



Audit and Assurance Committee

Date of Meeting	Tuesday 18 May 2021
Time	10:00 – 12:30
Location	Video Conference – Microsoft Teams

Attendees

Present

Russell Frith (RF)	Chair, Non-Executive Member
Jessica Burns (JB)	Non-Executive Body Member
Douglas Hutchens (DH)	Non-Executive Body Member
Elaine Noad (EN)	Non-Executive Body Member
David Wallace (DW)	Accountable Officer, Chief Executive
James Wallace (JW)	Deputy Director of Finance and Corporate Service
Janet Richardson (JR)	Deputy Director of Operations (Item 5)
CB	Strategy, Policy and Assurance Lead
MF	Head of Fraud and Error Resolution
NB	Head of Finance
NM	Corporate Assurance Lead
SM	Operational Policy Coordinator (Item 3)
BG	Head of People Services (Item 5)
AD	Head of People Services and Service Development (Item 5)
CK	Head of Operations - Wave One and Live Running (Item 5)
CM	Operations Support Lead
GD	Head of Corporate Strategy and Communications

Audit Scotland

FI	Senior Auditor
PG	Senior Audit Manager

Internal Audit Directorate, Scottish Government

Sharon Fairweather	Director of Internal Audit
IB	Senior Internal Auditor
LS	Internal Auditor
JD	Internal Auditor

Secretariat Assistant Governance Manager

Apologies

MC	Deputy Director for Strategy and Client Experience
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Observers

GH	Senior Business Partner
MW	Senior Finance Business Partner
AO	Chief Executive Business Support Manager

1. Welcome and Conflicts of Interest



- 1.1. The Chair welcomed everyone to the meeting and noted apologies as listed above.
- 1.2. The Chair welcomed GH, MW and AO who were observing the meeting and PG who has joined Audit Scotland as the new Senior Audit Manager.
- 1.3. No conflicts of interest were noted.

2. Minutes and Action Tracker

- 2.1. The Audit and Assurance Committee endorsed the minutes of the meeting on the 9 February 2021. All actions within the tracker have been updated.
- 2.2. The Chair noted Social Security Scotland Corporate Website should be updated to reflect current membership of the Audit and Assurance Committee. The Terms of Reference should also be updated.

Action	Secretariat	Update the corporate website and terms of reference to reflect current membership of the Audit and Assurance Committee.
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3. Social Security Scotland Risk Management Update

- 3.1. SM provided an update of risk management activity since the last meeting on the 9 February 2021;
 - An update on the Strategic Risk Register and the significant updates since the last Audit and Assurance Committee on the 9 February 2021.
 - An overview of our response to the recommendations from the Risk Management Review, and;
 - Update from the Risk Review Group.
- 3.2. DH asked what processes have been put in place to ensure implementation of recommendations from the Risk Management Review. NM noted progress will be monitored on a tracker, whilst applying project management methodologies. EN noted the need to make sure staff have training so they understand what risk means and that this needs to be accessible using clear examples.
- 3.3. The Chair invited the Audit and Assurance Committee to note the content of the report and advice on our approach to the prioritisation of the recommendations from the Risk Management Review. The Committee noted the report.

4. Social Security Scotland Error, Fraud and Debt Update - Annual Report



4.1. MF presented the Social Security Scotland Error, Fraud and Debt update – Quarter 3.

MF noted the following:

- The work of the Fraud, Error and Debt Management Teams in response to the Covid-19 pandemic during 2020/21.
- Analysis and mitigation of the risks of remote working throughout the operational year.
- Identification of cases of official and client induced error.
- Instances of fraudulent attempts which have been unsuccessful due to verification action undertaken by front line staff.
- Continued work to support colleagues and consolidate learning.

4.2. The Chair thanked MF for a very helpful report.

4.3. The Committee welcomed and noted the report, associated risks and progress made.

5. Internal Audit Directorate Update

5.1. IB presented the Internal Audit Update.

5.2. IB noted Internal Audit have continued to participate in regular meetings with key stakeholders in order to remain aware of progress and developments within Social Security Scotland. This includes consideration of our work and ensuring this is aligned with emerging risks and issues.

All 2020/21 work is now completed and planning for quarter 1 reviews of 2021/22 is in progress.

Advisory and Follow-up activity has continued.

5.3. IB noted one change to the Annual Plan for 2021/22, which was endorsed by the Committee.

5.4. Reports presented within the Internal Audit update are:

- Social Programme Management Review
- Stakeholder Engagement
- Wave 1 Benefits – Jo Start Payment
- Scottish Child Payment – Application Processes
- Child Winter Heating Assistance
- People Advice / Health and Safety
- Counter Fraud Governance
- Key Financial Systems
- Operations Compliance

5.5. IB extended his thanks to LS and colleagues at Internal Audit, the Corporate Assurance Team, and colleagues across Social Security Scotland for the hard



work providing the assurance to the Accountable Officer. IB noted the good working relationship between Internal Audit and Social Security Scotland.

