



Audit and Assurance Committee

Date of Meeting	Tuesday 19 May 2020
Subject	Internal Audit Progress Report
Agenda No.	7
Paper No.	7.6 a
Prepared By	Internal Audit
Purpose	Note

Background

- 1.1 Internal Audit Progress Report for comment and discussion.

Key Points

- 2.1 Key points to note are:
 - The 2019-20 plan has been completed, with all Final Reports issued.
 - Regular meetings have been held between Internal Audit and key contacts within Social Security Scotland.
 - DIAA response to COVID-19 and changes to quarter one Annual Audit Plan.

Conclusion/Recommendation

- 3.1 The Audit and Assurance Committee members are invited to note the range of Internal Audit and Assurance Directorate activities in Quarter 4 of 2019/20 and to offer any comments on the DIAA COVID-19 response.



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Internal Audit Progress Report

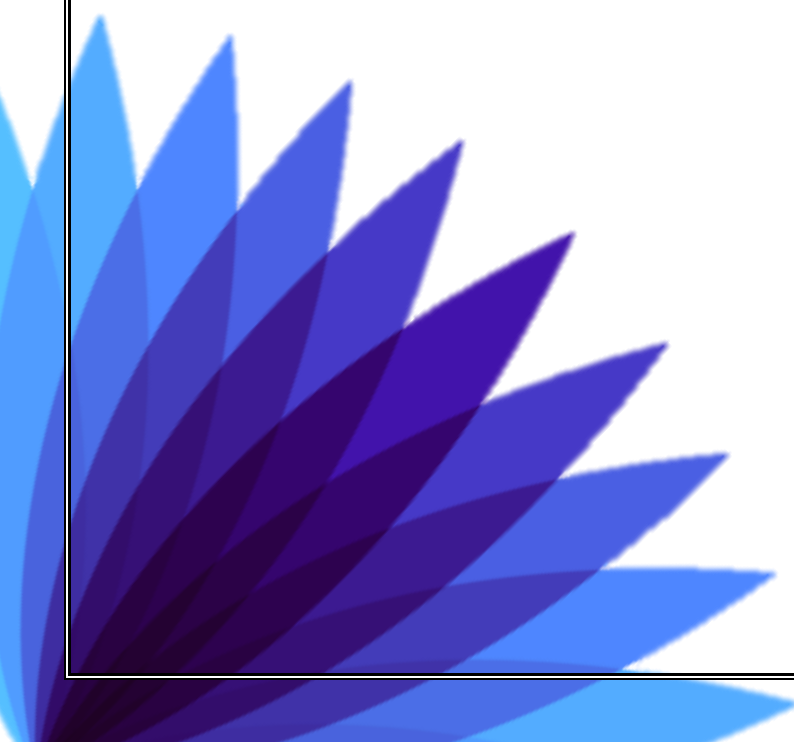
Social Security Scotland 2019-2020

Audit and Assurance Committee

19th May 2020

Directorate of Internal Audit and Assurance

Report Issue Date: 6-05-2020



1. **Purpose**

1.1. For information and comment.

2. **Key Messages**

2.1. The Directorate of Internal Audit and Assurance (DIAA) is maintaining engagement with key stakeholders to enable an aligned approach during these unprecedented times.

2.2. The Social Security Scotland Audit plan for 2019-20 has been completed in full. Since the February Audit and Assurance Committee (AAC) meeting five reports have been issued as final versions. More detail is provided in Section 5 of this paper.

2.3. Follow-up activity, predominantly reviewing implementation of recommendations agreed as part of work undertaken in 2018/19, has been undertaken. An update on activity since the previous AAC meeting is provided in Section 6 of this paper.

2.4. Commencement of the 2020-21 Audit Plan was discussed with management at an early stage following the lockdown situation being imposed. Given the impact of Covid-19 all 2020-21 work was initially put on hold. Proposed changes to quarter one (Q1) activity is now being made in order to support the organisation in the most effective way. We agreed with management to carry out high risk/impact related advisory work initially and have opened discussion on undertaking selected Q1 audits. We will continue to review the plan on an ongoing basis.

3. **Action Required**

3.1. Members are invited to note the range of Internal Audit (IA) activities to date, offer any comments and otherwise note the report.



[Redacted]	Lead Senior Internal Audit Manager
[Redacted]	Internal Audit Manager

4. Introduction

4.1. This paper provides Members with a summary of IA activities in Social Security Scotland and relevant strategic matters since the Committee's last meeting on 11th February 2020.

5. Main Assignments – Current Year 2019-2020

5.1. The status of main assignments for 2019-2020 completed since the last AAC is shown in **Table 1** below.

Table 1: Main Audit Assignments 2019-2020 Audit Plan

Activity	Status
Budgets, Expenditure, Monitoring and Reporting	Complete - Reasonable Assurance Final Report Issued – 18 March 2020 See Annex A
Local Delivery Arrangements	Completed - Reasonable Assurance Final Report Issued – 16 April 2020 See Annex B
Travel Management	Completed - Reasonable Assurance Final Report Issued – 4 th May 2020 See Annex C
Change Management	Completed - Reasonable Assurance Final Report Issued – 4th May 2020 See Annex D
Operational Policies, Procedures and Controls	Completed - Limited Assurance Final Report Issued – 6 th May 2020 See Annex E

6. Follow-Up Activity

6.1. Scheduled follow-ups completed were as follows:

Internal Audit Review	Recommendations Made and Accepted	Recommendation Status at time of Follow-Up
Development of KPIs	2 Medium	1 Fully Implemented 1 Superseded

6.2. No further follow-ups have been undertaken in April 2020 due to the current situation and changing priorities.

6.3. However, work is now due to start on following up on all those recommendations which are now due to be implemented. This includes follow-ups for the following audit reviews:

- Reporting and Assurance Functions Roles and Responsibilities
- Business Planning
- GDPR
- Interim IT Systems Support and Maintenance
- Interim Estates Management

6.4. The outcome of the above follow-ups will be reported to a future Audit and Assurance Committee meeting.

7. Advisory Activity

7.1. Please see attached **Annex G** for Advisory activity undertaken since the previous Audit and Assurance Committee.

7.2. We continue to engage with various teams throughout Social Security Scotland on an ongoing basis and also are keep to provide advisory support where possible.

8. Strategic Matters and Insights

- 8.1. The DIAA is maintaining engagement with key stakeholders to enable an aligned approach during these unprecedented times. Accordingly, the DIAA is taking a pragmatic and risk based approach to assurance. We recognise that initiatives are being taken forward at pace to support the Covid-19 response which requires us to be flexible in our approach to avoid adversely impacting on delivery timescales.
- 8.2. The Internal Audit plan for the Scottish Government has been re-aligned for the first few months of 2020–21. It recognises that the original draft internal audit plan is no longer appropriate given the Covid – 19 emergency, and that Internal Audit must adjust its approach to best support the organisation through the current situation.
- 8.3. We regularly liaise with the Chartered Institute of Internal Auditors, our co-source partners (EY) and colleagues in other central government IA divisions to continuously learn from each other, and to share intelligence on areas such as external vector risks. We also liaise with Audit Scotland at regular intervals to test our thinking.
- 8.4. We are discussing the 2020-21 Social Security Scotland Audit Plan with key audit contacts and Senior Leadership and have agreed that, in light of the impact of Covid-19, it would be sensible to review the plan to recognise the physical constraints (social distancing and travel restrictions) and the need to potentially reprioritise activities caused by the pandemic. We will continue to work with the main audit contacts to amend our audit plan to give the appropriate level of assurance and provide any additional support required to address the impact of Covid-19.



Internal Audit Report

Social Security Scotland 2019-2020

Budgets, Expenditure, Monitoring and Reporting

**Directorate of Internal Audit
and Assurance**

Report Issue Date: 18-03-2020

Budgets, Expenditure, Monitoring and Reporting

Assurance Category	Reasonable
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Recommendations Profile	0 High	3 Medium	2 Low
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Audit Information

Senior Internal Audit Manager:	[Redacted]
Internal Audit Manager:	[Redacted]
Internal Auditor:	[Redacted]
Date of fieldwork:	11/11/2019 – 06/01/2020
Issue date of draft report:	03 March 2020
Issue date of final report:	18 March 2020

Report Distribution

David Wallace, Chief Executive, Social Security Scotland (Accountable Officer)*
[Redacted], Corporate Assurance Manager, Social Security Scotland
Audit Scotland *
[Redacted], Head of Finance, Social Security Scotland
James Wallace, Deputy Director Finance & Corporate Services Social Security Scotland

Final Report only

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1. **Executive Summary**

1.1. We have provided an overall “reasonable” assurance opinion, which means some improvements are required to enhance the adequacy and effectiveness of procedures. There are some weaknesses in the governance and control procedures in place but not of a significant nature.

See **Annex F** for a full explanation of our assurance and recommendation categories.

1.2. Our review identified three medium priority and two low priority recommendations. We have summarised below the key examples of good practice and improvement opportunities.

1.3. **Good Practice Examples**

- Social Security Scotland have an allocated budget from the Scottish Government (SG) budget.
- Budget proposals have been appropriately approved and budget information appropriately disseminated throughout the organisation.
- There is robust financial governance at all levels, strategic and operational.
- Working groups/forums have been established that lend to good relationship management with SG Finance and Social Security Directorate (Programme) Finance.
- There is evidence of appropriate scrutiny of financial reports by management and the Audit and Assurance Committee (AAC).

1.4. **Improvement Opportunities**

- There is a lack of consistency in available guidance for all processes within the Finance team, increasing the risk that consistent processes may not be established, errors may be made and required actions may not be undertaken.

See **Recommendation 1**

- Ad hoc informal training is delivered to budget holders and assistance is provided by the Finance team when requested. However there is no formal training for budget holders across the organisation, which increases the risk that budget holders may not have the required skills and knowledge to effectively manage their budgets, which could result in budget over or under spends.

See **Recommendation 2**

- Social Security Scotland currently has one card controller who is responsible for controlling and monitoring use of 13 electronic purchase cards (ePC). There is an increased risk that card controller responsibilities cannot be effectively undertaken by one officer. This includes concerns over the card controllers ability to monitor and determine reasonableness of spend by a variety of teams across Social Security Scotland and resilience arrangements should this member of staff be on extended leave or absent unexpectedly.

See **Recommendation 3**

- A quarter of the transactions made using ePC were with the supplier Amazon. it was noted that generally the transactions were of a low value, however there is a risk that items may have been purchased from this supplier where contracts already exist. This could potentially result in the ineffective use of resources and/or legal challenge.

See **Recommendation 4**

- Whilst general compliance with ePC guidance was confirmed, we identified one genuine split transaction whereby one invoice was paid in two transactions to circumvent the £5000 individual transaction control limit. This is a breach of ePC policy which could result in potential suspension or revocation of card due to card users and approvers acting outwith their authority.

See **Recommendation 5**

2. Introduction

- 2.1. This internal audit review of Social Security Scotland's budget and expenditure, monitoring and reporting arrangements formed part of the Audit Plan agreed by the Accountable Officer and noted by the Audit and Assurance Committee on 19th February 2019.
- 2.2. Social Security Scotland has included in its strategic risk register three financial risks. These are:
- *If there is insufficient Management Information relating to benefit expenditure in year then this may lead to an inability to monitor expenditure against budgets resulting in Scottish Government Finance being unaware of potential variances and the inability to properly respond to variances.*
 - *If public finances become more restricted then Social Security Scotland may decrease, or grow insufficiently in line with service growth resulting in failure to deliver services.*
 - *If the cost of Department of Working Pensions (DWP) financial re-charged increases significantly then Social Security Scotland budgets may be adversely impacted resulting in other service budgets having to be reduced to ensue financial balance.*
- 2.3. All three of the above risks highlight the need for Social Security Scotland to have adequate arrangements in place for setting its budgets and then recording, monitoring and reporting spend against these budgets throughout the year and forecasting year end outturn to ensure Social Security Scotland operates within its given financial resources.
- 2.4. The scope of this audit was to evaluate and report on the controls in place to manage the risks surrounding Social Security Scotland's financial management arrangements including budget setting and budget profiling.
- 2.5. The remit items and key risks, were:

2.6. Remit **Item 1 – Governance** (including, but not restricted to, policies, guidance and roles and responsibilities)

Key Risks:

- An ability to achieve strategic objectives;
- Fraud, financial loss or reputational damage;
- Non-Compliance with corporate processes and procedures due to:
 - Lack of appropriate policies and procedures documented and disseminated;
 - Lack of clarity over roles and responsibilities; and
 - Lack of continuity of staff and staff being inadequately trained and/or without relevant skills.

