



## Audit and Assurance Committee

<b>Date of Meeting</b>	Tuesday 09 February 2021
<b>Time</b>	10:30 – 12:30
<b>Location</b>	Video Conference – Microsoft Teams

### Attendees

#### Present

Russell Frith (RF)	Chair, Non-Executive Member
Jessica Burns (JB)	Non-Executive Body Member
Douglas Hutchens (DH)	Non-Executive Body Member
Elaine Noad (EN)	Non-Executive Body Member
David Wallace (DW)	Accountable Officer, Chief Executive
James Wallace (JW)	Deputy Director of Finance and Corporate Service
Janet Richardson (JR)	Deputy Director of Operations (Item 7)
CB	Strategy, Policy and Assurance Lead
MF	Head of Fraud and Error Resolution
NB	Head of Finance
NM	Corporate Assurance Lead
SM	Operational Policy Coordinator (Item 3)
JO	Freedom of Information Manager (Item 7)
RF	Corporate Records Manager (Item 7)
CK	Head of Operations - Wave One and Live Running (Item 7)
AM	Organisational Culture and Strategic Relationships Lead (Item 7)

#### Audit Scotland

CG	Audit Director
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PG Senior Audit Manager

### **Internal Audit Directorate, Scottish Government**

IB Senior Internal Auditor

LS Internal Auditor

### **Secretariat**

IB (2) Assistant Governance Manager

### **Apologies**

MC Deputy Director for Strategy and Client Experience

FI Senior Auditor

### **Observers**

GD Head of Corporate Strategy and Communications

MF Internal Auditor

## **1. Welcome and Conflicts of Interest**

- 1.1. The Chair welcomed everyone to the meeting and noted apologies as listed above.
- 1.2. The Chair advised the committee that CG has now been appointed as our Audit Director. The Terms of Reference will be updated to reflect the change in membership of the Audit and Assurance Committee.
- 1.3. The chair welcomed GD and MF who were observing the meeting and PG who has joined Audit Scotland as the new Senior Audit Manager.
- 1.4. No conflicts of interest were noted.

Action	NM	The Terms of Reference will be updated to reflect the change in membership of the Audit and Assurance Committee.
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## 2. Minutes and Action Tracker

- 2.1. The Audit and Assurance Committee endorsed the minutes of the meeting on the 10 November 2020. All actions within the tracker have been updated.
- 2.2. The Chair requested a review of current proactive publication processes to ensure publication is proportionate and meets our commitment to deliver an open and transparent service.

Action	NM	To arrange a review of Social Security Scotland Proactive Publication process.
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## 3. Social Security Scotland Risk Management Update

- 3.1. NM noted the update of risk management activity included;
  - A general update on the Strategic Risk Register and the significant updates since the last Committee
  - Update from the work of the Risk Review Group
  - Overview of risks proposed for a deep dive.
- 3.2. NB advised the committee that Ernst and Young were commissioned to undertake a piece a work to look at our Risk Management approach, to help shape our future risk management approach. A detailed update on their findings will be presented to the Audit and Assurance Committee in May 2021.
- 3.3. The Chair invited the committee to consider themes for the deep dive session. The consensus was to cover Risk AS-R034 in May 2021.
- 3.4. The committee noted the report.

Action	IB(2)	To schedule the deep-dive session for Risk AS-R034
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## 4. Social Security Scotland Financial Update – December 2020

- 4.1. NB was pleased to present the Social Security Scotland Financial Update – The report showed financial results to end December 2020.
- 4.2. NB noted the spend to date on operating expenditure, capital expenditure and benefit expenditure.
- 4.3. NB advised the committee we have returned approximately £50 million of our operating expenditure budget to the Scottish Government through formal budget revisions this financial year.
- 4.4. The Audit and Assurance Committee noted the report.



## 5. Social Security Scotland Error, Fraud and Debt Update – Quarter 3

- 5.1. MF presented the Social Security Scotland Error, Fraud and Debt update – Quarter 3.
- 5.2. MF noted the following:
  - Low levels of detected fraud and error.
  - Change in legislation for Covert Operations Authorisation.
  - Suspension of debt recovery work extended to 1 April 2021.
- 5.3. The Committee welcomed and noted the report, associated risk and progress made.

