



Audit and Assurance Committee

Date of Meeting	17 May 2022
Time	10:15 – 12:30
Location	Video Conference – Microsoft Teams

Attendees

Present

Non-Executive Members

Russell Frith (RF)	Chair, Non-Executive Member
Naghat Ahmed (NA)	Non-Executive Body Member
Barry Matheson (BM)	Non-Executive Body Member

Social Security Scotland

David Wallace (DW)	Accountable Officer, Chief Executive
James Wallace (JW)	Deputy Director of Finance and Corporate Services
LS	Corporate Assurance and Risk Team Leader
MB	Corporate Assurance Manager
RM	Lead Risk Coordinator
CP	Head of Error Control and Debt Management
NB	Head of Finance
KC	Head of Client Services Operations (Item 8 only)
NB	Senior Resourcing Manager (Item 8 only)
MM	Head of Chief Digital Office Business Management Unit (Item 8 only)



Audit Scotland

FI	Audit Scotland
PM	Audit Scotland

Internal Audit Directorate, Scottish Government

IB	Senior Internal Auditor
LS (2)	Internal Auditor
MH	Internal Auditor

Secretariat

GE	Corporate Assurance Coordinator
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Observers

NC	Risk Officer
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Apologies

Lisa Baron-Broadhurst (LBB)	Programme Director, Social Security
Elaine Noad (NB)	Non-Executive Body Member
DP	Head of Strategy and Corporate Services
MF	Head of Fraud and Error Resolution
GD	Head of Corporate Strategy and Communications

1. Welcome and Conflicts of Interest

- 1.1. The Chair welcomed everyone to the meeting and noted the apologies as listed above.
- 1.2. No conflicts of interest were noted.

2. Minutes and Action Tracker

- 2.1. The minutes from the Audit and Assurance Committee meeting held on the 15 February 2022 have been agreed and are awaiting publication.
- 2.2. All actions within the tracker have been updated.

3. Audit Scotland 2021-22 Financial Year Update

- 3.1. FI presented a verbal update to the committee and noted the follow:
 - Introduced new Audit Scotland team member PM to the committee and advised of other movement within Audit Scotland's team.
 - The new changes to the Interim Audit process are if no issues are found there will no longer be a management letter.
 - All interim work is completed with no issues within controls, Child Disability Payment systems, localised payroll, journals and processes for Carers Allowance Supplement.
 - Controls will not be audited in depth if benefit falls below the materiality levels.
 - Audit Scotland are looking at wider dimension work and communicating with Internal Audit to not duplicate workloads.
 - The Financial Statement Audit which is due to take place between June and September 2022 is progressing well, and work with the National Audit Office is also progressing well.
 - The appointment process for the new audit rotation is being finalised, Social Security Scotland are fully expect to remain within Audit Scotland.
- 3.2. RF thanked Audit Scotland for the update and also for circulating the Audit Plan, RF highlighted all areas he would expect to see were present in the plan.

4. Internal Audit Directorate Update

- 4.1. IB presented the Internal Audit Update and noted the following:

- The Internal Audit team has a new Internal Audit manager MH who will be taking the lead on some 2022-23 Audits.
- Finalisation of Core Scottish Government Internal Audit Plan 2022/23.
- Annual Assurance on Corporate Systems which is being shared with the Scottish Government Director General Corporate is an emerging reasonable assurance.
- Corporate Transformation, which includes the Shared Services Programme, aims to deliver new Finance and HR systems which Social Security Scotland will be sharing.
- Charter and Strategy has been annually refreshed and signed off by the Permanent Secretary and the Chair of the Scottish Governments Audit and Assurance Committee
- Internal Audit are working with the Digital Assurance Office and Project and Programme Management across Corporate Transformation.

