

<b>Audit and Assurance Committee</b>	
<b>Date of Meeting</b>	13 <sup>th</sup> September 2022
<b>Subject</b>	Internal Audit Progress Paper
<b>Agenda No.</b>	4
<b>Prepared By</b>	Directorate for Internal Audit and Assurance
<b>Purpose</b>	Note

## **1. Background**

1.1. Internal Audit Progress Report for comment and discussion

## **2. Key Points**

2.1 Key points to note are:

- We have continued to participate in regular meetings with key stakeholders in order to remain aware of progress and developments within Social Security Scotland. This includes consideration of our work and ensuring this is aligned with emerging risks and issues.
- All fieldwork for our 2021/22 work is now completed and reports finalised. The outstanding reports from 2021/22 have now been agreed with management and have been annexed to this paper for discussion.
- Work is progressing on the 2022/23 Internal Audit Plan and fieldwork for the full year review and quarter 2 reviews is now being undertaken.
- Advisory and Follow-up activity has continued.
- There are two changes to the agreed plan for 2022/23 to note.

## **3. Conclusion**



- 3.1 The Audit and Assurance Committee members are invited to note the range of activities undertaken by the Directorate for Internal Audit and Assurance since the previous meeting.



# **Directorate for Internal Audit and Assurance**

## **Audit and Assurance Committee Progress Report**

### **Social Security Scotland 2022-23**

**13 September 2022**

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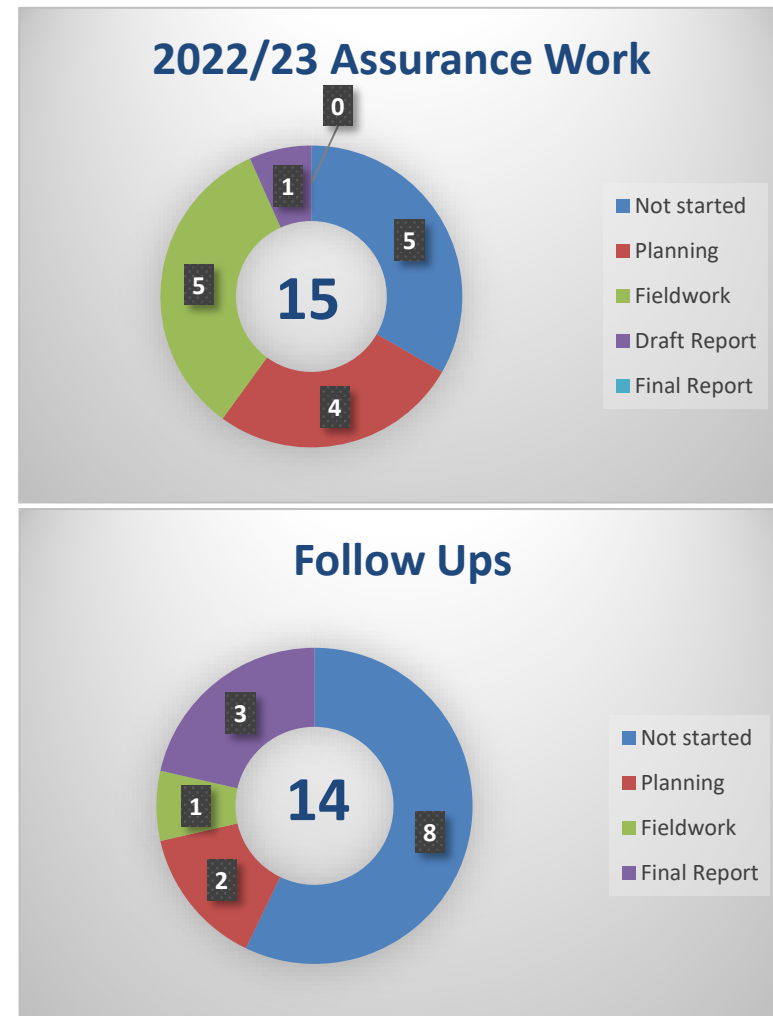
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## 1. Progress Highlights

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### 1.1. Key Messages

- Progress is being made against the Annual Plan as summarised in the diagrams opposite.
- Further details of Assurance work are provided in [Table 1a and Table 1b](#) in [Annex A](#).
- Details of Advisory work are provided in [Table 2](#) in [Annex A](#).
- Progress on the implementation of recommendations is provided in [Table 3](#) in [Annex A](#).
- Final Internal Audit Reports are presented for discussion in Annexes C to F.
- The latest Internal Audit Strategic Matters, Integrated Assurance and Strategic Best Practice / insight sharing is provided in Section 2.
- Revised Annual Plan is shown in [Annex B](#)



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## 2. Directorate for Internal Audit and Assurance Strategic Update

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### 2.1. Internal Audit Strategic Matters

#### Scottish Government Core Internal Audit Plan

2.1.1. The Permanent Secretary (PS) has commissioned an Internal Audit review to be undertaken to provide him with assurance that controls and robust end-to-end processes are in place for responding to Freedom of Information (FOI) requests, and / or to recommend further improvements. The review will be undertaken in two tranches to allow Internal Audit to focus on the immediate control environment, followed by a more in-depth look at the processes and associated controls across the wider Scottish Government (SG).

