status & Due date**
PA4	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 take 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 be updated to reflect current health and safety risks in Social Security Scotland. This	a) This is ongoing. B) Health and Safety officer takes up post 25th August. Interviews taking place for B3 19/08/21 followed by B2 Health and Safety Officer Dundee on 31st August. C) This is ongoing. D) Risk register has been reviewed and updated. Regular discussions in place with Risk management team. e) This is ongoing. f) Awaiting finalisation of reporting mechanism with formation of new People and Place Forum.	Ongoing a) May 2021 b) Sept 2021 c) April 2022 d) July 2021 e) Sept 2021 f) Sept 2021

should then be subject to ongoing review and update to ensure it remains current and risks are managed effectively.

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.

f) Management establish reporting arrangements to enable appropriate scrutiny of activities and ensure compliance with health and safety requirements. This should include reports on compliance, incidents, annual reports as well as Management Information and performance reports.

Programme Links			
Rec	**Recommendation**	**Update**	**Status & Due date**
R1	Social Security Scotland should: 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. Ensure, where elements of Social	The articulation of Social Security Scotland MVP for the Pilot was completed and agreed. An articulation of the MVP for Child Disability Payment national has been completed and has been shared with Programme colleagues to assure this is being met.	Missed Internal Audit Follow Up in progress.

	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 descoping areas of MVP, which has input from key decision makers in both Social Security Scotland and Programme. 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 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.	A generic MVP for all benefits from a Social Security Scotland perspective has also been completed and shared widely. Work continues to refine and develop these building in lessons learned.	

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.	**Operations** [Redacted]. **Local Delivery** [Redacted]. **Finance –** Work on this is now completed	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	Social Security Scotland should [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.

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					
Child Winter Heating	Reasonable	3	1	2	
Operations – Policy, Guidance & Controls	Reasonable	1	2	1	
Scottish Child Payment	Limited	2		3	
SPM	Limited	1	1	7	2
Finance and Corporate Services					
Budgets, Expenditure Monitoring and Reporting	Reasonable		1		
Debt Management	Limited	1	2	2	
People Advice and Health & Safety	Reasonable	2	1	2	
Key Financial Systems (Final report)	Reasonable			3	
Counter Fraud Governance	Reasonable	1	4	3	
Strategy and Client Experience					
Reporting and Assurance	Limited	5	3		
Change Management	Reasonable	1	3		
Programme Links	Limited		4		
Information Management	Reasonable	5	1		
Stakeholder Engagement		1		5	

Annex B: Internal Audit recommendations 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
Debt Management	Limited	M	Evidence of completion of the management checks should be retained for audit trail purposes. A process for lessons learned should also be embedded in this so that where recurring issues are identified action is taken to provide further training/amend processes etc., to minimise risk of reoccurrence.	Processes and methodology for checking and analysis underway (albeit due to the suspension there is limited range of debt activity to check at present)
Counter Fraud	Reasonable	H	[Redacted].	[Redacted].
People Advice and Health & Safety	Reasonable	M	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. b) Existing training requirements for new line managers in Social Security Scotland should be reviewed and consideration should be given to whether training for new line managers should be made mandatory.	All now in place.
People Advice and	Reasonable	L	Management should consider if guidance documents should include document controls which would allow for audit trail of changes and evidence of review.	Document control has been introduced to all guidance documents template letters, or other official documents created or altered.

Health & Safety	 	 		
Scottish Child Payment	Limited	H	Management should: 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. b) Progress with reflecting on lessons learnt from current modelling and sufficiency of resources for benefit launch and feed this into current and future arrangements. 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. c) Consider if there is any knowledge gaps in the absence of a Product Owner for Scottish Child Payment and address any gaps identified.	Modelling is continuously ongoing and we will continue working with Social Security Operational Research to develop tools, which will show the client experience versus the resource available.
Scottish Child Payment	Limited	M	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. c) Further training should also be considered, where gaps or weaknesses are identified.	Checklist for approvers now in Internal Knowledge hub Operations error trend analysis report now available. Reference Scottish Child Payment folder in objective connect.