## 6. Annual Internal Audit Plan 2021-22

- 6.1. IB provided the committee with an update on the proposed Audit Plan 2021-22.
- 6.2. IB noted Internal Audit has engaged with the Accountable Officer, Deputy Directors, Senior Management and the Audit and Assurance Committee members in order to formalise the plan.
- 6.3. IB advised the plan sets out the methodology proposed to provide assurance to the Accountable Officer and Audit and Assurance Committee.
- 6.4. The Chair noted this was a well-balanced plan and the committee noted the contents of the report.

## 7. Internal Audit Progress Report

- 7.1. IB provided the Internal Audit update and noted the following:
  - Regular meetings with key stakeholders have continued in order to remain aware of progress and developments within Social Security Scotland. Including consideration of work undertaken and ensuring it is aligned with emerging risks and issues.
  - The report highlights the work in Quarter 3 has been completed and fieldwork for Quarter 4 is underway.
- 7.2. LS noted the four reports included in the Internal Audit Report:
  - Young Carers Grant
  - Funeral Support Payment
  - Information Management
  - Programme Links.
- 7.3. IB advised the Committee that SF, Director of Internal Audit and Assurance will be attending the next committee meeting on the 18 May 2021.
- 7.4. The Committee noted the contents the report.



## 8. Audit Scotland Update

8.1. CG provided the Audit Scotland Update as at 28 January 2021

8.2. CG noted the following;

- Planning work for Social Security Scotland 2021-21 and the risks that have been recognised as a result of work to date.
- The current pressure on public services due to COVID-19 and the impact this has on resources.
- Parliamentary engagement on 2019-20 Section 22 Report.
- Materiality levels, audit approach and audit fees for 2020-21.

8.3. The Chair noted agreement with the risks identified and requested the following;

- The final audit plan should be sent via correspondence as soon as it is available ahead of the Audit and Assurance Committee on the 18 May 2021.
- An additional meeting/call may be required once the plan is finalised so it can be considered by the committee.
- As part of the plan, in relation to fees, there should be a breakdown of all costs, including any increases and reasons to support costings.

8.4. The Audit and Assurance Committee noted the report.

Action	CG	The final audit plan is to be sent via correspondence once completed.
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## 9. Social Security Scotland Annual Report and Accounts Lessons Learned

9.1. CB provided a verbal update on the Social Security Scotland Annual Report and Accounts Lessons Learned.

9.2. CB advised the committee that Her Majesties Treasury have issued a revised version of [The Governments Financial Reporting Manual: 2021-22.](#)

9.3. CB noted the Social Security Scotland Annual Report will consider the following;

- Overall Performance,
- Reporting on performance against the Charter Measurement Framework,
- Social Security Scotland Business Plan and,
- Lessons Learned.

9.4. NB advised the committee that included in this we would also consider the Financial Statements and associated lessons learned.



9.5. The Audit and Assurance Committee noted the update.

## 10. Any Other Business

10.1. Thanks were expressed to Social Security Scotland colleagues, Internal Audit and Audit Scotland for the work completed for today's meeting.

10.2. No other business was recorded.

**Date of next Meeting – 18 May 2021**

Action(AP)/Decision(DP)	Detail	Owner	Due Date	Status
<b>AP – 09/02/2021 - 01</b>	The Terms of Reference will be updated to reflect the change in membership of the board.	<b>NM</b>	Next Meeting	Completed
<b>AP – 09/02/2021 - 02</b>	To arrange a review of Social Security Scotland Proactive Publication process.	<b>NM</b>	Next Meeting	Completed
<b>AP – 09/02/2021 - 03</b>	To schedule the deep-dive session for Risk AS-R034	<b>IB(2)</b>	Next Meeting	Completed
<b>AP – 09/02/2021 - 04</b>	The final audit plan is to be sent via correspondence once completed.	<b>CG</b>	Next Meeting	Open