#### Corporate Systems 2022-23

2.1.2. Internal Audit provides an annual assurance opinion on the arrangements for risk management, control and governance over the SG Corporate Systems, to the Permanent Secretary (as Principal Accountable Officer) and the Accountable Officers of the public bodies that use the SG systems via shared services arrangements. A report providing this assurance opinion will be completed by 31<sup>st</sup> March 2023 and will be considered in the Annual Assurance Opinions of the Scottish Government and other public bodies which rely on the corporate systems.

2.1.3. We are aware of on-going projects to develop new corporate systems, and separate assurance activities focussed on the Shared Services Programme and the wider Transformation Programme will be undertaken. The Corporate Systems review will focus on the current systems in place and the ability to continue to operate and maintain business as usual systems and prioritise resources effectively during a period of change. Throughout the year we plan to undertake a series of assurance reviews to ensure the Corporate System foundations remain robust and resilient.

2.1.4. The first individual report, a targeted review of HR Policy, Delivery and Public Body Support Team processes undertaken as they relate to Settlement Agreements, has been completed. Planning has commenced for the Finance (SEAS System Upgrade), Payroll and Procurement elements of the review.

#### Shared Services Programme

2.1.5. A Strategic Assessment (Gate 0) was carried out in June. The review considered early organisation of implementation plan, governance supporting implementation, partnering and collaboration of the three providers and the Programme Management Office. The Review Team found that successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and, if addressed promptly, should not present a cost/schedule overrun.

2.1.6. The ongoing risk to business continuity and loss of service provision is foremost in peoples' minds. Maintaining business as usual services whilst supporting the Programme's development needs is challenging, particularly for the Finance Directorate. Resourcing remains an issue, which will grow to be a Programme limiting problem resulting in slippage, loss of credibility and additional cost, if not quickly resolved.

#### Counter Fraud

2.1.7. Work has begun on the phased roll out of Strategic Fraud Risk Profiling (SFRP) across Scottish Government Directorate General Families and Executive Agencies. We are currently reviewing completed SFRPs to determine follow up activity and recommendations. SFRPs, once completed, will be used to create the SG organisational 'heat map' of fraud risk. This work is the primary focus of the SG Counter Fraud Service and will continue throughout 2022-23. We will report SFRP outcomes to Audit Committees in due course, highlighting key areas of risk where appropriate.

Data Protection Officer

2.1.8. The Information Commissioner’s Office (ICO) has undertaken a consensual audit of Scottish Government compliance with data protection regulations. This was a voluntary audit and will provide an exception report to the Senior Information Risk Owner (SIRO) towards the end of the year. The audit was based on a document review of policies and procedures with follow up interviews with staff responsible for setting and monitoring these, as well as business areas implementing them. This is a free standard service from ICO and it will also take a look at our approach to supporting Inquiries, Commissions and Assemblies with respect to data protection.

2.1.9. Included for information in Annex G is the latest version of the quarterly bulletin from the Directorate for Internal Audit and Assurance – Understanding the Risk of Fraud and Corruption which contains some useful links to recent Counter Fraud Publications.

2.2. Integrated Assurance Update

Portfolio, Programme and Project Assurance

2.2.1. Gateway Reviews, organised by the Portfolio, Programme and Project Assurance team, for both the Social Security Programme (Gateway Review 0) and Social Security Scotland set-up (Healthcheck) were undertaken in June 2022. The draft reports were issued to the programme teams on the final day of the review.



2.2.2. The reviews were undertaken jointly and both were given a Delivery Confidence Assessment of Amber/Green. The completion of the action plans is being co-ordinated between Social Security Programme and Social Security Scotland, with the intention to return to the Portfolio, Programme and Project Assurance team by 23rd September.

Digital Assurance Office

2.2.3. The Digital Assurance Office's activity remains focussed on the Social Security Programme more so than Social Security Scotland. The Digital Assurance Office continues to work with Social Security Scotland and will develop digital assurance activities as requirements are identified.

**Annex A Internal Audit Plan and Progress**

The following tables provide an update on the progress of our Internal Audit work since the previous Audit and Assurance Committee and highlights progress with our assurance, advisory and follow up activities.

