



Audit and Assurance Committee

Date of Meeting	Tuesday 19 May 2020
Time	10:30 – 12:30
Location	Conference Call

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
Miriam Craven (MC)	Deputy Director for Strategy and Client Experience
James Wallace (JW)	Deputy Director of Finance and Corporate Services
Janet Richardson (JR)	Deputy Director of Operations and Local Delivery
NB	Deputy Head of Finance
CB	Strategy, Policy and Assurance Lead
MF	Fraud and Error Lead
NM	Corporate Assurance Lead
LH	Corporate Assurance Manager

Audit Scotland:

FI	Senior Auditor
CG	Senior Audit Manager

Internal Audit Directorate, Scottish Government

IB	Senior Internal Auditor
LS	Internal Auditor

Secretariat

IB(2)	Governance and Business Co-Ordinator
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Apologies

MT	Assistant Director
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1. Welcome and Conflicts of Interest

- 1.1. The Chair welcomed everyone to the meeting.
- 1.2. The Chair advised the members of a potential conflict of interest; he has joined the Board for his local Citizens Advice Bureau. All members noted the interest.

2. Minutes and Action Tracker

- 2.1. The minutes and actions were discussed from the Audit and Assurance Committee meeting held on the 11 February 2020.
- 2.2. NB highlighted a couple of changes, and once made, the minutes will be proactively published within twelve weeks of the meeting.
- 2.3. The updated Action Tracker was noted and it was agreed to remove any ongoing actions which no longer need to be formally tracked.
- 2.4. DH asked for the Governance Checklist supporting all Papers to be completed in full so there is consistency on all papers. NM advised that this has already been identified and is being actively considered.

Action	IB(2)	To update amendments to the minutes.
Action	NM	To remove any on-going actions from the Action Tracker that no longer need to be formally tracked.

3. Risk Management Update

- 3.1. CB provided an update on Risk Management to the Committee.
- 3.2. The paper covered work progressed since the last meeting, including work ongoing to re-baseline the Strategic Risk Register.
- 3.3. This has included a session with the Executive Team. We have now identified risks for de-escalation and re-wording and work with risk owners on this is ongoing. Moving forward monthly updates will be provided to the Executive Team. A revised Strategic Risk Register will be presented to the Committee at their next meeting.
- 3.4. EN asked a question on a risk de-escalated concerning Health and Safety. While the Committee did not disagree, they asked that the risk be reviewed further and considered whether it needs broken down to cover differing scenarios based on job roles. CB noted as an action point.
- 3.5. CB advised the committee that risk owners are asked to review and provide updates on risk on a monthly basis and significant changes reported to the Risk Review Group. Some gaps in updates were identified, this was noted and will be considered further by the organisation's Risk Function.

3.6. DH raised an issue on the potential impacts of Covid 19 on benefit applications both in the short and long term. This point was noted and it was advised that such risks would be present on both our and the Social Security Programme Risk Register.

3.7. The Committee noted the Risk Management Update.

Action	CB	To review Risk R045.
Action	CB	To annotate on the risk register anything that is to be reviewed.
Action	CB	To provide updated Strategic Risk Register at next meeting.

4. Financial Report

4.1. NB gave an overview of the Financial Report, highlighting that the report provides a summarised provisional end of year 2019-20 financial position for Social Security Scotland.

4.2. NB advised the report results are subject to change and advised the committee that the key points included in the report are benefit and operational expenditure.

4.3. NB noted operational expenditure was slightly below plan which was due to finalisation of charges that we couldn't anticipate, but overall the forecast is robust.

4.4. RF raised a query as to why Funeral Support Payments appeared twice in the report as an expenditure item. NB noted that this needs to be illustrated more appropriately within the budget; Funeral Support Payment is covered by a Financial Transactions budget rather than a resource budget. So expenditure is incurred against the Financial Transaction budget when Funeral Support is paid out but a further charge is then incurred against a resource budget for expected credit losses, due to the Financial Transaction budget use.

4.5. The Committee noted the Financial Report.

Action	NB	To consider how to illustrate Funeral Support Payments on the financial report.
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5. Fraud and Error Annual Report

5.1. MF presented the Fraud and Error Annual Report, highlighting activities undertaken by Social Security Scotland Fraud and Error Resolutions Unit throughout 2019/20.