2.7. Remit **Item 2 – Financial Management Controls** (including, but not restricted to, delegation of budgets, use of corporate systems, manual internal controls, reconciliations)

Key Risks:

- Failure to achieve business/corporate plan objectives due to poor business planning and budget setting arrangements;
- Error or fraud due to officers acting outwith their delegated authority or insufficient segregation of duties;
- An ability to identify instances of incomplete information, error or fraud; and
- Budget holders being unaware of their expenditure, non-adherence to budgets and budget over/underspends occurring due to poor financial management controls.

2.8. Remit **Item 3 – Management Information and Reporting** (including, but not restricted to, range of management reports used, distribution of reports, scrutiny and escalation of issues, reports provided to SG)

Key Risks:

- Reputational damage due to lack of scrutiny, transparency and accountability due to insufficient, inaccurate or out of date financial information being provided to management and the Board; and
- Poor decision making.

2.9. We assessed the controls actually in place against those we believe should be in place, based on: organisational policies and procedures; the legal and regulatory framework within which Social Security Scotland operates; and leading industry and professional practices.

2.10. To ascertain the controls in place, we interviewed a number of managers and staff and reviewed relevant documentation. We also conducted compliance testing of these controls where appropriate, for example, use of ePC.

2.11. Our findings (which cover examples of good practice as well as improvement opportunities), implications and recommendations were fully discussed with relevant managers and staff during the review.

2.12. We are grateful for the co-operation received from all managers and staff involved in the process.

3. Findings

Remit 1 – Governance

- 3.1. From review we were able to confirm that appropriate financial governance arrangements are in place. At a strategic level Social Security Scotland has an established Framework under which it operates and this sets out its budgetary and financial responsibilities and accountability to the Scottish Government and the Scottish Parliament.
- 3.2. There is an Interim Corporate Plan in place which sets out the strategic financial objectives for Social Security Scotland. This has been published on the Social Security Scotland website.
- 3.3. As an Executive Agency of the SG, Social Security Scotland aligns to the Scottish Public Finance Manual (SPFM) and existing SG financial policies and guidance.
- 3.4. The Scottish Budget document for 2019-2020 sets out the budget allocation for Social Security Scotland for both operation and benefits administration.
- 3.5. From review it was confirmed that the budget setting proposal for Social Security Scotland for 2019-2020 was subject to appropriate scrutiny and went through a process of several drafts before reaching its final version. The final version was submitted to the relevant internal governance body, the Executive Advisory Body (EAB), for review and was approved on 16 April 2019.
- 3.6. Social Security Scotland have built their internal budgets to allocate spend over the year 2019-2020 based on the budget allocation provided by the SG. This was evidenced through various spreadsheets per business unit and also an overall budget workbook, which is managed by the Finance team.

- 3.7. Predominantly budgets have been profiled on an equal 12 month split however, staff and affiliated costs have been profiled based on anticipated headcount uplift throughout the year.
- 3.8. Monthly meetings take place between each budget holder and the Finance team, this ensures that budgets and spend are closely monitored. Where anomalies are identified, e.g. items coded to the wrong cost centre or over/underspends occur any actions are agreed and reported and monitored. All actions identified at budget holder meetings are collated on an action tracker by the Finance team. This tracker is then reviewed at each meeting to ensure these are implemented before being closed off.
- 3.9. Budget delegation is in place - Letters of Delegation, which are signed by the Accountable Officer, have been issued to budget holders throughout Social Security Scotland business areas. For the letters in place at the time of the fieldwork, it was confirmed budget holders have signed these letters to show acceptance and understanding of their roles and responsibilities as budget holders. However, from review it was noted that the current letters do not reflect the recent organisational restructure and still contain previous job titles and some officers who have since left Social Security Scotland. We would normally make a recommendation regarding this however from discussions with the Corporate Financial Lead during our fieldwork we are confident that there are plans in place to review these, along with the organisation's Cost Centres, to ensure that these reflect the recent structural changes. It was advised that the decision was taken to delay revision of all Letters of Delegation until the successful on-boarding of all Deputy Directors, to avoid duplication of efforts in this task.

Remit 2 – Financial Management Controls

- 3.10. It should be noted that the Finance team has not been at full resource since the inception of Social Security Scotland, however in this time the team has been able to establish processes, develop the Finance Report and establish

working groups whilst managing the day-to-day financial operations. While there has been recent success in recruitment, there are still vacancies which are being advertised to ensure that all posts are filled.

- 3.11. From review it was confirmed relevant staff have received SEAS, EASEbuy and ePC training via the SG e-learning training platform.
- 3.12. From discussion it was confirmed that Finance staff have, or are undertaking, appropriate finance related qualifications. Any part-qualified staff within the Finance team are undertaking professional training. Finance staff who are already professionally qualified undertake the required CPD (Continual Professional Development).
- 3.13. It was advised that there are plans to develop a Training Strategy within the Finance team which will set out the available training, aims and expected qualifications.
- 3.14. Desk instructions for some financial processes were provided, including the checklist for month end tasks, timescales and process owners. Some additional guidance was contained within the budget workbooks used for budget monitoring. The guidance obtained was either in draft form, in development or had only basic content. We also found that not all financial processes were documented. Desk instructions should be formally documented and made available to the appropriate staff to ensure consistent working practices are established and minimise the risk of error or omission of required activities.

Please see Recommendation 1

- 3.15. As yet there has been no formal budget holder training for budget holders within Social Security Scotland. At the monthly meetings and through ongoing contact between budget holders and the Finance team individuals are able to obtain some guidance to enable them to fulfil their roles and responsibilities. Any training that has been delivered has been informal, on-the-job, ad-hoc if specifically requested by the individual budget holder.

Please see Recommendation 2

- 3.16. The Finance team run the appropriate monthly trial balance and discoverer reports which are then utilised as the basis for their monthly financial statements.
- 3.17. We generated a year to date SEAS Discoverer report of Social Security Scotland and were able to reconcile a sample of cost centres with those recorded on the budgeting spreadsheet used by the Finance team for budget monitoring.
- 3.18. Payroll reconciliation sense checks are undertaken by a member of the Finance team on a monthly basis. These are reviewed for accuracy and completeness by the relevant budget holders. There was evidence of management review and sign off as part of the month end processes.
- 3.19. We obtained a year to date ePC spend report from the SG ePC team and tested this, utilising our data analytics software IDEA, for compliance with the ePC policy and guidance. A total of 13 ePC cards with one card controller are in place within Social Security Scotland. ePC spend between 01 April 2019 and 14 November 2019 totalled £98,532.14 across 293 transactions.
- 3.20. In line with ePC guidance the card controller should be permanent staff, C1 grade or above. The Corporate Finance Lead is the card controller for all 13 cards within Social Security Scotland and therefore this requirement has been complied with. The card controller is responsible for:
- telling the ePC administration team of changes to cardholders, hierarchy or amendments to financial coding;
 - requesting categories to be opened to allow a transaction to be made;
 - making sure Social Security Scotland colleagues are aware of the policies and guidance;
 - taking part in regular audits from ePC administration or Internal Audit;
 - monitoring spend on cards; and

- approving transactions if the approver is not available

Due to the number of cards held we feel there is an increased risk that card controller responsibilities cannot be effectively undertaken by one officer. This includes concerns over the card controllers ability to monitor and determine reasonableness of spend by a variety of teams across Social Security Scotland and resilience arrangements should this member of staff be on extended leave or absent unexpectedly. As such Management should consider if the current card controller arrangements are sufficient and where necessary identify and assign card controller responsibilities to relevant staff in order to minimise this risk.

Please see Recommendation 3

- 3.21. The highest number of transactions were with the supplier Amazon, 76 transactions (26% of all transactions for this period) totalling £3,932.19 (4% of total spend for this period). It is management's responsibility to ensure that where possible, ePC Card Holders are making use of existing contracts to purchase items such as stationery and display screen equipment (DSE). Whilst we did not review the itemised invoices for each Amazon transaction, it was noted that, from review of a sample, the items purchased from Amazon included items for DSE adjustments, privacy screens for laptops and a shredder. There is a risk that, whilst the transactions are generally of a low, immaterial value, items are being purchased from a non-contracted supplier where contracts may already be in place which could potentially result in the ineffective use of resources and/or legal challenge.

Please see Recommendation 4

- 3.22. We selected a sample of 15 transactions, which covered each cardholder within Social Security Scotland. For the sample we were provided invoices/receipts for each transaction to ensure that they were compliant with ePC guidance. We were satisfied by the evidence provided that an appropriate management audit trail is in place for approval of these transactions and receipts and invoices were available as evidence of the spend.

- 3.23. ePC transaction data was reviewed for duplicate transactions, we identified a total of four potential duplicate transactions. On further investigation with the Finance team we were able to confirm these were all genuine separate transactions for the same amount to the same organisations.
- 3.24. Additionally we reviewed the ePC transaction data for compliance with the individual transaction limit of £5,000 and the monthly approval limit of £25,000. There were two transactions over the individual transaction limit, the ePC team were able to confirm that the relevant requests for temporary increase of transaction limit were made by the card controller and provided evidence of this. This is compliant with the ePC policy and guidance. There were no instances of the £25,000 monthly approval limit being exceeded by any approver.
- 3.25. We then tested for split payments, where transactions over the individual transaction limit of £5,000 may have been split to bypass this control. We identified two potential split payments. On further investigation with the Finance team we were able to confirm that one of these instances involving transactions to the same supplier were genuine separate purchases that occurred on the same day. The other transactions, whilst confirmed to have been properly approved and for a genuine business need, were found to be a split payment, whereby only one invoice was paid in two transactions, which bypassed the individual transaction limit control. This contravenes ePC policy and guidance which could result in card suspension by the ePC team.

Please see Recommendation 5

- 3.26. ePC guidance states it is a ministerial requirement for all SG individual spend over £500 to be published, Agencies must make their own arrangements for this. It was reported to us by the Corporate Finance Lead that there is a plan in place to publish such transactions on the Social Security Scotland website from Quarter 4 of this financial year, 2019-2020, and then on a monthly basis going forward. The process for this has been developed and is awaiting review and approval by the Deputy Director of Finance and Corporate Services. In line with the Public Reform Act these should be published at year

end so Social Security Scotland is compliant when it comes to meeting obligations in this instance.

- 3.27. Separate to the corporate side of financial management is the management of benefit forecasting and spend. A recent post has been created and filled by an existing member of Social Security Scotland Finance team. This is a dedicated role for Benefit Expenditure and Forecasting, to ensure that forecasting is effectively monitored and reported.
- 3.28. A Benefit Forecasting Review Group has been established and meets on a monthly basis. There are representatives from Social Security Scotland Finance, Social Security Programme Finance, Social Security Analysis, Forecasting and Evaluation unit within Communities Analysis Division, SG Central Finance and Carer Benefits Unit. This allows for cross working across stakeholders involved in benefit forecasting and spend reporting. The working group can notify each other of any issues that arise allowing a pro-active approach rather than reactive after events occur.
- 3.29. This cross working approach between Social Security Scotland, Social Security Scotland Programme and Core Scottish Government is beneficial to achieving objectives and ensuring that any issues that develop can be escalated and resolved through the appropriate channel and in a timely manner.

Remit Item 3 – Management Information and Reporting

- 3.30. A Finance Report is produced at the end of each period to monitor spend. This is generated by the Finance team following their reconciliation of the management accounts.
- 3.31. The Finance Report is subject to a process of internal scrutiny, passing through various approvals from Corporate Finance Lead to Head of Finance to Deputy Director Finance and Corporate Services before being circulated.

- 3.32. The most recent Finance Report has been shared with the Executive Advisory Body and the Audit and Assurance Committee at each meeting. The Finance team have taken on board feedback provided by both of these groups to develop the report and ensure it contains relevant information that stakeholders want to review.
- 3.33. Monthly financial returns are submitted to SG Finance and regular engagement is made with SG Finance which includes a monthly meeting. It was confirmed that Social Security Scotland Finance colleagues have a good working relationship with SG Finance colleagues.
- 3.34. A recent development is that monthly meetings now take place between the Social Security Scotland Deputy Director of Finance and Corporate Services, the Chief Executive and the Social Security Programme Director. This is to review the results of the current monthly outturn against budget and full year forecasts, a joint monthly report is produced to provide a full picture for both Programme and Social Security Scotland.