- 5.6. IB invited the Audit and Assurance Committee to note the range of activities undertaken by the Directorate for Internal Audit and Assurance since the previous meeting on the 9 February 2021.
- 5.7. RF suggested that interim milestones / checkpoint be added to all Social Security Scotland management responses where there was a long time until the end date. NM advised target dates over the year will include milestones to make sure there is momentum and progress is visible.
- 5.8. The Committee noted the report

Action	NM	To ensure action owners are noted against each recommendation ahead of publication.
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6. Internal Audit Directorate – Annual Assurance

- 6.1. IB provided the Committee with the overall annual assurance opinion.
- 6.2. IB noted the following;
- Internal Audit are providing a “reasonable” assurance marking on Social Security Scotland’s risk, management, governance and control arrangements.
 - 2020-21 internal audit activity has now been completed.
 - All report recommendations made in 2020-21 were accepted.
 - Follow-ups have been completed with 24 out of 31 recommendations found to have been fully implemented.
- 6.3. IB invited the Audit and Assurance Committee to comment on the 2020-21 Annual Assurance Opinion
- 6.4. The Chair advised the report was a fair overall summary and is comfortable with reasonable assurance.
- 6.5. JW noted the value of Internal Audit and the activities that follow.
- 6.6. The Audit and Assurance Committee noted the report.

7. Audit Scotland Update and Management Report

- 7.1. FI provided the Audit Scotland update and noted the following:
- The Management Report outlines the financial controls weaknesses that have been identified through the controls work that has been completed.



- Actions to address the risks have been considered by Social Security Scotland and responses provided within the report.
- 7.2. FI noted the audit approach will be designed to link in with Internal Audit to provide additional assurance on progress.
- 7.3. FI invited the Audit and Assurance Committee to discuss the Management Report and provide advice to the Accountable Officer.
- 7.4. The Audit and Assurance Committee discussed and noted the contents of the report.

8. Annual Governance Statement Review

- 8.1. NB spoke to the Annual Governance Statement Review. Noting the following;
 - Accountable Officers are required to prepare Governance Statements as part of the annual accounts for which they are directly responsible. To enable them to sign these Accountable Officers require assurances on the maintenance and review of internal control systems within or affecting their area of responsibility.
 - Deputy Directors completed Internal Control Checklists (as outlined in the Scottish Public Finance Manual) enabling them to evidence their Certificate of Assurance. Points relating to internal controls were raised as areas of significant concern for consideration for inclusion in the Governance Statement.
 - Annex A contains a draft of the Governance Statement. The statement is a draft and there are marked comments outlining where we expect further information to be included over the coming weeks.
 - A further draft, taking into account Committee comments and further information, is due to be shared with core Scottish Government in June. The final Governance Statement will be shared with Scottish Government in August 2021.
- 8.2. NM noted the report is a fair reflection of the work over the past year and welcomed questions from the committee.
- 8.3. DH thanked NM for the report and outlined areas for further content specifically referring to the work of the Audit and Assurance Committee and Executive Advisory Body. The Chair asked for further content on Fraud and Error.
- 8.4. NM advised the final version of the Governance Statement will come back to the Audit and Assurance Committee along with the annual accounts in due course.
- 8.5. The Audit and Assurance Committee noted the report.



Action	NM	To include further content in the Governance Statement on governance bodies and their impact and fraud and error.
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9. Audit Recommendations Update

- 9.1. NM provided the Audit Recommendations Update.
- 9.2. NM advised 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.
- 9.3. NM noted the following information:
 - 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
- 9.4. NM noted extra steps are in place to check recommendation timescales and to assist teams in challenging timescales to ensure they are manageable.
- 9.5. IB noted Internal Audit are aware of the level of recommendations and will ensure they are valid, reasonable and appropriate.
- 9.6. NM invited the Audit and Assurance Committee to note the progress of these recommendations and information contained within this report.
- 9.7. The Audit and Assurance Committee noted the update.

10. Any Other Business

- 10.1. The Chair noted the Audit Scotland Plan 2020-21 submitted as a below the line paper. The committee have provided comments and follow up action has been undertaken by Audit Scotland.
- 10.2. Thanks were expressed to Social Security Scotland colleagues, Internal Audit and Audit Scotland for the work completed for today's meeting.
- 10.3. No other business was recorded.

Date of next Meeting – 31 August 2021

Action(AP)/Decision(DP)	Detail	Owner	Due Date	Status
AP – 18/05/2021 - 01	Update the corporate website and terms of reference to reflect current membership of the Audit and Assurance Committee.	Secretariat	Next Meeting	Completed
AP – 18/05/2021 - 02	To ensure action owners are noted against each recommendation ahead of publication.	NM	Next Meeting	Completed
AP – 18/05/2021 - 03	To include a measure to highlight the work we do and work we have done in the Governance Statement to highlight impact from the past year.	NM	Next Meeting	Completed