

Audit and Assurance Committee

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| Date of Meeting | Tuesday 19 February 2019 |
| Time | 10:30 – 14:00 |
| Location | Meeting Room 4.7, Dundee House |

Attendees

Present:

Non- Executives:

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| Russell Frith (RF) | Chair, Non-Executive Member |
| Douglas Hutchens (DH) | Non-Executive Body Member |
| Elaine Noad (EN) | Non-Executive Body Member |
| Jessica Burns (JB) | Non-Executive Body Member |

Social Security Scotland:

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| David Wallace (DW) | Accountable Officer, Chief Executive |
| [Redacted] (MR) | Head of Governance and Strategy |
| [Redacted] (JW) | Head of Finance |
| [Redacted] (CB) | Strategy, Policy and Assurance Lead |
| [Redacted] (NM) | Corporate Assurance Manager |
| [Redacted] (NB) | Corporate Finance Lead |

Audit Scotland:

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| [Redacted] (MT) | Audit Director |
| [Redacted](GD) | Senior Manager |
| [Redacted] (FI) | Senior Auditor |

Internal Audit Directorate, Scottish Government:

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| [Redacted] (KM) | Internal Audit Manager |
| [Redacted] (AS) | Internal Auditor |

Also Attending:

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| [Redacted] (PG) | Quality & Assurance Manager, Social Security Programme (Item 8 onwards) |
| [Redacted] (BG) | Head of People Services, Social Security Scotland (Item 8 only) |

Apologies:

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| [Redacted] (IB) | Senior Audit Manager (Internal Audit Directorate) |
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Secretariat

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| [Redacted] (AP) | Governance and Business Support Officer, Social Security Scotland |
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1. Welcome and Conflicts of Interest

- 1.1. RF welcomed everyone to the meeting. Brief introductions were made, and apologies were noted as recorded above.
- 1.2. No conflicts of interest were noted.

2. Minutes of Previous Meeting and Action Tracker

- 2.1. RF noted that minutes of the previous meeting had been approved via correspondence. These also formed the basis of the Audit and Assurance Committee Report to the Executive Advisory Body that was tabled as a “Below the Line” paper at their meeting on 11 December 2018.
- 2.2. RF noted however these had not been acknowledged in the Executive Advisory Body minutes, and should be when considering future reports.
- 2.3. NM confirmed actions from the first meeting have either been completed via correspondence or are being discussed within this meeting. One item on Business Continuity will be carried forward to a future meeting.
- 2.4. Minutes from the first meeting have now been published on the Social Security Scotland Website.

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| Action | AP | Audit and Assurance Committee Reports to the Executive Advisory Body to be formally acknowledged within their minutes. |
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3. Audit and Assurance Committee – Updated Terms of Reference

- 3.1. NM led a discussion on the updated Audit and Assurance Committee Terms of Reference. This was discussed at the first meeting (13/11/2018) and changes were advised.
- 3.2. The updated Terms of Reference was agreed and will be published on the Social Security Scotland website.

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| Action | NM | Terms of Reference to be published on Social Security Scotland website. |
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4. Financial Update

- 4.1. NB provided a financial update to the Committee.

- 4.2. Reports have been produced on a monthly basis since the Agency formed in September 2018, but in future these will be provided to the Committee as Quarterly Reports.
- 4.3. RF thanked NB for responding to comments made at the previous Committee.
- 4.4. There was a discussion on a possible future Block Grant Adjustment, and JW suggested that it may be beneficial for the full Social Security (Scotland) 2018 Act Financial Memorandum to be tabled at a meeting for discussion. This was agreed.
- 4.5. DH asked for clarification on the differential staff costs between Dundee and Glasgow sites. It was confirmed that staffing costs in Dundee are higher as the majority of Operations staff are based there.

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| Action | AP | Financial Memorandum to be added to a future agenda. |
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5. Accounting Policy

- 5.1. NB presented the Draft Accounting Policy to the Committee. Plain English has been used where possible to make sure there is a clear understanding of the document.
- 5.2. The Committee were asked for comments and they agreed with the general format, but suggested changes to a number of specific areas including the addition of a policy for social security payments. These changes will be incorporated, and an updated copy will be sent to members once finished.