4. Action Plan

No	Issue / Risk(s)	Recommendation	Priority (H/M/L)	Management Response / Action Owner	Action Due
1	<p>Issue:-</p> <p><u>Finance Guidance Documents</u></p> <p>Not all financial processes are documented fully and some guidance is in draft form or being developed. The Training Strategy for finance has not been documented.</p> <p>Risk:-</p> <p>Non-compliance with corporate processes and procedures due to;</p>	<p>As processes are established, guidance should be created and disseminated to ensure key controls are established and applied consistently across the Finance team and wider Social Security Scotland. The Training Strategy should be documented and finalised.</p>	M	<p>Accepted</p> <p>Context - There have not been sufficient staff in place to deal with these actions. The training strategy (for Finance staff) is part of our workplan for this year but depended on recruitment of support for the Corporate Finance Lead. This is now to be in place in June 2020 and will</p>	<p>Finance processes: End July 2020</p> <p>Finance Staff Training Strategy: End September 2020</p>

	<ul style="list-style-type: none"> •Lack of appropriate policies and procedures documented and disseminated •Lack of clarity over roles and responsibilities •Lack of continuity of staff and staff being inadequately trained and/or without the relevant skills. 			<p>create the required headroom.</p> <p>Action Owner: [Redacted]</p> <p>Corporate Finance Lead</p>	
2	<p>Issue:-</p> <p><u>Budget Holder Training</u></p> <p>There is no form of targeted budget holder training. Any such training is currently delivered ad hoc upon specific request.</p> <p>Risk:-</p>	<p>Management should consider training needs for budget holders and ensure where required, appropriate training is provided.</p>		<p>Accepted</p> <p>Context - We consider that current arrangements have been adequate to date and the regular meetings with budget holders have</p>	<p>March 2021</p>

	<p>Budget holders being unaware of their expenditure, non-adherence to budgets and budget over/underspends occurring due to poor financial management controls.</p>			<p>been effective in dealing with any issues. Again there have been insufficient staff to develop this. We have included this in our 2020-21 business plan but again it is dependent on the recruitment of posts.</p> <p>Action Owner: [Redacted]</p> <p>Corporate Finance Lead</p>	
3	<p>Issue:- <u>ePC Card Controller</u> There is currently only one card controller who is responsible for controlling and monitoring use of 13</p>	<p>a) Management should determine if current card controller arrangements are sufficient and, where necessary, identify and</p>	M	<p>Accepted</p>	<p>Sept 2020</p>

	<p>ePC cards across Social Security Scotland.</p> <p>Risk:-</p> <p>Card controller responsibilities may be undertaken appropriately due to the requirement for one officer to monitor and determine reasonableness of spend by a variety of teams across Social Security Scotland and insufficient resilience arrangements should this member of staff be on extended leave or absent unexpectedly.</p>	<p>assign card controller responsibilities to relevant staff in order to minimise this risk.</p> <p>b) Where new card controllers are assigned, appropriate training should be provided to ensure all are aware of their responsibilities and how these should be undertaken.</p> <p>c) Assignment of card controller responsibilities should be reviewed periodically to ensure the arrangements remain sufficient for business needs.</p>		<p>For context - there are no other C1 and above posts in Corporate Finance so this cannot be put in place until our new manager joins (as mentioned above).</p> <p>Action Owner: [Redacted]</p> <p>Corporate Finance Lead</p>	
4	<p>Issue:-</p> <p><u>Use of contracts</u></p>		L	Accepted	July 2020

	<p>A quarter of the ePC card transaction were with the supplier Amazon. Whilst the transactions were generally low value, it is important that ePC Card Holders are aware that where possible, they must make use of existing contracts to purchase items.</p> <p>Risk:- Items may be purchased from non-contracted suppliers where contracts are already in place which could potentially result in the ineffective use of resources and/or legal challenge.</p>	<p>a) Management should remind card holders and approvers that contracts should be utilised wherever possible.</p> <p>b) Where contracts are not in place management should be monitoring these purchases to determine if a contract is more appropriate.</p>		<p>We will put in place a process to review these transactions, along with Procurement, to mitigate this risk.</p> <p>Action Owner: [Redacted] Head of Finance</p>	
5	<p>Issue:- <u>ePC Card – Split Payments</u></p>		M	Accepted	June 2020

	<p>We identified one genuine split transaction whereby one invoice was paid in two transactions to circumvent the transaction control limit.</p> <p>Risk: - Breach of ePC policy and potential suspension or revocation of card. Card users and approvers act outwith their authority transaction limits.</p>	<p>Management should ensure that the correct process is followed for all transactions larger than the upper limit of £5000 require payment by ePC. This may require refresher training for ePC card holders and approvers or periodic reminders issued to ensure there is an awareness of this requirement.</p>		<p>We will remind everyone of the process to follow where there is a cost above £5,000.</p> <p>Action Owner: [Redacted] Corporate Finance Lead</p>	
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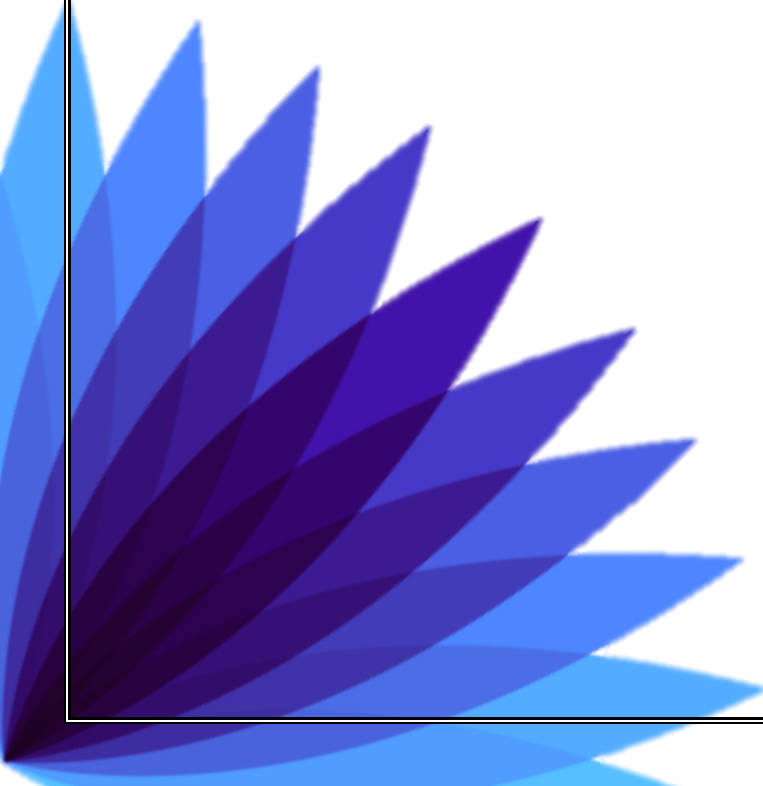
Internal Audit Report

Social Security Scotland 2019-2020

Local Delivery

**Directorate of Internal Audit
and Assurance**

Report Issue Date: 16-04-2020



Local Delivery

Assurance Category	Reasonable Assurance
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Recommendations Profile	0 High	2 Medium	0 Low
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Audit Information

Senior Internal Audit Manager:	[Redacted]
Internal Audit Manager(s):	[Redacted] [Redacted]
Internal Auditor(s):	[Redacted] [Redacted]
Date of fieldwork:	February – March 2020
Issue date of draft report:	1 April 2020
Issue date of final report:	16 th April 2020

Report Distribution

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Audit Scotland*

Final Report only

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1. **Executive Summary**

1.1. We have provided an overall **reasonable** assurance opinion, which means we believe that the controls are adequate but require improvement in some areas to enhance their adequacy and effectiveness.

See **Annex F** for a full explanation of our assurance and recommendation categories.

1.2. Our review identified two medium recommendations. We have summarised below the key examples of good practice and improvement opportunities.

1.3. **Good Practice Examples**

- The fundamental concept, design and implementation of the Local Delivery benefit service is compatible with the Scottish Social Security Principles 1 (a)-(h) and the Scottish Ministers' duty to promote take-up, as defined in the Social Security (Scotland) Act 2018.
- The Local Delivery service aims to ensure the most vulnerable in society are able to access the service should they wish to by offering prison, home, and hospital visits.
- The Scottish Government (SG), Social Security Scotland and the Local Delivery Project Team (LDPT) have identified and engaged with a significant number of relevant stakeholders, ensuring their views are considered in designing and preparing for the roll out of the Local Delivery benefit service.
- The LDPT, Social Security Programme and Social Security Scotland staff have undertaken engagement with internal and external stakeholders for the provision of IT/Telephony, security, procurement services, travel and

transport requirements, recruitment, job specification, learning and development services and model office testing.

- Social Security Scotland engaged with various third sector stakeholders. Their views have been obtained to help inform the design and delivery of a benefits service to meet the needs of the diverse group of claimants they will be assisting. This has also allowed further training opportunities to be identified, including job shadowing.
- The establishment of stakeholder engagement groups such as the Agency Operations Reference Group, which has been involved in ongoing meetings with several different stakeholders. A review of this group has been undertaken which indicates relationships have been positive and the engagement considered worthwhile. It's noted from the review that several representatives expressed a willingness to continue working with the group.
- The views of the citizens of Scotland have been obtained, undertaking client/service user engagement through a programme of SG user research, focus group activity and Social Security Experience Panels. The Panels engaged with over 2,400 citizens with personal experience of the benefits due to be devolved to SG. The outcome of this work has been used by the Local Delivery team to inform decision making, support recruitment and shape the design of the Local Delivery service.
- Social Security Scotland has established the LDPT, part of whose remit is to "deliver a functioning presence in each of Scotland's 32 local authority areas" and "align delivery with COSLA agreement".
- Establishment of the Local Delivery Project Board to oversee the work of the LDPT and to provide formal authorisation on key items such as approval to enter into accommodation agreements for Local Delivery Base/Outreach locations as required.

- Local Delivery locations are being set up in line with the Ministerial aspirations and the agreement with COSLA. Specific locations are identified by Local Delivery Leads who are familiar with the area and current provision of support locally. A detailed assessment process is carried out to establish suitability of locations, prior to presentation to the Project Board for approval.
- [Redacted]
- [Redacted]
- The LDPT has commissioned an accommodation 'Toolkit' from an architect specialising in accessibility to assist in identification of future Base and Outreach locations and to assist in reviewing the appropriateness of those already identified for use.
- The Local Delivery team has established defined roles for Local Delivery Officers, providing clarity on activities they will be undertaking and the role remit. There is a clear management reporting structure from Client Support Adviser roles through to the Head of Local Delivery.
- Social Security Scotland has appointed 19 Local Delivery Relationship Leads with responsibility for implementing the instructions and products cascading down from the Local Delivery Project as well as engaging with key and third party stakeholders and third sector partners in their Local Authority area of responsibility.
- Appropriate policies, procedures and guidance are in place for Local Delivery including induction, training sessions on lone working and Mental Health Awareness/Resilience & Wellbeing. Local Delivery staff policies

contain appropriate guidance and best practices promoting acceptable behaviour and staff welfare.

- A lessons learned exercise was undertaken following the recent recruitment exercise which captures the process end to end and includes feedback and recommendations on areas such as planning with stakeholders, application forms, sift, interview and assessment centres and communication, which will be used to inform future recruitment exercises.
- Clear plans exist to deliver training and feedback has been obtained with a view to enhancing any further training being delivered.

1.4 Improvement Opportunities

- To ensure that they can deliver the Local Delivery Benefits service on schedule, it is anticipated Social Security Scotland will need to recruit and train up to 150 additional staff members during 2020. Analysis work is currently ongoing with the Community Analysis Division (CAD) to identify the final figure for staff numbers required. Until such time as the CAD analysis is complete approval cannot be given for the next phase of recruitment to commence. There is therefore a risk that they may be unable to recruit and train the required staff to enable local delivery to operate effectively in the time available.

See Recommendation 1

- [Redacted]
- In the event that Social Security Scotland is unable to successfully recruit the staff required, it was reported that contingencies could potentially include the use of secondments, or temporary or fixed term appointments to mitigate any impact on service. Although line manager approval would be obtained for all secondments, there is an increased risk that using

seconded could have a detrimental impact upon the area the staff are seconded from.

See Recommendation 2

2. Introduction

- 2.1. This internal audit review of Social Security Scotland's Local Delivery service arrangements formed part of the Audit Plan agreed by the Accountable Officer and noted by the Audit and Assurance Committee on 19 February 2019.
- 2.2. The Local Delivery service will advise clients on eligibility, offer support for applications and requests for re-determinations, conduct identity checks and ensure a face to face service is available regardless of where clients live in Scotland. Local Delivery staff will co-locate with partner organisations in locations such as Local Authority buildings and community service points. The service will provide hospital, prison and home visits, offering to support the most vulnerable. This approach is intended to improve the client experience and enable Social Security Scotland to establish more effective partnership working with organisations who offer support outwith the Scottish Benefit system. The service is still being developed and has an anticipated 'live' date of summer 2020.
- 2.3. The scope of the audit was to evaluate and report on the controls in place to manage the risks surrounding Social Security Scotland's Local Delivery arrangements.
- 2.4. The key risks were developed through discussions held with [Redacted] (Head of Local Delivery), [Redacted], [Redacted] and [Redacted] (Local Delivery Leads) and our knowledge of Social Security Scotland and its objectives. The remit items and key risks were:
- 2.5. **Remit Item 1 – Local Delivery Locations, Recruitment and Retention**

To review the processes in place to identify and secure appropriate locations and staff to enable the effective launch of local delivery services.