5.2. MF noted the positive impact of the Fraud Champions Group.

5.3. MF noted there had been instances of attempted fraud reported to the Fraud team, but due to verification action from staff these claims were unsuccessful.

These provide useful information which can inform future system and process design.

- 5.4. The Committee noted the Fraud and Error Annual Report.

6. Audit and Assurance Committee Annual Report

- 6.1. The Chair welcomed comments and observations from the members on the draft Audit and Assurance Committee Annual Report.
- 6.2. DH requested that an annex to the paper be added to include the schedule of business.

Action	LH	To add and annex to the paper to include scheduled of business
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7. Internal Audit Directorate Update

- 7.1. IB highlighted the key points in the Progress Report.
- 7.2. IB advised the Committee that the 2019/20 Internal Audit Plan was now completed. The 2020/21 Internal Audit Plan is currently being reviewed taking account of the impact from COVID-19.
- 7.3. The Committee noted the range of Internal Audit and Assurance Directorate activities in Quarter 4 of 2019/20.
- 7.4. A discussion was had on the Operations Internal Audit Review. JR advised the Committee that actions owners to recommendations have been identified and work is already progressing on the recommendations. Social Security Scotland will also be working with Social Security Programme colleagues on these. MC added that a number of the recommendations were also being led within the Change and Transformation Team.
- 7.5. IB provided a summary of the Annual Assurance Statement for 2019/20, which provided a 'reasonable' assurance marking.
- 7.6. IB noted engagement has been positive and they are impressed with the culture adopted by the Agency.
- 7.7. The Chair noted that he agreed with the conclusion for year 2019/20.
- 7.8. NM provided some clarity on recommendation tracking. The Corporate Assurance Team manage this and report quarterly to the Committee on progress against recommendations. A review of all outstanding recommendations is underway and will be reported to the Committee at their next meeting.
- 7.9. The Committee noted both the progress report and annual assurance report.

Action	NM	Provide audit recommendation report at next Committee.
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8. Audit Scotland Update

- 8.1. CG provided an update on behalf of Audit Scotland.
- 8.2. CG noted that there has been good engagement with staff at Social Security Scotland and work is progressing to undertake the Audit remotely. Overall they plan to apply a pragmatic and flexible approach.
- 8.3. Plan is to work towards an end of September sign off, but an additional Committee meeting in October has been scheduled.
- 8.4. FI advised the Performance Audit for Social Security Scotland has been paused with no definitive date to re-start, but noted this pause is reflected across Scottish Government as a whole.
- 8.5. The Chair asked if there was a firm date for the Scottish Government Consolidated Accounts. NB advised as yet there is no date set but would update the Committee accordingly.
- 8.6. The Committee noted the report.

Action	NB	To update the Committee members when a date is set for the Scottish Government Consolidated Accounts.
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9. Any Other Business

- 9.1. The Committee noted the Below the Line Paper's and asked for the Data Protection Framework Annual Report to be included in the calendar of business.
- 9.2. No other business was recorded.

Action	IB(2)	To add the Data Protection Framework Annual Report to the calendar of business.
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Date of next meeting: Tuesday 25 August 2020



Action(AP)/Decision(DP)	Detail	Owner	Due Date	Status
AP – 11/02/2020 – 02	To update Committee on organisations VAT position.	NB	Next Meeting	
AP – 11/02/2020 – 03	To implement comments/feedback on content of report ahead of next meeting.	MF	Next Meeting	
AP – 11/02/2020 – 04	To consider adding fraud debt into the Finance Report.	MF/NB	Next Meeting	
AP – 11/02/2020 – 05	Take forward the Review of the Risk Management Strategy. Liaise with Risk Review Group.	SM	Next Meeting	
AP – 11/02/2020 – 06	Consider structure of a deep-dive session specifically on Wave 2.	MC/CB/IB(2)	Next Meeting	No risk deep dive session at May committee
AP – 11/02/2020 – 07	To meet with action owners to make sure recommendations are moving forward.	AP	Next Meeting	



Action(AP)/Decision(DP)	Detail	Owner	Due Date	Status
AP – 11/02/2020 – 08	Contact Action Owners to highlight action tracking and critical activity.	NM	Next Meeting	