Table 1a – 2021/22 Assurance Work

<b>Audit Title</b>	<b>Planned Quarter</b>	<b>Progress to Date</b>	<b>Comments</b>
Disability and Carer's Benefits Readiness	All Year	Final Report Issued	The final report was issued on 4 <sup>th</sup> July 2022 with Reasonable Assurance. Please see Annex C.
SPM / Technical Debt	3	Final Report Issued	The final report was issued on 13 <sup>th</sup> May 2022 with Limited Assurance Please see Annex D.
Productivity and Efficiency	4	Final Report Issued	The final report was issued on 23 <sup>rd</sup> August 2022 with Limited Assurance Please see Annex E.
Workforce Planning	4	Draft Report Issued	The final report was issued on 18 <sup>th</sup> August 2022 with Reasonable Assurance Please see Annex F.

Table 1b – 2022/23 Assurance Work

<b>Audit Title</b>	<b>Planned Quarter</b>	<b>Progress to Date</b>	<b>Comments</b>
Client Services Delivery Compliance	All Year	Fieldwork Ongoing	The fieldwork for this audit commenced in June 2022. Weekly testing is being undertaken with sampling across the main live Low Income and Disability Benefits.

Internal Audit – Audit and Assurance Committee Progress Report

Audit Title	Planned Quarter	Progress to Date	Comments
			<p>Management have been provided with monthly output detailing the samples reviewed and the outcome of our testing so that this can be confirmed and where relevant appropriate corrective action taken.</p> <p>As this is a full year review a final report will not be provided to Audit and Assurance Committee members until the audit is concluded.</p>
IT Supply	Q1	Draft Report Issued	<p>Fieldwork for this audit is now complete and the draft report was issued 16<sup>th</sup> August 2022.</p> <p>The final report will be shared with Audit and Assurance Committee members once agreed by management.</p>
Cyber Security Resilience	Q2	Fieldwork Ongoing	<p>The fieldwork for this review was moved to quarter 2 at the request of management. The fieldwork is now ongoing.</p> <p>The final report will be shared with Audit and Assurance Committee members once agreed by management.</p>
Debt Arrangements	Q1	Fieldwork Ongoing	<p>Fieldwork for this review commenced in late August and is ongoing.</p> <p>The final report will be shared with Audit and Assurance Committee members once agreed by management.</p>
Incident Management	Q2	Draft Terms of Reference Issued	<p>This audit has been added to the plan in place of the Error Control Review which was changed to advisory later in the year, as noted in our last progress paper.</p>

## Internal Audit – Audit and Assurance Committee Progress Report

Audit Title	Planned Quarter	Progress to Date	Comments
			<p>Planning is underway for this review and a draft terms of reference has been issued to management. Fieldwork is due to commence on 12<sup>th</sup> September.</p> <p>The final report will be shared with Audit and Assurance Committee members once agreed by management.</p> <p>Please see annex B for further details</p>
Social Security Scotland - Internal Controls - Post Award Controls	Q2	Fieldwork Ongoing	<p>Fieldwork for this audit commenced at the end of the July and is now substantially complete. The Exit meeting is scheduled for 7<sup>th</sup> September and the draft report will be prepared and issued following this.</p> <p>The final report will be shared with Audit and Assurance Committee members once agreed by management.</p>
Social Security Scotland - Document Management	Q2	Fieldwork Ongoing	<p>Fieldwork for this review commenced in mid-August and is ongoing.</p> <p>The final report will be shared with Audit and Assurance Committee members once agreed by management.</p>
Social Security Scotland - Client Experience – Disability and Carers Benefits Re-determinations and Appeals	Q3	Planning Meeting Scheduled	<p>The Planning Meeting for this audit has been scheduled for 21<sup>st</sup> September</p>
Social Security Scotland - SPM (Management Information and reporting)	Q3	Planning Ongoing	<p>The Planning Meeting was held on 29<sup>th</sup> August 2022 and we are in the process of drafting and agreeing the Terms of Reference for this review.</p> <p>Fieldwork is due to commence in October.</p>

Internal Audit – Audit and Assurance Committee Progress Report

Audit Title	Planned Quarter	Progress to Date	Comments
Social Security Scotland - Health and Social Care Quality Assurance and Professional Supervision	Q3	Planning Ongoing	The Planning Meeting was held on 31 <sup>st</sup> August 2022 and we are in the process of drafting and agreeing the Terms of Reference for this review. Fieldwork is due to commence in October.
Social Security Scotland - Workforce planning	Q3	Planning Meeting Scheduled	The Planning Meeting for this audit has been scheduled for 14 <sup>th</sup> September
Social Security Scotland - Local Delivery	Q3	Terms of Reference Agreed	This audit was originally scheduled for Q4, however it has not been brought forward into Q3, please see Annex B for an update on this change. The Planning Meeting for this audit was held in August 2022 and the Final Terms of Reference has been agreed with management. Fieldwork for this audit is due to commence on 28 <sup>th</sup> November 2022.

