

Social Security Scotland

**Audit and Assurance Committee
Audit Scotland Update**



 **AUDIT SCOTLAND**

Prepared for Social Security Scotland Audit and Assurance Committee

May 2020

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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External audit update

Audit context

1. Scotland's public services are under exceptional pressure due to the COVID-19 pandemic. Our approach to audit during these circumstances will be pragmatic, flexible and consistent. We have issued a paper, [COVID-19 What it means for public audit in Scotland](#), setting out the principles of Audit Scotland's approach to our financial and performance audit programmes. It also outlines our plans for assessing the impact of COVID-19 on public bodies and reviewing the Scottish public sector's response to the pandemic.

Audit Scotland arrangements

2. Audit Scotland staff have been working from home since 17 March 2020. We have adapted our "normal" audit approach and are developing new ways of auditing remotely. There have been on-going discussions with Social Security Scotland staff around the best way to audit remotely, with SharePoint being an effective way of obtaining audit evidence.

3. We are regularly reviewing Government guidance however there is uncertainty around whether we will be able to work on-site for the financial statement audit, and we are considering alternative working arrangements. We have established fortnightly calls with Nicola Bennett and Nicola McBain to ensure we maintain open communication and share challenges as they arise.

Social Security Scotland arrangements

4. With 95 per cent of agency staff working from home, including client advisors, we have recently had a good discussion with Meg Fowler and Chris Kinnear on the arrangements that have been put in place to manage the risk of error and fraud during this time.

5. It is recognised that there are some controls which cannot operate while client advisors are working at home, however we were encouraged to hear of the introduction of mitigating controls, such as additional spot checks by team leaders. From the discussions, the agency has sought to implement arrangements to mitigate the risk of error and fraud during this time of home working. In addition, client advisors who are accessing sensitive client data must read the Code of Conduct Agreement and sign a return to confirm compliance.

6. The agency has also been able to implement a web chat functionality during this period, which allows them to deal with queries alongside the call back function on phone calls.

Progress on the annual audit 2019/20

7. Our annual audit plan was taken to the February meeting of the Audit and Assurance Committee. It outlined our planned work for the year and we commenced the interim audit and controls work in line with the agreed timescale. Due to the COVID-19 outbreak, we were unable to spend the planned four weeks on site completing our controls work.

8. With the assistance of staff from the agency, we have been able to complete our system reviews and walkthroughs remotely and have made arrangements for the rest of our key controls testing. This is currently underway and involves working together with operations staff, who are understandably focused on maintaining the benefit payments. Once we have the information required, we will complete the testing of key controls and produce a management report which will be presented to a future Audit and Assurance Committee.

9. Discussions have also been held surrounding the financial statements audit and the timing of this work. We are due to receive the unaudited accounts week commencing 29 June 2020 with finance staff confirming that they remain on track to deliver to this timeline. Additional time may be required to complete the audit given the nature of remote working and the working relationship with the National Audit Office (NAO) who audit the Department for Work and Pensions (DWP). From discussions with the agency and recognising the importance of flexibility during the current circumstances, an additional Audit and Assurance Committee in October 2020 is being provisionally set.

Social Security performance audit 2020

10. We planned to publish a performance audit for the Auditor General for Scotland in May 2020. Detailed audit work was being completed, including joint work with the NAO, covering the DWP and early report drafting underway when we paused our publication schedule.

11. Work carried out to date examines the Scottish Government's management of the delivery of its devolved social security powers and considers how well placed it is to successfully deliver the remaining benefits. The audit builds on our previous reports on the implementation of the Scotland Acts 2012 and 2016 and focuses on progress against recommendations made in our latest social security performance audit, which was published in May 2019.

12. The COVID-19 pandemic is already having a significant impact on the UK's social security system and we are currently considering reporting opportunities to maximise the value and impact of our work.

Concluding remarks

13. The Audit and Assurance Committee are asked to note this report.

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