Key Risks:

- An inability to effectively provide Local Delivery services through-out Scotland resulting in hardship of clients due to inability to access devolved benefits and receive essential payments, non-compliance with Social Security Scotland (2018) Act and reputation damage to the Agency and Scottish Government due to:
 - Social Security Scotland being unable to identify and secure appropriate locations for local delivery in advance of 'go live'.
 - Social Security Scotland being unable to successfully recruit the required officers to enable local delivery to operate effectively.

2.6. **Remit Item 2 – Awareness Raising and Stakeholder Engagement**

To review the processes in place for stakeholder engagement and awareness raising with Local Authority and third sector partners and service users in order to enable the effective launch of Local Delivery services.

Key Risks:

- Failure to identify all relevant stakeholders and ensure appropriate engagement is undertaken.
- An inability to effectively provide Local Delivery services which meet the needs of service users due to ineffective and insufficient engagement with Local Authorities and third sector partners.
- Development of unsuitable local delivery services which do not meet the needs of service users due to ineffective client engagement and awareness raising.

2.7. To ascertain the controls in place, we interviewed a number of managers and staff, and reviewed relevant documentation.

2.8. Our findings (which cover examples of good practice as well as improvement opportunities), implications and recommendations were fully discussed with relevant managers and staff during the review

2.9. We are grateful for the co-operation received from all managers and staff involved in the process.

3. Action Plan

No	Issue / Risk(s)	Recommendation	Priority (H/M/L)	Management Response / Action Owner	Action Due
1	<p>Issue:-</p> <p>From the staff numbers provided, up to 150 extra staff need to be recruited to meet the anticipated headcount required by the end of 2020, however email correspondence highlights that sign-off has yet to be received on this.</p> <p>It was highlighted at the Exit Meeting that they are currently working with CAD to finalise the numbers prior to obtaining approval to recruit.</p>	<p>Social Security Scotland should provide details of anticipated timescales for receiving sign-off to allow recruitment, on-boarding and training/induction to take place prior to 'go-live'.</p>	<p>M</p>	<p>Due to the impacts of COVID 19, the rollout of Local Delivery has been paused, which in turn has paused our next stage of Local Delivery recruitment.</p> <p>When we progress our recruitment campaign we will work with CAD to review all known/revise resource impacts and agree requirements to enable approval to recruit the correct number of Local Delivery staff.</p> <p>We will review our paused recruitment campaign by the end of May 2020 and if at that stage we can progress we will</p>	<p>Review 29.5.20</p>

	<p>Risk:-</p> <p>Social Security Scotland being unable to successfully recruit the required officers to enable local delivery to operate effectively.</p>			<p>review requirements with CAD to ensure all know resource impacts are taken into account to enable sign-off of the required FTE.</p> <p>OWNER: [Redacted]</p>	
2	<p>Issue:-</p> <p>It was reported that Social Security Scotland could consider the use of secondments, or temporary or fixed term appointments to minimise any impact of being unable to recruit the required number of staff.</p> <p>Risk:-</p> <p>Social Security Scotland being unable to successfully recruit the</p>	<p>Social Security Scotland should provide evidence of proposed arrangements in place (internally or externally) to fill any gaps resulting from the recruitment process, including consideration of the impact of secondments on the areas where the staff are seconded from.</p>	M	<p>Social Security Scotland recognises that the ability to attract suitable candidates for its posts is a key organisational activity. Whilst we continue to attract large numbers of applications for our posts allowing us to fill all posts and retain a reserve list, we are not complacent about our continued ability to do this.</p> <p>As such we are undertaking the following activities:</p>	<p>Review 30.6.20</p>

	<p>required officers to enable local delivery to operate effectively.</p>	<p>If nothing is currently in place, they are recommended to develop arrangements to allow the service to operate effectively.</p>		<p>1 Review of each campaign on completion to learn and improve the way the recruitment is delivered.</p> <p>2 Regular, ongoing and consistent engagement with stakeholder groups at local levels to publicise our opportunities and encourage applications from all parts of Scottish society</p> <p>3 Attendance at local jobs fairs, engaging with those looking for jobs to showcase our opportunities</p> <p>4 Running mini workshops to advise potential candidates on how to complete a Civil Service job application and following that up with continued availability of support as candidates progress their applications</p>	
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				<p>5 Provision of local campaigns for Local Delivery posts to encourage local applicants and provide the best opportunity for local delivery jobs to be filled by local people</p> <p>6 Continuous review of recruitment process to simplify and make more accessible whilst retaining fairness and transparency</p> <p>7 Ensuring part time and other flexible working options are available for all posts</p> <p>8 Providing flexible virtual/online learning opportunities for Local Delivery staff to ensure the requirement to travel to central points is minimised making posts more accessible for all candidates including those with caring/family/other responsibilities</p>	
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				<p>Options including secondments may be considered where appropriate however this would only be in agreement with host organisations and the expectation would be that those organisations would be able to function effectively without the secondee. Secondments would also only be for a set and defined period and would not be open-ended.</p> <p>OWNER: [Redacted]</p> <p>It should also be noted that our recent Local Delivery Client Support Adviser recruitment campaign attracted 6.5k applications to fill up to 150 posts across Scotland.</p>	
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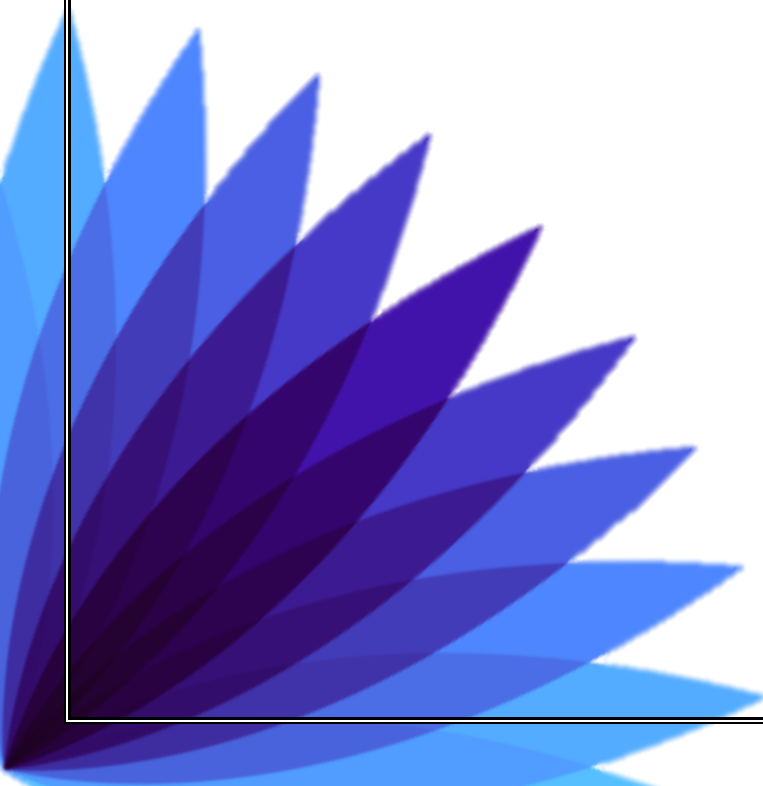
Internal Audit Report

Social Security Scotland 2019-2020

Travel Management

**Directorate of Internal Audit
and Assurance**

Report Issue Date: 4-05-2020



Travel Management

Assurance Category	Reasonable
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Recommendations Profile	0 High	2 Medium	1 Low
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Audit Information

Senior Internal Audit Manager:	[Redacted]
Internal Audit Manager:	[Redacted]
Internal Auditor:	[Redacted]
Date of fieldwork:	03.02.2020 – 10.03.2020
Issue date of draft report:	27.03.2020
Issue date of final report:	04.05.2020

Report Distribution

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* Final Report only

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1. **Executive Summary**

- 1.1. We have provided an overall “reasonable” assurance opinion, which means we believe that the controls are adequate but require improvement. Some improvements are required to enhance the adequacy and effectiveness of controls. There are some weaknesses in the risk, governance and/or control arrangements in place but not of a significant nature.

See **Annex F** for a full explanation of our assurance and recommendation categories.

- 1.2. Our review identified two medium and one low priority recommendations. We have summarised below the key examples of good practice and improvement opportunities.

1.3. **Good Practice Examples**

- There are suitable policies, procedures and guidance in place in relation to travel within Social Security Scotland. These are accessible to all staff via the Social Security Scotland intranet site, Saltire.
- There are robust controls in place for the management and monitoring of pool and hire cars including:
 - Booking and utilising the three pool cars;
 - fuel cards usage;
 - monitoring wear and tear, accidental damage and mileage for the three pool vehicles; and
 - the requisition, approval and booking of hire cars.

Additionally, authorisation to drive and training relating to driving for work checks are in place. These are all controlled and monitored by the Travel and Transport team.

- We conducted compliance testing for fleet vehicles, both pool and hire, and were satisfied that there is good conformance with the guidance and controls in place.
- The Travel and Transport Lead participates in projects that have travel considerations, such as the Local Delivery project. This ensures travel is considered at an early stage which is essential to ensure arrangements are in place for the launch of any new service or to meet the demands of changes in current service.
- To support the fleet expansion, the Travel and Transport team have been reviewing the internal arrangements for management of travel and transport to ensure the service they provide is sufficient and effective for the growing needs of Social Security Scotland.
- A Management Information (MI) pack is currently being developed by the Travel and Transport team with plans to share this monthly and quarterly once content suitably approved. The team also provide ad hoc MI when requested from business areas.

1.4 **Improvement Opportunities**

- Based on the level of spend on rail travel, in our opinion, the hierarchy of preferred travel options listed within the SG Sustainability Policy may not be being followed, such as utilising video conferencing above physical travel. There is a need for awareness of these preferences to be communicated to all travel users in Social Security Scotland. Without clear communication of this guidance, there is an increased risk that staff may select less environmentally friendly, cost effective methods of transport, or conduct unnecessary journeys, resulting in CO2 emission targets not being achieved and ineffective use of resources.

Please see Recommendation 1

- Through our compliance testing we identified that there are no consistent processes in place for staff to obtain appropriate approval in advance for booking travel and not all travel is undertaken in compliance with Social Security Scotland's guidance. This increases the risk that additional expense may be incurred and contract terms may not be adhered with resulting in potential financial loss and/or legal challenge.

Please see Recommendation 2

- The Corporate Booking Tool, Lightning, has some 290 users registered (approx. 53% of total headcount). Registered users can make their own bookings without a limit and with no enforced segregation of duties. As such there is an increased risk that unauthorised and/or non-business travel could be booked leading to financial loss for the organisation.

Please see Recommendation 3

2. Introduction

- 2.1. This internal audit review of Social Security Scotland's Travel Management arrangements formed part of the Audit Plan agreed by the Accountable Officer and noted by the Audit and Assurance Committee on 19 February 2019.
- 2.2. Social Security Scotland (SSS) have included in their Strategic Risk Register the following Resource risk: *- if the Agency does not deliver/build a suitable travel and subsistence policy, taking in to consideration environmental impact and requirements of Local Delivery then the Agency may become financially and environmentally inefficient and limited in its ability to deliver its service across the whole of Scotland resulting in a welfare system that cannot provide a service for all, is not considerate of the environment and financially wasteful.*
- 2.3. The scope of this review was to evaluate and report on the controls in place to manage the risks surrounding Social Security Scotland's Travel Management arrangements. This review looked at the areas of Travel and Transport already in operation, including management of existing fleet vehicles and other bookable travel, and the future travel and transport needs of Social Security Scotland.
- 2.4. The remit items and key risks, which were developed through discussions with relevant management and our knowledge of Social Security Scotland and its objectives, were:
- 2.5. **Remit Item 1 – Travel and Transport Management**
- To determine if there are robust controls in place for existing methods of travel and transport with Social Security Scotland.
- Key Risks:
- Inefficient or improper use of fleet vehicles resulting in financial loss and reputational damage to Social Security Scotland and the Scottish Government.

- A lack of controls in place over travel and subsistence activity resulting in non-compliance with policies and procedures (SG and Social Security Scotland).
- If Social Security Scotland does not regularly monitor and report travel usage then the organisation may exceed CO2 emission targets.

2.6 Remit **Item 2 – Planning for Future Travel Management Needs**

To evaluate the arrangements in place for identifying future travel and transport needs for Social Security Scotland and ensuring appropriate action is being taken to ensure arrangements are put in place to support the operations of the organisation as it develops.