Table 2 – Advisory Work

Advisory Title	Status	Progress to Date
Quality Assurance Framework	Ongoing	Work is ongoing in both Social Security Scotland and Programme in relation to Quality Assurance Framework. Internal Audit are providing advisory support as and when requested.
Business Owner Branch Development	Ongoing	Social Security Scotland are undertaking a proof of concept exercise in relation to a Business Owner Branch. Internal Audit are providing ongoing advisory support as requested.

Internal Audit – Audit and Assurance Committee Progress Report

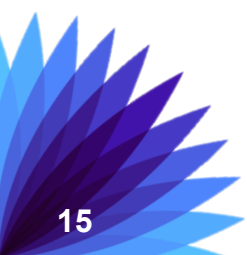
Advisory Title	Status	Progress to Date
Review of outstanding recommendations	Ongoing	Internal Audit is reviewing recommendations made to Social Security Scotland to identify if any longer-term recommendations can now be closed due to being superseded by more recent recommendations, followed up as part of more recent assurance activity or due to some other reason. This activity is ongoing but will be completed prior to the next Audit and Assurance Committee.
Health and Social Care input to Appeals and Redeterminations for Child Disability Payment	Complete	Internal Audit were asked to provide some advisory support in relation to Redeterminations and Appeals and the processes in place for Health and Social Care colleagues to support this.
Business Continuity Team Governance	Planning Underway	Internal Audit have been asked so provide some advisory support in relation to the governance arrangements for business continuity including consideration of roles, responsibilities, lines of authority and accountability and reach across the organisation.
Client Services Delivery Awareness Sessions	Ongoing	A series of sessions are being held with colleagues in Client Services Delivery in order to raise awareness of Internal Audit and the Corporate Assurance Team. Our main aim is to focus on those most likely to be involved in our audits so that they understand our processes and our expectations and what they can expect from us.
Error Control Working Group	Ongoing	We are participating in the monthly Error Control Working Group set up by Social Security Scotland.

Table 3 – Follow Ups

The following table is an overview of the follow up activity progress since the last Audit and Assurance Committee in May 2022.

Please note, our follow ups only focus on High and Medium priority recommendations.

Report Title	Recommendations	Progress to Date
Scottish Child Payment in-depth review	3 Medium	<p><b>Complete</b></p> <p>All Fully Implemented</p>
Counter Fraud Governance	<p>1 High</p> <p>6 Medium</p>	<p><b>Complete</b></p> <p>All Fully Implemented</p>
People Advice and Health and Safety	<p>1 High</p> <p>1 Medium</p>	<p><b>Complete</b></p> <p>One Fully Implemented</p> <p>One Partially Implemented</p>



## Annex B Revised Annual Plan

Following agreement of the Annual Internal Audit Plan, the below changes have been agreed with management.

Activity Title	Estimated Budget Days	Activity Type	Outline of Scope	Original Quarter	Revised Quarter	Comments
Incident Management	30	Assurance	Social Security Scotland has recently encountered a number of incidents in relation to SPM, some of which were as a result of new releases having an impact on live benefits already being delivered. In each instance Social Security Scotland has had to manage the incident and take action to remedy the situation. Each incident has had an impact on teams across the organisation where business continuity actions have had to be taken, putting colleagues under increased pressure and having to deviate from their usual activities in order to ensure continued delivery and payment of benefits to clients. As such we propose to undertake a review to assess the pre-release arrangements, post release incident management arrangements and the lessons learned activities in order to identify root cause of such issues and minimise the likelihood of them happening again.	Q1	Q2	This review is utilising the time made available from the change to the Error Control review which is now being undertaken as a piece of advisory later in the year.



Activity Title	Estimated Budget Days	Activity Type	Outline of Scope	Original Quarter	Revised Quarter	Comments
Local Delivery	30	Assurance	<p>The Local Delivery service is made up of specially trained Client Support Advisers who are based within every Local Authority area in Scotland and are available to help guide people through the application process.</p> <p>This review will aim to provide assurance on the arrangements that have been set up for delivery of this service. The specific focus for the review has been agreed as part of our planning and scoping process.</p>	Q4	Q3	The timing for this review has been brought forward into Q3 so as to reduce the planned work for Q4 with an aim of minimising the amount of work not finalised by the year end.