			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. e) Management should confirm there are sufficient processes in place to identify any tasks or applications open for long periods of time and ensure steps taken to address outstanding actions.	
Child Winter Heating	Reasonable	L	Management should consider if the guidance available to clients on the process of looking at decisions again should be strengthened with clear reference made to all relevant benefits.	Information is available on the Social Security Website, which fully explains the process for redeterminations; this is also part of the letter issued to clients.
Child Winter Heating	Reasonable	L	Management should produce a skills matrix for all staff working on Child Winter Heating Assistance. This will highlight 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.	The new Learning and Development Learning Tool will be used to create a version of a skills matrix.
Child Winter Heating	Reasonable	M	Management should ensure the use of the document upload function on SPM is implemented for the benefit going forward.	No longer required.
SPM	Limited	M	Management should establish the root cause of the error tasks issue and ensure resolution and lessons learnt to prevent this issue re-occurring.	This was related to a defect which was resolved by the Agency Live Service Team on the 26 February 2021.
Stakeholder Engagement	Reasonable	L	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. Where possible reporting should be automated in order to maximise effective use of resources and minimise the risk of error.	Discussion held with senior managers about how this information will be reported in the future. Monthly meeting now in place with Chief Executive and Head of Strategy, Change, Engagement and Data to talk through progress. Quarterly updates of plans and stakeholder sentiment for

				Executive Team and reporting to the Agency Leadership Team through the new Insights and Engagement Group. First meeting of that group took place on 26 August 2021.
Information Management	Reasonable	H	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.	Consideration has been given to revisiting this request with the Scottish Government Programme Directorate. With the pilot for Child Disability Payment about to commence, it does not seem likely that there would be a change of position. It is proposed that this recommendation is closed and that the Disclosures team engage with Product Owners to put in place the technical solutions required to operate the service to include telephony, access to client data and a case management system.
Information Management	Reasonable	L	Management should consider the sustainability of the current approval process and ensure going forward the process for approving FOI responses is appropriate with suitably experienced colleagues with any required level of delegated authority in place to undertake this.	Tracking of clearance timescales now in place. Average time spent in clearance reducing. As experience of case handlers increases this will assist. The number of requests have however been below expectations. This is actively monitored and discussed with the Chief Executive as necessary. The risk is mitigated somewhat by the low number of requests.

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.	**Measuring error and fraud** 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. *Error and fraud measurements are insufficient to support the development of the social security system and the preparation of the annual report and accounts.*	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.	Planning for development of our approach is underway and resource budget (both analytical experts and fieldwork samplers) has been requested. Analysis and Insights team have welcomed new staff with specific experience in this area.
2.	**Long-term planning** 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-	Longer-term planning should continue to be developed and implemented in key areas such as finance, workforce, estates and IT.	Medium term plans remain the focus of finance, workforce and estates covering a period of five years. The agile nature of the social security programme would be likely to undermine longer-term plans than this at present. We remain committed to developing detailed long-term plans as the Agency approaches a steady state.

	year financial forecast should be continually developed to take a longer-term view. *Without robust longer-term planning there is a risk that key decisions may not fully consider different scenarios or the potential implications.*		
3.	**Delivery and financial plans** 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. *The significant uncertainty prevents the successful delivery of the revised timetable.*	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.	We are engaged with the Scottish Government processes for financial planning and budget setting which will result in a balanced package of expenditure and taxation in support of the Scottish Government's desired outcomes.
4.	**Improvement of Digital Systems** 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.	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].

	There is a risk that further technical debt will be added to the already significant list of issues to be addressed.		
5.	**Performance Reporting** 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. *Performance information is not reported in a way that supports the overall assessment and enables lessons to be learned and action taken.*	Performance reporting needs to be further developed and implemented to support the assessment and scrutiny of performance by stakeholders.	Our 2020-21 Performance Report is currently in the process of being finalised before it goes through the process of formal approval. We have taken on board feedback in the process of preparing this draft, including the requirement to progress against this recommendation and we believe we have been able to evidence improvement in the way in which this year's Report makes more explicit links and connections with the Charter Measurement Framework, research findings, survey data and other statistical information – including explicit links with the analytical report on the Measurement Framework, which will be published alongside the Annual Report in October 2021. The draft also makes more use of infographics and consideration has been given to ways in which we can make the information it contains as accessible and easy to understand as possible.
6.	**Residency** 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 paying out a funeral support payment.	Processes for determining the residency of applicants should be reviewed. All risks arising from the approach should be identified and understood.	The policy and procedures regarding residency remain the responsibility of the Social Security Directorate. Controls for the determination of residency continue to be highlighted for further development.

	Postcode as a measure of residency should therefore be kept under review. *There is a risk that residency status is not been appropriately assessed.*		
7.	**Preventing error and fraud** 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. *There is a risk that there are higher levels of error and fraud with the remote working policies in place.*	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.	[Redacted].

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

All 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.

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)

RAG		Criteria Description
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 Heathcheck Review has been given Critical, Essential or Recommended status. The definition of each status is as follows:

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

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

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