Key Risks:

- Failure to ensure that fleet and travel requirements for future Social Security Scotland needs, including Local Delivery, are understood and established resulting in an inability to deliver services effectively leading to financial loss, inability to administer benefits and reputational damage to Social Security Scotland and the Scottish Government.

2.7 We assessed the controls actually in place against those we believe should be in place, based on: organisational policies and procedures; the legal and regulatory framework within which Social Security Scotland operates; and, leading industry and professional practices.

2.8 To ascertain the controls in place, we interviewed a number of managers and staff, and reviewed relevant documentation. We also conducted compliance testing of these controls.

2.9 Our findings, which cover examples of good practice as well as improvement opportunities, implications and recommendations, were fully discussed with relevant managers and staff during the review.

2.10 We are grateful for the co-operation received from all managers and staff involved in the process.

3. Findings

- 3.1. In this section of the report, we detail our findings, which include examples of good practice and improvement opportunities. For improvement opportunities, we identify the finding, describe the impact / potential impact and make recommendations that are designed to be viable and realistic.

Policies, Procedures and Guidance

- 3.2. The Social Security Scotland Travel and Transport team have published all relevant travel guidance on their Saltire intranet site. This ensures all staff are able to access the relevant guidance.
- 3.3. From our analysis of spend on travel (from April 2019 – December 2019) we identified spend nearing £140,000 in rail travel via all available booking methods. In our opinion, some of the travel costs incurred suggests the hierarchy of preferred travel options listed within the SG Sustainability Policy not be being followed, such as utilising video conferencing above physical travel. There is a need for awareness of these preferences to be communicated to all travel users in Social Security Scotland. Without clear communication of this preferred travel hierarchy, there is an increased risk that staff may select less environmentally friendly, cost effective methods of transport, or conduct unnecessary journeys, resulting Inco emission targets not being achieved and ineffective use of resources.

Please see Recommendation 1

- 3.4. The Travel and Transport Team have developed a consolidated training 'kiosk' which contains all relevant processes, guidance and documents (forms) for Social Security Scotland staff. This is user-friendly, interactive and states explicitly the responsibilities of both the staff member and the line manager in ensuring that the relevant training and documentation has been completed and provided to the Travel and Transport team before using a pool, hire or personal vehicle for driving for work.

- 3.5. There are also a number of training and guidance documents for the Travel and Transport Team use. These are held securely in eRDM (the electronic Records Data Management system) and are only accessible by members of the team and other Social Security Scotland staff who have been trained as Vehicle Liaison Officers (VLOs).
- 3.6. Training within the Travel and Transport team is recorded in a skills matrix which is internally managed and updated. This ensures relevant training is delivered to all team members and any VLOs.

Fleet Vehicles – Pool and Hire

- 3.7. The Travel and Transport team have established processes to ensure that drivers have undertaken the necessary steps in order to become authorised to drive for Social Security Scotland business purpose. This includes:
- Completion of an e-learning module on driver awareness, which must be completed every three years,
 - Completion of a drivers self-declaration form annually, which is countersigned by their line manager, and
 - A DVLA (Driver and Vehicle Licencing Agency) drivers licence check, undertaken at least every 12 months but more frequently if deemed a higher risk.
- 3.8. An Authorisation to Drive workbook has been established for recording successful completion of each element of the process and also flags and issues alerts when mandatory refresher training or DVLA license checks require to be undertaken. The Travel and Transport team are responsible for the completion and monitoring of this workbook and ensuring compliance.
- 3.9. Relevant controls have been put in place by the Travel and Transport team to ensure the terms of the lease of the pool vehicles are monitored. This includes:
- The completion of Vehicle Safety Logs to record the journeys, drivers and the safety checks each driver has undertaken for each use.

- Completion of weekly VLO checks which assess the overall condition of the pool vehicles and their mileage to ensure that vehicles do not exceed the allowance of 24,000 miles per annum per vehicle.
- Recording any damage identified in the Vehicle Incident and Near Miss Log. To date, no significant damage has been identified through these checks, only minor wear and tear bodywork damage has been logged.

3.10. Through our substantive testing we were able to confirm compliance with pool car usage guidance including confirming all drivers were suitably authorised to drive, journeys undertaken were for appropriate business purposes, all drivers completed the relevant safety check paperwork and VLO checks were all completed and appropriately recorded.

3.11. The Travel and Transport team have responsibility for booking all hire vehicles. A defined process is in place for requesting a booking, obtaining line manager approval, ensuring drivers are authorised to drive, considering if alternative transport options are more appropriate, such as using an available pool car, and effectively monitoring hire vehicle usage. From testing of a sample of 15 recent vehicle hires we were able to confirm full compliance in 12 cases. We identified one instance where suitable approval from the officers' line manager was not evidenced. Also in one instance, additional charges were incurred by Social Security Scotland for fuel as the driver did not refuel the hire car before returning. It was confirmed that this is monitored by the Travel and Transport team, and if such an issue arises the driver is contacted and reminded of the need to refuel the vehicle prior to returning so as to avoid extra charges and ensure effective use of resources.

See Recommendation 2

3.12 A process for reporting any accidents or near misses whilst using both pool and hire cars to the Travel and Transport team has been established. The Incident and Near Miss log is used by the team for recording such incidents. Any damage sustained to pool cars would be reported to LeasePlan UK, from whom the three pool vehicles are leased. LeasePlan UK provide a fully

managed service and therefore they would arrange repairs to be undertaken as part of this.

- 3.13. In the instance of any motoring or traffic/parking offence or violation being committed in a fleet car there are effective processes in place for the Travel and Transport team to identify the relevant driver and update the Authorisation to Drive workbook if any points/sanctions are applied to an individual's licence. This may affect the individual's risk status and increase the frequency of DVLA licence checks. Any penalties are incurred and therefore payable by the driver and not Social Security Scotland.
- 3.14. There are effective processes in place for managing use of the five fuel cards, the Travel and Transport team monitor the fuel card spend to ensure this is reasonable against the mileage covered by each vehicle.
- 3.15. The Social Security Scotland Finance team provide the Travel and Transport team with the relevant data on fuel claims made via iExpenses (the SG Travel and Subsistence claim system which is also utilised by Social Security Scotland). This data is reviewed and assessed for reasonableness as well as comparison with the fuel card spend to ensure no duplicate claims are submitted.
- 3.16. We reviewed the most recent payments to suppliers for vehicle lease, insurance and fuel cards. We were pleased to note that all recent lease and insurance invoices were paid for the correct amount and in a timely manner. There have been some issues with the fuel card provider, Barclaycard, accepting payments and therefore late payment fees have been incurred. The Travel and Transport team advised that they have worked with the Finance team and payments are now paid via Bankline. Late payment fees incurred have been raised as a dispute by the Travel and Transport team and it is expected that a credit will be received to offset these.

Corporate Travel Booking Systems – Lightning

3.17. Prior to November 2019 Social Security Scotland had been utilising the SG travel booking tool, TRIPS for booking travel including hotels, rail tickets, ferries and flights. From November 2019 Social Security Scotland obtained their own access to the Travel Booking System, Lightning. We obtained a report which showed that 293 individuals within Social Security Scotland had access to Lightning. The most recent published headcount data (December 2019) denotes a total organisation headcount of 544, which means some 53% of all colleagues have access to book travel. Registered users can make their own bookings without a limit and with no enforced segregation of duties. As such there is an increased risk that unauthorised and/or non-business travel could be booked leading to financial loss for the organisation.

See Recommendation 3

3.18. We obtained a listing of all travel bookings made through Lightning between November 2019 and February 2020. From this we selected a sample of 30 bookings, this included Air, Hotel and Rail bookings. For each booking we sought to obtain evidence of line manager approval prior to booking. We received 27 responses and from these only six had retained evidence of approval for their travel. It was noted that in most cases approval was obtained verbally from line managers. Some staff advised that they travel frequently for their role and so have been granted open approval for travelling, however again this was obtained verbally from line managers. We can confirm that all bookings sampled were for reasonable business need, however there is an increased risk that unauthorised and/or non-business travel could be booked leading to financial loss for the organisation.

See Recommendation 2

Travel and Subsistence

3.19. We obtained a listing from the SG Travel and Subsistence (T&S) team, of all Social Security Scotland staff claims paid through iExpenses from 01 April 2019 to 31 December 2019. We selected all 56 claims for Motor Mileage, Passenger Supplement, Arrears of Motor Mileage, Car Hire - Receipted and

Car Parking – Receipted and sought to confirm all those making a claim were authorised to drive. We found the following:

- Six instances where four individuals making claims via iExpenses were not on the Authorised to Drive list.
- 23 instances where the driver was included in the Authorised to Drive workbook, however each claim was made prior to the dates recorded in the workbook, suggesting the claims were made before the individuals were authorised to drive.

It should be noted that, in all of the above cases, the individuals' line manager approves the submitted claims on iExpenses. The line managers are the first line of defence to ensure that claims are appropriate, reasonable and evidenced.

See Recommendation 2

3.20. It was confirmed that where possible all ferry, rail and flight bookings should be made via the travel booking system (pre November 2019 TRIPs /since November 2019 Lightning). From our testing we identified the following expenses were reclaimed through iExpenses claims:

- Ferries - There were six claims totalling £205 (55% of total spend on ferries to date)
- Rail - There were 160 claims totalling £3302.85 (2% of total spend to date on rail travel)
- Hotel - There was one instance of a claim for a Bed and Breakfast booking via iExpenses at a value of £24.77.

It should be noted that we did not review each individual claim and journey on iExpenses to confirm whether or not the individuals booking outwith the travel booking system was appropriate. However, in general, if staff do not utilise the travel booking system, Lightning, for booking travel there is an increased risk that resources may not be utilised effectively [Redacted]. As such, it is essential that staff are reminded of the need to utilise Lightning where possible to book travel.

See Recommendation 2

- 3.21. iExpenses was also used for reclaiming bus tickets (258 claims totalling £1237.80) and taxi's (98 instances of £1011.64). Social Security Scotland do not hold bus travel passes for any locations as yet, however costs are being monitored by the Travel and Transport team and management have confirmed with the SG Travel team that bus passes can be put in place with any bus provider in Scotland. This is being considered as an option when Local Delivery launches if demand increases. For Taxis it was advised that there are currently no plans to put in place a taxi contract in any location. Through discussions with Procurement, the Travel and Transport team were advised that spend would need to exceed £5,000 in any one location before a contract would be required. As such, the spend on taxi travel is being monitored to ensure that this step is taken should the threshold be reached.
- 3.22. Recently changes have been made to the approval process for all air travel, these now need to be approved by the individuals line manager then approved at Deputy Director level. This is to ensure that, where possible, other travel methods with lower CO2 emissions are utilised first. At the time of fieldwork a total of £20,259.37 had been spent on flights in 2019/20. From our review it was noted that the majority of flights were internal flights to remote Scottish Islands and, based on the details given all flights were for appropriate business need.
- 3.23. The final category we reviewed on iExpenses was Ad Hoc spend. In total there were 59 Ad Hoc expense claims totalling £1,161.47. From a review of a sample of six of these claims we identified that five of these were for reclaiming fuel costs relating to use of a hire vehicle. Per Social Security Scotland guidance, all of these amounts should have been coded to Car Hire – Receipted. This then enables the Travel and Transport team to include these costs in their MI and monitor spend on travel and transport effectively. It should be noted that those approving the iExpenses claims are the first line of defence in this instance and those submitting and/or approving claims must ensure all expenses are allocated to the correct account codes.

See Recommendation 2

Excess Fares Allowance

- 3.24. From a review of Social Security Scotland staff in receipt of Excess Fares Allowance (EFA) from April 2019 to January 2020 (inclusive) we were able to confirm that none of these officers had breached the terms of receipt for this allowance.

Monitoring and Reporting

- 3.25. Currently the reporting objectives of the Travel and Transport team are to report annually on CO2 emissions, this is included in the Social Security Scotland Annual Report. This is linked into the Interim Corporate Plan and specifically the strategic objective relating to economy, society and environment, of which carbon emissions from staff travel is a measure.
- 3.26. An MI pack is currently being developed by the Travel and Transport team. From discussion and review it was noted that this will contain information on usage, spend and CO2 emissions for all travel and transport categories. The aim is to provide both monthly and quarterly reports for the whole organisation, with a breakdown relevant to each Deputy Directors' business area.

Future Travel Needs

- 3.27. The Travel and Transport Lead is currently trying to establish a Travel and Transport working group within Social Security Scotland. It is planned that the group will be comprised of C Band level officers, with representatives from across the organisation. A Terms of Reference is being developed currently, with plans for a paper on this to be tabled at an upcoming Agency Leadership Team meeting for approval. The aim of the working group is to help with the education and awareness raising that the Travel and Transport team are trying to achieve. It is hoped that any issues surrounding travel can be

discussed by the group and then through the participants it will be disseminated throughout the organisation. The working group is also aimed at increasing the visibility of the Travel and Transport team.