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| Action | NB | To incorporate feedback from Committee into Draft Accounting Policy. |
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6. Counter Fraud Strategy

- 6.1. JW gave an overview of Social Security Scotland's Counter Fraud Strategy.
- 6.2. Decision making processes were discussed, and it was highlighted that the team will link up with other relevant bodies. Senior staff have also now completed the Regulation of Investigatory Powers Scotland Act (RIPSA) training.
- 6.3. DW noted that it is important to differentiate between Debt Recovery and Counter Fraud in this strategy, and the importance of not criminalising clients for errors.
- 6.4. The Counter Fraud team is now active, and it was agreed that their manager would be invited to a future meeting to provide a more comprehensive overview. It was agreed this would be helpful for the Executive Advisory Body also.

- 6.5. RF asked how fraud activity would be reported to the Committee. It was confirmed that there will be an Annual Report summarising activity and it was also suggested that a quarterly update would be helpful, even if there were no cases to discuss. This was agreed
- 6.6. Finally the Code of Practice for Fraud and Error Strategy was discussed, and it was agreed this would be discussed also at a future meeting.

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| Action | JW | Fraud Code of Practice to be considered for future meeting. |
| Action | JW | Error Strategy to be considered for future meeting. |
| Action | AP | Organise an induction session focussing on Fraud including the Executive Advisory Body. |
| Action | JW | Produce quarterly Fraud update reports. |

7. Risk Management Update

- 7.1. CB gave an update on Risk Management highlighting that the work agreed at the last Committee has now been completed.
- 7.2. CB outlined the next steps towards implementation of this strategy, including consulting with appropriate staff on the mitigation actions for each risk.
- 7.3. He also noted that for future meetings a “Highlight Report” will be provided summarising relevant risk activity.
- 7.4. He finally said that his team have been working on the rollout of a ‘Risk Culture’ across Social Security Scotland, and will soon be delivering risk sessions to colleagues. There already has been a meeting with the Agency Senior Leadership Team (SLT) to discuss risk appetite and it was agreed that a further paper detailing the output of this would be submitted to the Committee.
- 7.5. A discussion took place on the report and feedback was agreed to be incorporated into the planned approach to implementation. The Committee noted that the draft list of risks was very much work in progress and would be further developed based on the outcome of the risk appetite discussions.
- 7.6. The rigour and process was praised and the Committee were pleased with the team’s efforts in embedding a positive Risk Culture within the Agency.

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| Action | CB | Prepare paper detailing feedback from SLT on Risk Appetite |
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8. Internal Audit Update Report

- 8.1. Internal Audit updated the Committee by advising that two reviews were completed on Governance and Recruitment.
- 8.2. AS firstly outlined the recommendations within the Governance Review. There was a discussion about Non-Executive Member appointments, which was subject to a recommendation, and MR reassured the Committee this was being considered.
- 8.3. BG joined to discuss the Recruitment Review. The recommendations from this were outlined and BG provided the Committee with an overview of progress.
- 8.4. The Committee welcomed the recommendations across both the reports, and Agency staff noted that although some of the recommendations were not a surprise, the independent assessment had been very useful

9. Internal Audit Plan 2019/20

- 9.1. KM presented the Agency Internal Audit Plan 2019/20. The plan outlined intended review work, along with capacity for ad-hoc advisory work.
- 9.2. The plan was discussed by the Committee, with no further advice given. NM noted that Agency's positive working relationship with the Internal Audit and acknowledged that the plan does have capacity to change to meet the changing demands of the Agency.

10. Audit Scotland Planning Document

- 10.1. MT gave an overview of the Audit Scotland Planning Document. This document had been drafted for comment by the Committee, and sets out the areas where the Audit will focus. Once the document is finalised it will be published on the Audit Scotland website.
- 10.2. FI ran through the plan and gave background on each of the audit risks.
- 10.3. RF asked if the Committee were content with the reporting threshold; the Committee are content.
- 10.4. The Audit Fee was confirmed to be in relation to financial statements and wider dimensional work.
- 10.5. DH commented that the plan reflects Social Security Scotland well in its current position.
- 10.6. DW noted the importance of strong and open communication channels between Audit Scotland, Social Security Scotland and Programme colleagues. GD commented that to date she was very happy with interactions with people from these areas.

11. AOB

11.1. No other business recorded.

Date of next meeting: Tuesday 14 May 2019