3.28. The Travel and Transport team are also looking to hold Travel and Transport awareness sessions. Materials have been developed and it is planned to hold sessions in both Dundee and Glasgow locations enabling colleagues throughout the organisation to attend. There is also a section on Travel and Transport in the Induction Programme which all new staff within Social Security Scotland must complete as part of on boarding process ensuring all new staff are made aware of roles, responsibilities and guidance in relation to travel and transport. This will be especially key for colleagues starting with Local Delivery who will be required to undertake frequent travel to effectively deliver their services.

3.29. The Travel and Transport team were able to demonstrate that work is ongoing in relation to future travel and transport needs of Social Security Scotland. This work has been split in three elements:

- Social Security Scotland Expansion –considering ongoing needs as Social Security Scotland staff numbers increase;
- Local Delivery; and
- Wave 2 Consultations

3.30. It is acknowledged by the Travel and Transport team that the current controls and checks in place surrounding booking and use of the fleet vehicles will not be scalable as the fleet of pool cars expands. As a result the Travel and Transport team have researched a variety of corporate booking systems and a request for has been raised to enable a suitable system to be procured. Such a system will automate numerous checks that are currently undertaken manually by members of the Travel and Transport team. The team are also considering other technologies to ensure that risks are minimised and processes are efficient and effective.

4. Action Plan

No	Issue / Risk(s)	Recommendation	Priority (H/M/L)	Management Response / Action Owner	Action Due
1	<p>Issue:- <u>Awareness of Preferred Travel and Booking Methods</u></p> <p>Staff may not be aware of and following Social Security Scotland's preferred means of travel and booking methods</p> <p>Risk:- Staff may not make best use of the fleet vehicles or preferential contract rates or use the appropriate tools to book travel, which could result in ineffective use of resources, and make it</p>	<p>Management should raise awareness of the preferred means of travel and methods for travel booking within Social Security Scotland. Line Managers should ensure that staff adhere to this.</p>	L	<p>Action Owner:- [Redacted]</p> <p>Management Response:- To educate we have developed a Travel & Transport show and tell which will assist us in highlighting the preferred option is VC/Skype. We are planning to roll soon in addition we have commissioned L&D to develop learning packages as part of our continuous improvement. We will continue to align with the SG</p>	<p>Date:- 30/09/2020</p>

	difficult to monitor and report CO2 emissions and journey types.			sustainability policy which is visible on our saltire	
2	<p>Issue:- <u>Approval for Travel</u></p> <p>Through our compliance testing we identified that:</p> <p>a) There are no consistent processes in place for staff to obtain and retain evidence of appropriate approval in advance for booking travel.</p> <p>b) Claims for reimbursement of ferry, rail and hotel bookings were made through iExpenses.</p>	<p>Management should ensure that:</p> <p>a) Necessary approval should be obtained in advance and retained as evidence when travel for work is required.</p> <p>b) All staff responsible for booking and/or approving travel should be reminded of the need to utilise the</p>		<p>Action Owner:- [Redacted]</p> <p>Management Response:-</p> <p>a) Travel & Transport team will look at options and refer to new working group to confirm ways of working so that everyone is consistent and update the guidance.</p> <p>b) Updating Saltire pages with all information from Travel& Transport Kiosk, developed a Show and Tell and</p>	<p>Date:- 30/09/2020</p>

	<p>However, where possible, Lightning should have been used.</p> <p>c) Claims made via iExpenses included some for driving the individuals' personal vehicle for work when individuals were not suitably authorised to drive.</p> <p>d) Claims relating to Travel and Transport have been claimed under Ad Hoc – Receipted code.</p> <p>Risk:- Ineffective use of resources, potential financial loss and legal challenge and an inability to effectively manage and monitor travel and transport usage and CO2 emissions.</p>	<p>corporate booking tool, lightning, wherever possible in order to comply with contract terms and utilise resources effectively.</p> <p>c) Staff reclaiming travel costs through iExpenses should ensure they are authorised to drive prior to driving for work in their own vehicle. This should also be checked by those approving claims prior to approval being granted.</p> <p>d) All staff should be reminded of the correct iExpenses account codes that their expenses should be allocated to and what Ad-Hoc – Receipted should be used for.</p>		<p>commissioned E Learning to education for colleagues to ensure correct system being used.</p> <p>c) We have plans to undertake a deep dive exercise to review the data. This will ensure all staff claiming are authorised to drive, we will then update guidance on Saltire pages to highlight</p> <p>d) We have added a new column to the Authorisation to Drive log to ensure we know when someone has been renewed and what the previous date was.</p>	
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		e) For those approving iExpenses claims, where travel expenses are being reclaimed, Line Managers should remind their staff that they should have used Lightning to book, rather than iExpenses to reclaim, and ensure the account codes selected are accurate and reflect what the expenses relate to before approving any claims.		Review ongoing with finance to ensure expenses under Ad-Hoc or Misc. are included within the appropriate claim section. To educate people this is included in our show and tell and we plan to update guidance on Saltire.	
3	<p>Issue:- <u>Lightning Access</u></p> <p>At the time of fieldwork there were 290 users (approx. 53% of total headcount) who had access and the ability to make travel bookings in Lightning. The system does not limit the type and value of</p>	Management should consider reviewing those staff that have access to Lightning and ensure only those with a business need have access to the system.	M	<p>Action Owner:- [Redacted]</p> <p>Management Response:- We will look to review access arrangements and refer to working group to confirm approach across the Agency.</p>	Date:- 30/09/20

	<p>bookings and there is no enforced segregation of duties.</p> <p>Risk: - Individuals can make travel bookings without approval from the budget holder being obtained and that may not be required for business purposes leading to financial loss for the organisation.</p>	<p>Management should identify if system controls can be implemented in Lightning in order to enforce segregation of duties and limit the spend that can be incurred by any one individual.</p> <p>If system enforced controls are not available process should be implemented and monitoring undertaken in order to minimise the risk of inappropriate, unauthorised or non-business bookings being made.</p>		<p>Once agreed we will update guidance accordingly.</p> <p>Ongoing discussions with Finance to consider options we have to minimise the risk of inappropriate use. We would be looking to them to include this in monthly budget holder reviews.</p>	
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Internal Audit Report

Social Security Scotland 2019-2020

Change Management

**Directorate of Internal Audit
and Assurance**

Report Issue Date: 4-05-2020

Change Management

Assurance Category	Reasonable
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Recommendations Profile	0 High	2 Medium	2 Low
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Audit Information

Senior Internal Audit Manager:	[Redacted]
Internal Audit Manager:	[Redacted]
Internal Auditor(s):	[Redacted]
Date of fieldwork:	February – March 2020
Issue date of draft report:	1 April 2020
Issue date of final report:	4 May 2020

Report Distribution

David Wallace, Chief Executive, Social Security Scotland (Accountable Officer)*
Audit Scotland*
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*Final Report only

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1. **Executive Summary**

1.1. We have provided an overall reasonable assurance opinion. This means that we found the controls in place to be adequate, however some improvements are still required to enhance the adequacy and effectiveness of procedures. The rating also reflects that there are weaknesses in the risk, governance and/or control procedures in place but not of a significant nature. See **Annex F** for a full explanation of our assurance and recommendation categories.

1.2. Our review identified two medium and two low recommendations. We have summarised below the key examples of good practice and improvement opportunities.

1.3. **Good Practice Examples**

- A centralised Change and Transformation Team has been established. As part of this team a Project Management Office (PMO) has been created. The PMO is involved in the coordination, governance and delivery of larger change projects within Social Security Scotland.
- Social Security Scotland have established a Project Assurance Group (PAG) to provide oversight and scrutiny of all large internal change projects. There is also a Change Group which has oversight of smaller internal changes that are taking place. Terms of Reference for both groups have been documented and both meet on a regular basis, notes of discussions are documented and action logs are maintained as a record of decisions made and actions to be taken.
- Social Security Scotland have produced a Project Lifecycle document which identifies the stages each large change project must follow. This lifecycle also details
 - the 'gates' for approval to proceed to be obtained before progressing to the next stage;
 - the key outputs/artefacts to be produced at each stage; and

- the governance arrangements at each stage.
- Such a document will ensure that going forward there is consistency in how large scale change projects are managed and undertaken.
- From review of a sample of current change management projects we were able to confirm:
 - Production of a monthly dashboard which is then reported to the relevant change working group;
 - Ongoing risk management and reporting of the high priority risks; and
 - Identification of planned timescales and resources at either the project initiation stage for the smaller change projects or the project definition stage for the larger PAG projects.
 - At each stage within the Project Lifecycle it was noted that Lessons Learned had been highlighted as a necessary process to be undertaken. From our sample, one project had reached completion and from our review we were able to confirm that consideration of lessons learned had taken place in order to aid ongoing improvement in both change management and project delivery.

1.4 Improvement Opportunities

- Whilst the Project Lifecycle has been documented to provide guidance and consistency for larger change projects, there is no overarching Change Management Framework, or similar, within Social Security Scotland. From discussion it was confirmed that this is being developed currently. However as it was not in place at the time of the fieldwork we were not able to confirm that it was sufficient or contained the required guidance or templates. It is expected that the Change Management Framework would incorporate the Project Lifecycle and include:
 - Definition of the roles and responsibilities for Change projects;
 - Formal monitoring, reporting and scrutiny arrangements; and
 - Guidance and templates in relation to:
 - Project initiation and approval;
 - Stakeholder identification and communication;

- Risk Management;
- Financial Management and management of contingencies;
- Project delivery; and
- Lessons Learned; etc.

Please see Recommendation 1

- Whilst it is acknowledged that smaller short-term change activities do not require the same level of governance and scrutiny, it is essential that there are defined processes in place to ensure consistent practices are established which aid the successful delivery of smaller change projects. The Project Lifecycle document sets out the stages larger change projects should follow. We accept that this level of detail would not be appropriate for smaller short term change activities. However there is no guidance for smaller Social Security Scotland internal change projects. As such it is recommended that relevant and proportionate guidance with regards to planning and approval, roles and responsibilities, communication, delivery and post implementation consideration of achievement of objectives and lessons learned is developed and made available to all relevant staff.

Please see Recommendation 2

- It was noted from our review that there is currently no reference made to change management on the intranet, Saltire. It is likely that those participating in both large and small scale change projects are likely to seek guidance from Saltire and as such it is recommended that the Change and Transformation Team ensure that relevant information and guidance is made available to staff via Saltire.

Please see Recommendation 3

- From our review of the sample of projects we were advised that all had been formally approved to proceed. However evidence of this approval was not held in the relevant project files for all of the sample projects. It is essential that all relevant project documentation is retained.

Please see Recommendation 4

2. Introduction

2.1 This internal audit review of Social Security Scotland's Change Management arrangements formed part of the Audit Plan agreed by the Accountable Officer and noted by the Audit and Assurance Committee on 19 February 2019.

2.2 Since its creation, Social Security Scotland has been going through an extensive amount of change as it has grown and new benefits have been introduced. It is essential that Social Security Scotland has appropriate governance and controls in place to manage change to ensure that all activities are aimed towards the development of the organisation and achievement of the strategic objectives.

2.3 Social Security Scotland have included in their Strategic Risk Register the following Resourcing risk

IF the change control process is inefficient within the Agency THEN there is potential for duplication and inappropriate resource deployment RESULTING in poor internal governance, poor motivation and failure to achieve Agency objectives.

2.4 The remit items and key risks identified for this review were developed through discussions with relevant Social Security Scotland officers and our knowledge of change management. They were:

2.5 **Remit Item 1 – Insufficient Governance arrangements to support Change Management within Social Security Scotland**

To review the governance arrangements, processes, frameworks and resources in place to manage change within Social Security Scotland.

Key Risks:

- Objectives not achieved due to lack of ownership, leadership and support of change.

- No clarity of roles and responsibilities for change management resulting in required actions not being undertaken or completed effectively and timeously causing delays and an inability to achieve objectives.

2.6 Remit Item 2 – Project Management and Delivery (including planning, risk management, financial management, communication, progress monitoring and scrutiny)

Key Risks:

- Failure to deliver projects effectively and within the planned timescales due to poor planning and ineffective management and resource monitoring;
- Failure to achieve planned objectives due to stakeholder resistance and non-acceptance of changes caused by insufficient and ineffective communication with stakeholders and
- Poor decision making and scrutiny, transparency and accountability due to poor management information being provided to management and the Executive Advisory Body in relation to change projects.

2.7 We assessed the controls actually in place against those we believe should be in place, based on: organisational policies and procedures; the legal and regulatory framework within which Social Security Scotland operates; and, leading industry and professional practices.

2.8 To ascertain the controls in place, we interviewed a number of managers and staff, and reviewed relevant documentation. We also conducted compliance testing of these controls.

2.9 Our findings, which cover examples of good practice as well as improvement opportunities, implications and recommendations, were fully discussed with relevant managers and staff during the review.

2.10 We are grateful for the co-operation received from all managers and staff involved in the process.

3. Action Plan

No	Issue / Risk(s)	Recommendation	Priority (H/M/L)	Management Response / Action Owner	Action Due
1	<p><u>Change Management Framework:</u></p> <p>Issue: Social Security Scotland currently do not have a Change Management Framework, or similar, in place.</p> <p>Risk: Change Projects may fail resulting in an inability to effectively achieve Social Security's strategic objectives which could have</p>	<p>Management should document and approve a formal Change Management Framework</p> <p>Such a document should incorporate the project lifecycle document and include guidance on:</p> <ul style="list-style-type: none"> • Roles and responsibilities; • Formal monitoring, reporting and scrutiny arrangements; and • Guidance and templates in relation to: 	M	<p>Action Owner:- [Redacted]</p> <p>Management Response:- Accepted. We acknowledge the need for a comprehensive and clearly documented Change Management Framework. We need to ensure that Social Security Scotland's Change Management framework and processes align with those of the Social Security Programme. To that end, we</p>	<p>Date:- 30th Nov 2020</p>

	<p>financial, legal and reputational implications.</p>	<ul style="list-style-type: none"> ○ Project initiation and approval; ○ Stakeholder identification and communication; ○ Risk Management; ○ Financial Management and management of contingencies; ○ Project Delivery; ○ Lessons Learned; etc. <p>Once approved this guidance should be made available to all relevant staff and appropriate training provided where necessary.</p>		<p>have been working closely with colleagues in Social Security Programme to develop a holistic and agreed Change Framework. Key dates are set out below:</p> <ol style="list-style-type: none"> 1. Finalise draft of Change Management Framework by 31st Aug 2020. 2. Peer review, QR and submission to Social Security Scotland Agency Leadership Team by 30th Sept 2020. 3. Review and acceptance by Social Security Scotland Executive Team and Executive Advisory Body by 31 Oct 2020. 	
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				4. Social Security Change Management Framework launch by 30 th Nov 2020.	
2	<p><u>Guidance for Smaller, Short Term Change Activities</u></p> <p>Issue:</p> <p>There is no guidance or defined processes to ensure consistent and effective practices are established to aid the successful delivery of smaller, short-term change activities.</p> <p>Risk:</p> <p>Small scale change activities may fail resulting in an inability to effectively deliver Social Security</p>	<p>Management should develop relevant proportionate guidance and templates to assist the management of smaller scale, short-term change activities to aid consistency and effectiveness. This should include consideration of roles and responsibilities, key milestones and approval requirements, stakeholder management and communication, risk management, monitoring and reporting and lessons learned.</p>	M	<p>Action Owner:- [Redacted]</p> <p>Management Response:-</p> <p>Accepted.</p> <p>The Social Security Scotland Change Group is now well established. Building on our experience to date, work has already commenced to revisit our Terms of Reference, develop Standardised templates and formalise our processes.</p>	<p>Date:-</p> <p>30th Dec 2020.</p>

	Scotland's strategic objectives which could have financial, legal and reputational implications.	Once established guidance should be made available to all relevant staff and training provided where necessary.		<p>1. Review and agreement of updated Terms of Reference by 31st May 2020.</p> <p>2. Development and implementation of Standard documentation and processes by 30th June 2020.</p> <p>3. Review and ratification via appropriate Social Security Governance routes by 31st August 2020.</p> <p>3. Core guidance, Intranet pages and training material finalised and launched by 30th Sept 2020.</p>	
3	<u>Saltire</u> Issue:	Management should consider providing relevant information, such as key contacts and		Action Owner:- [Redacted]	Date:-

	<p>There is currently no reference made to Change Management on the intranet, Saltire.</p> <p>Risk:</p> <p>Non-compliance with Social Security Scotland change management requirements due to lack of knowledge or information on appropriate processes to follow and key individuals to contact when undertaking a change project.</p>	<p>guidance in relation to change management on Saltire so this is easily accessible to all staff who may be involved in a change project or activity.</p>	<p>L</p>	<p>Management Response:-</p> <p>Accepted. Work has already commenced to develop interim pages which will be further enhanced once the Change Management Framework is complete.</p>	<p>30th June 2020</p>
<p>4</p>	<p><u>Evidence of Approval</u></p> <p>Issue:</p> <p>From our review of a sample of three recent change projects we found that in two instances</p>	<p>Management should remind staff of the need to retain relevant evidence of key stages for each change project, including evidence</p>	<p>L</p>	<p>Action Owner:- [Redacted]</p> <p>Management Response:-</p> <p>Accepted.</p>	<p>Date:-</p> <p>30th June 2020</p>

	<p>evidence of the approval for the project to proceed had not been retained in the project folder.</p> <p>Risk:</p> <p>Projects may be undertaken without the appropriate scrutiny and approval to proceed being obtained resulting in inefficient and ineffective use of resources and an inability to achieve strategic objectives.</p>	<p>of approval to proceed, within the project documentation folder.</p>		<p>All new projects are now subject to governance through Social Security Scotland's Project Assurance Group.</p> <p>This will ensure that moving forward the appropriate documentation is retained and saved in accordance with Social Security Scotland's Records Management policy and Standard Naming conventions.</p>	
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Internal Audit Report

Social Security Scotland 2019-2020

Operations: Policies, Procedures and Guidance

**Directorate of Internal Audit
and Assurance**

Report Issue Date: 6-05-2020

Operations: Policies, Procedures and Guidance

Assurance Category	Limited
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Recommendations Profile	5 High	1 Medium	0 Low
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Audit Information

Senior Internal Audit Manager:	[Redacted]
Internal Audit Manager:	[Redacted]
Internal Auditor(s):	[Redacted] [Redacted] [Redacted]
Date of fieldwork:	01 March 2019 – 16 March 2020
Issue date of draft report:	22 April 2020
Issue date of final report:	06 May 2020

Report Distribution

David Wallace, Chief Executive, Social Security Scotland, Accountable Officer*
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* Final Report only

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1. **Executive Summary**

1.1. We have provided an overall “limited” assurance opinion, [Redacted]

See **Annex F** for a full explanation of our assurance and recommendation categories.

1.2. The fieldwork for this review was conducted throughout the internal audit year, with over 100 days spent on planning, fieldwork and reporting. With this time we have been able to gain an in-depth understanding of each of the benefits which are in payment and the processes for application, assessment and approval.

1.3. The culture which is evident throughout Social Security Scotland is very positive, with all staff keen to provide a high quality service which puts the dignity, fairness and respect of all customers and employees at the fore front. However, through our fieldwork we identified [Redacted].

1.4. As a result of our review we have identified [Redacted]. It is hoped that through implementation of all recommendations made in this piece of work, both in the final report and in the interim management letters, and the positive engagement experience with all staff involved, our review will assist in development of stronger controls and aid system developments needed to support staff in delivering the quality services all are striving for.

1.5. We have summarised below the key examples of good practice and improvement opportunities.

1.6. **Good Practice Examples**

- Internal Operations guidance for Client Advisors, which details the methods for processing the current Social Security Scotland benefits in

payment, is available to all staff via a separate section of Social Security Scotland's intranet site, Saltire. We were advised that this is an interim technical solution and in the long term options for a knowledge hub are being investigated. This ensures staff are able to easily search for and access specific operations guidance.

- The guidance reviewed was found to be clearly set out, in appropriate sections, making it easy for officers to identify the relevant guidance to be followed for specific tasks and benefits. Where appropriate it contains screenshots from relevant systems to provide further clarity on the processes being described.
- Temporary Guidance section has also been established where there have been gaps or issues identified. These guidance documents have been updated and are clearly set out in Saltire.
- Within the Operations team there are various internal communications which ensure the relevant information is cascaded to all teams. This will include any changes to processes or updates to procedures to ensure all staff are made aware. There are also daily Operation Manager Stand Ups, where any changes are communicated and in turn distributed to the wider team.
- Initially new colleagues receive training from the Learning and Development Team (L&D), via an extensive induction package. This includes; communication of policies, overview of processes and systems training. Further support is also given by the L&D Team during new benefit releases including training on the new benefits and processes to be followed. In the first week of release there are also L&D team members on the floor to support Client Advisors with queries or issues which may arise.

- Overall, there is a high level of compliance with most elements of the established policies, processes and guidance. However there is need for improvement in other areas as detailed below.

1.7. Improvement Opportunities

- Whilst the guidance currently available is very user friendly and sufficiently detailed covering most expected areas, through our compliance testing we identified some gaps in current guidance, specifically in relation to the [Redacted]. As such there is an increased risk that applications may not be processed accurately or consistently.

Please see Recommendation 1

- [Redacted]

Please see Recommendation 2

- Through our testing we identified some gaps in current methodologies [Redacted]. In our opinion this results in an increased risk that [Redacted].

Please see Recommendation 3

- [Redacted]

Please see Recommendation 4

- Some checking processes as part of the payment approval process are in place, along with some newly introduced compliance checking, [Redacted]. This increases the risk [Redacted].

Please see Recommendation 5

- The process for producing and reviewing relevant Management Information (MI) is still developing [Redacted]. As such there is an increased risk [Redacted]

Please see Recommendation 6

2. Introduction

- 2.1. This internal audit review of Social Security Scotland's Operations activity formed part of the Audit Plan agreed by the Accountable Officer and noted by the Audit and Assurance Committee on 19 February 2020.
- 2.2. Social Security Scotland have included in their Strategic Risk Register the following Compliance risk: [Redacted]
- 2.3. To aid understanding it is important to clearly set out the relationship between Social Security Scotland and the Social Security Directorate (Programme). Programme designs and builds the new Scottish Social Security system and is delivering the components on an incremental day to day basis. As such Minimal Viable Products for policies, systems and processes for each benefit are developed by Programme and then handed to Social Security Scotland to deliver. It is then the responsibility of Social Security Scotland to develop these as appropriate to make them fit for purpose and reflecting actual processes and controls in place.
- 2.4. The scope of this review was to evaluate and report on the controls in place to manage the risks surrounding Social Security Scotland's Operational Policies, procedures and control arrangements. This review looked at the established policies, procedures and controls for all Wave 1 Low Income Benefits currently being delivered by Social Security Scotland.
- 2.5. The remit items and key risks, which were considered as part of this review were:
- 2.6. Remit Item 1 – **Policies, procedures and guidance**

2.7. To review operational policies, procedures and guidance to confirm that these are sufficient to support Social Security Scotland in delivering benefits consistently and effectively.

Key Risks:

- A failure to establish policies and procedures and guidance leading to an inconsistent or ineffective approach to benefit delivery increasing the possibility that benefits will not be administered correctly resulting in ineligible or incorrect benefits being administered.
- Ineffective communication and training for Operations staff leading to low staff morale and an inability to deliver benefits resulting in poor quality and diminished service levels, financial loss and reputational damage.

2.8. Remit **Item 2 – Compliance with policies, procedures and guidance**

To undertake substantive testing which confirms compliance with policies, procedures and guidance to ensure benefits are being delivered effectively and efficiently.

Key Risks:

- Insufficient management and quality assurance checks throughout the administration of benefits prevents the identification of error and non-compliance which could result in fraudulent or erroneous payments being made and reputational damage.
- Ineffective arrangements for obtaining management information which is then subject to appropriate review and scrutiny prevents the identification of error and non-compliance which could result in fraudulent or erroneous payments being made and reputational damage.

3. Approach

- 3.1. We undertook the audit in compliance with the Internal Audit Charter and Memorandum of Understanding agreed between Internal Audit and Social Security Scotland.
- 3.2. We assessed the controls actually in place against those we believe should be in place, based on: organisational policies, procedures and guidance; the legal and regulatory framework within which Social Security Scotland operates; and, our knowledge of Social Security Scotland's strategic objectives and practices.
- 3.3. To ascertain the controls in place, we held meetings with key members of the Operations management team, reviewed relevant documentation on processes and guidance available on Saltire and conducted compliance testing of benefit applications for each 'live' benefit over 2019-2020.
- 3.4. Throughout the audit year, we issued three detailed Management Letters to the Operations team as well as holding meetings to discuss our findings, implications and recommendations through-out the year. In total across the three Management Letters we raised 17 recommendations, actions taken throughout the year were followed up and feedback provided.
- 3.5. We are grateful for the co-operation received from all managers and staff involved in the process. The Operations team who facilitated walk-throughs and overviews of the systems and processes and our testing for Best Start Grant. The Fraud and Error Resolution Interventions team, which facilitated our compliance testing for Best Start Foods, Funeral Support Payment and Young Carers Grant.

4. **Findings**

4.1. In this section of the report, we detail our findings, which include examples of good practice and improvement opportunities. For improvement opportunities, we identify the finding, describe the impact / potential impact and make recommendations that are designed to be viable and realistic.

Remit 1 - Policies, procedures and guidance

4.2. Over the course of the 2019-2020 audit year, we undertook a desktop review of guidance for each of the 'live' benefits; Carer's Allowance Supplement, Best Start Grant, Best Start Foods, Funeral Support Payment and Young Carer Grant. For each benefit there is an extensive amount of guidance captured on the intranet, Saltire. This guidance is aimed at Client Advisors who are responsible for the processing of applications up to point of payment. In general we found the guidance for Client Advisors to be clearly written and explicit, with cross-reference and links to further or other areas of guidance embedded.

4.3. Mid-way through our fieldwork a tactical solution for guidance was implemented. This segregated benefit application processing guidance into a separate section of Saltire, which enhanced users ability to search for the guidance relevant to the benefit and issue they are dealing with. We were advised that a permanent strategic solution for a separate knowledge hub for guidance is currently being developed which will improve users ability to easily identify and access the relevant guidance which they require.

4.4. Evidence demonstrated that the guidance is reviewed periodically by various teams within the organisation, as issues and solutions are identified. An initial screen in the guidance repository lists recent guidance changes, ensuring these are easy for staff to identify and view. This could be further strengthened through capturing any lessons learned where gaps are identified to assist with the development of guidance for future benefits.

See Recommendation 1

- 4.5. Although very user friendly and sufficiently detailed covering most expected areas, during fieldwork we identified some gaps in the available guidance. In the instances where this was identified, [Redacted].

See Recommendation 1

- 4.6. There are various internal communication channels within the Operations teams which ensures the relevant information, such as changes to processes, guidance and updated or amended procedures, is cascaded to all relevant teams. Additionally, daily Operation Manager stand-ups take place, where any changes are communicated verbally and in turn disseminated to the wider team.
- 4.7. We were satisfied that there are effective arrangements for the provision of training to Client Advisors. Training is initially provided by the Learning & Development team (L&D) via an extensive induction package. This is geared towards Client Advisors and includes; communication of policies, overview of processes and guidance, system specific training, etc. It was confirmed that before each tranche of inductions L&D review the relevant guidance to ensure the training is based on the most up to date processes, as service delivery and systems evolve.
- 4.8. Further support is offered by L&D during new benefit releases, which includes training on new benefit details, processes and procedures, system specific guidance and providing floor-walkers throughout the first few weeks of release to support Client Advisors.
- 4.9. We noted that the available guidance retained on Saltire is for frontline Client Advisors and that processes and guidance for officers' outwith this role was not held on Saltire. [Redacted]. Additional guidance is held on eRDM, [Redacted]. this was in the form of an Approvers Checklist [Redacted]. The checklist is used as a reminder [Redacted]. [Redacted].

Remit 2 - Compliance with policies, procedures and guidance

4.10. In addition to the review of guidance, we selected samples of approved, denied and withdrawn applications for the four live benefits assessed and processed by the Operations team. Details of the number of applications sampled and the findings are shown below in Table 1 : Compliance Testing Results.

4.11. Table 1 : Compliance Testing Results

Benefit Name	Approved Applications (at time of testing)	Sample Applications	Denied Applications (at time of testing)	Denied Sample	Withdrawn Applications (at time of testing)	Withdrawn Sample	Sample Size (no. of applications)	Compliance Testing Findings	
								Compliant Applications (%)	Non-Compliant Applications (%)
Best Start Grant	[Redacted]	23	[Redacted]	[Redacted]	[Redacted]	N/A	30	[Redacted]	[Redacted]
Best Start Foods	[Redacted]	20	[Redacted]	10	[Redacted]	N/A	30	[Redacted]	[Redacted]
Funeral Support Payments	[Redacted]	14	[Redacted]	3	[Redacted]	3	20	[Redacted]	[Redacted]
Young Carers Grant	[Redacted]	10	[Redacted]	3	[Redacted]	2	15	[Redacted]	[Redacted]
[Redacted]							[Redacted]	[Redacted]	[Redacted]

Non-Compliance with policies, procedures and guidance.

4.12. From completion of testing across all benefits it was evident that [Redacted]
See Recommendation 2

Processes and Procedures

4.13. Over the course of our compliance testing it was noted that there are some processes in place which, [Redacted].

See Recommendation 3

SPM Issues

4.14. From completion of testing across all benefits it was evident that there are a [Redacted] is included in Table 1 : Compliance Testing Results.

See Recommendation 4

Quality Assurance

4.15. [Redacted].

4.16. It should be noted that this has [Redacted].

See Recommendation 5

Management Information

4.17. The process for producing and reviewing relevant Management Information (MI) is still developing [Redacted].

4.18. It should be noted that this [Redacted].

See Recommendation 6

Future Internal Audit Plans and Provision of Assurance

4.19 The agreed Internal Audit Plan for 2020/2021 includes some specific reviews which have partly been identified through our work on this audit during 2019/2020. These reviews include:

- Continuing this Operations: Policies, Procedures and Guidance review to provide similar assessment of any new benefits introduced during 2020/2021
- In-depth reviews of each of the Wave 1 Low Income Benefits to follow on from this Operations review. These will assess the processes and controls from application through to payment.
- A review of SPM including key access and system controls, segregation of duties and a gap analysis.

5. Action Plan

No	Issue / Risk(s)	Recommendation	Priority (H/M/L)	Management Response / Action Owner	Action Due
1	<p>Issue:- <u>Guidance for Operations</u> Through our testing we identified some gaps in current guidance including: [Redacted]</p>	<p>[Redacted]</p> <p>Guidance should be communicated to relevant colleagues, with appropriate training provided where necessary and acceptance of understanding recorded.</p>	<p>M</p>	<p>Action Owner: Janet Richardson, Deputy Director Operations</p> <p>Management Response: Guidance review workshops have been undertaken for both Best Start Foods and Funeral Support Payment. Staff are actively encouraged to report discrepancies/missing guidance to the Content team. [Redacted] Temporary arrangements are in place and temporary guidance updated for a referral process to</p>	<p>Action Date: Ongoing</p>

				our Data Protection Team if staff are unclear or unsure about information that can be disclosed pending the publishing of permanent guidance.	
2	<p>Issue:- [Redacted]</p> <p>Risk:- [Redacted]</p>	<p>[Redacted]</p> <p>Where necessary further training should be provided to ensure all officers are aware of the correct processes to be followed.</p>	H	<p>Action Owners: Janet Richardson, Deputy Director Operations</p> <p>Management Response: Guidance reminders have been issued covering all points raised [Redacted]. Regular reminders will be issued periodically to ensure continued compliance.</p>	<p>Action Date: Ongoing</p>

				[Redacted]	
3	<p>Issue:- <u>Processes and Procedures</u> Through our testing we identified some gaps in current methodologies [Redacted].</p> <p>Risk: [Redacted]</p>	<p>[Redacted]</p> <p>For those specific areas identified through our testing and highlighted here action should be taken as recommended and agreed in our management letters issued throughout the year.</p>	H	<p>[Redacted]</p> <p>Action Owner: Janet Richardson, Deputy Director Operations</p> <p>Management Response: Processes have been implemented to address concerns raised through compliance checks for denials, approvals and plans are in place to introduce compliance checks for withdrawn cases from w/c 11 May 2020.</p> <p>Guidance reminders have been issued for other areas including duplicate case/applicant checks,</p>	<p>Action Date: Ongoing</p>

				<p>date of birth verifications and address verifications.</p> <p>Issue regarding YCG denial letter has been addressed and no changes have been made by the Agency. The reason for this is because the qualifying benefits do not apply to the applicant but to the cared for person.</p>	
4	<p>Issue:-</p> <p><u>SPM & Systems Technical Issues</u></p> <p>A number of technical issues were identified through-out our testing:</p> <ul style="list-style-type: none"> • Letters generated on SPM with status Not Processed • [Redacted] • [Redacted] • [Redacted] 	<p>Management should:</p> <p>a) Ensure there is a suitable mechanism in place to link with Programme, ensuring that SPM issues identified are fed back to Programme Product Owner and IBM for resolution.</p>	H	<p>Action Owner:</p> <p>Social Security Programme and Andy McClintock, Chief Digital Officer</p> <p>Management Response:</p>	<p>Action Date:</p> <p>Ongoing</p>

	<ul style="list-style-type: none"> • Only being able to view 100 cases (not in any order) in any work queue, for example; suspended cases. <p>Risk:- [Redacted]</p>	<p>b) A mechanism should be in place to record and prioritise identified issues and record progress to resolution or responses.</p> <p>c) Where Social Security Scotland are willing to accept the risk of the technical issues, this should be documented.</p> <p>d) Where possible, management should ensure there are documented processing workarounds in place for known SPM issues and;</p> <p>e) Ensure that there are relevant checks under the</p>		<p>Incidents are raised for all known issues. All staff have been reminded of this process.</p> <p>The Change Team are maintaining and prioritising all incidents, planning to address via mini-releases periodically.</p> <p>Full use is made of temporary guidance when workarounds are required.</p>	
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		Quality Assurance Framework to ensure that reliance can be placed on these actions implemented.			
5	<p>Issue:-</p> <p>[Redacted]</p> <p>[Redacted]</p>	<p>[Redacted]</p> <p>[Redacted]</p>	H	<p>Action Owner:</p> <p>Miriam Craven, Deputy Director Policy and Client Experience</p> <p>Management Response:</p> <p>[Redacted] has been escalated by Operations and work is at an early stage.</p> <p>Operations continue to undertake appropriate line management assurance checks and sample checking on approved and denied cases to identify training issues,</p>	<p>Action Date:</p> <p>30th November 2020</p>

				gaps in guidance and potential fraudulent activity.	
6	<p>Issue:-</p> <p><u>Management Information</u></p> <p>There is a limited amount of management information available from SPM in relation to benefit applications including:</p> <ul style="list-style-type: none"> • Work queues - for example suspended cases • [Redacted] • Applications out with processing SLAs <p>Risk:-</p> <p>A lack of management information may result in ineffective decisions being made by operational management, leading to failure to achieve organisational objectives,</p>	<p>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.</p> <p>There should be a mechanism for ensuring these requirements are communicated to the relevant Product Owners with Social Security Directorate and that progress and resolution of these issues are documented.</p>	H	<p>gaps in guidance and potential fraudulent activity.</p> <p>Action Owner:</p> <p>Janet Richardson, Deputy Director Operations</p> <p>Management Response:</p> <p>Work is ongoing to design and implement Business Information Reporting Tool (BIRT).</p> <p>Design is being influenced by Operations Managers on requirements with regular meetings held to gather requirements.</p>	<p>Action Date:</p> <p>31st July 2020</p>

	financial loss and reputational damage to the organisation and financial hardship of clients.	Where possible MI should be sought via other channels for example, through the use of Business Analysts, to ensure operational decisions are appropriate.		MI team, Social Research and Business Analysts are accessed when required for additional reporting.	
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Definition of Assurance and Recommendation Categories

Assurance

<p>Substantial Assurance Controls are robust and well managed</p>	<p>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.</p>
<p>Reasonable Assurance Controls are adequate but require improvement</p>	<p>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.</p>
<p>Limited Assurance Controls are developing but weak</p>	<p>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.</p>
<p>Insufficient Assurance Controls are not acceptable and have notable weaknesses</p>	<p>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.</p>

Recommendations

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

Advisory Activity Undertaken

ADVISORY WORK		
Business Area	Detail	Other Related Work
Fraud & Error and Programme (Audit Design Team)	Short Term Reports from CDO on SPM Access and Bank Account changes.	Operations audit – MI availability Quality Assurance
Fraud & Error – Interventions/Agency Finance Team	Duplicate Payments data interrogation	Operations audit Quality Assurance
Finance Training Strategy	Provision of example guidance for training strategy	Budgets, Expenditure Monitoring and Reporting Audit Review
Fraud and Error – eSEF Management Checks	Discussion and review regarding the methodology for completion of eSEF Management Checks	
Fraud and Error Resolution Unit – Ongoing engagement	Regular catch-ups to discuss emerging issues, and developments within the team.	
Risk Management	Review of proposed approach to review of the strategic risk register and ongoing risk management activities.	
Covid-19 Response	Ongoing discussions and availability to support response and provide assurance over decisions made and action taken in response to current pandemic lockdown situation and amended working practices.	