4.2. LS(2) noted the seven reports included in the Internal Audit Report:

- Budget Setting – Reasonable Assurance
- Child Disability Payment – Limited Assurance
- Chief Digital office Transition into Social Security Scotland - Reasonable Assurance
- Client Services Delivery Compliance - Reasonable Assurance
- Internal Controls Benefit Eligibility - Reasonable Assurance
- Review of Recruitment - Reasonable Assurance
- Review of Residency - Reasonable Assurance

4.3. RF queried the status of the four outstanding reports not provided to committee, LS confirmed management responses are still to be finalised and the Corporate Assurance team are working to improve quality of management responses.

4.4. RF thanked IB and LS (2) for the update and the Audit and Assurance Committee noted the report.

5. Internal Audit Directorate - Annual Assurance Update

5.1. IB provided the Committee with the overall annual assurance opinion.

5.2. IB noted the following:



- Internal Audit are providing “reasonable” assurance on Social Security Scotland’s risk management, governance and control arrangements.
 - The Internal Audit draft reports still in circulation will not affect the overall annual assurance opinion.
 - Strong relationships have been built between Internal Audit and Social Security Scotland.
- 5.3. BM thanked IB highlighting appreciation of “reasonable” opinion provided. BM queried that manual workarounds are still being used for our Minimum Viable Product Client System asking if this is a future emerging risk. IB and DW both recognised the pressures and understand fixes will take a while as new benefits are still been developed and launched and highlighted conversations will be undertaken with Social Security Programme.
- 5.4. RF thanked IB for the update and the Audit and Assurance Committee noted the report.

6. Social Security Scotland – Error, Fraud and Debt Annual Report 2021-22

- 6.1. CP presented the Error, Fraud and Debt Annual Report 2021-22 and noted the following:
- Implementation of the strategic approach to agency change of circumstances allowing focus on errors and to implement strategies to resolve.
 - Strategic implementation work has commenced with a working group looking at guidance , processes and hosting awareness sessions to reduce errors. This has been successful with errors reducing and more work will follow to reduce these more.
 - The debt suspension was lifted in February 2022 after being suspended at the start of the pandemic.
 - In advance of lifting of suspension, Social Security Scotland systems have been integrated and functionality for telephone payments implemented. Since February 2022, 10% of clients debts had either agreed a payment plan or are paid off in full. All clients are offered an affordability assessment and option to seek independent advice. By the end of May 2022 all clients will have been contacted.
- 6.2. RF requested clarity on the extent there is Fraud rather than Error and how is this identified and is it a significant issue.
- 6.3. RF thanked CP for the update and the Audit and Assurance Committee noted the report.



7. Social Security Scotland – Approach to Accounts Preparation and Accounting Policies 2021-22

- 7.1. NB provided the committee with an update noting the following.
- The accounting policies in the paper will form part of the Annual Report and Accounts.
 - The Committee’s role is to agree these policies.
 - Accounts preparation is going well.
- 7.2. RF requested clarity why Best Start Foods is paid on a cash basis. NB confirmed Best Start Foods is currently issued through a pre-paid card but will be moving to cash in the future.
- 7.3. RF thanked NB for update and the Audit and Assurance Committee noted the report.

8. Social Security Scotland – Risk Management Update

- 8.1. RM provided the committee with an update noting the following:
- Changes in the risk team with the Risk Manager leaving to a new role outside Risk within the Agency.
 - Principle Risk work is ongoing, the Risk Team are highlighting to senior leaders what risks may affect strategic objectives.
 - The Risk Review Group looked at business objectives to align threats.
 - The Risk Team will engage with the Agency Leadership Team to phrase Principle Risks and once phrased these will then go to the Executive Team.
 - No further EY recommendations are to be actioned.
- 8.2. RM asked committee if supporting risk documents are providing value, RF requested Strategic Risk Register to continue coming to committee, NA agreed.
- 8.3. RF asked should reputation be a considered a risk category. RM confirmed is top risk impact.
- 8.4. IB requested way to show committee if Risk Management is working for the next 18 months which will feed into assurance for key deliverables. RF agreed this would be helpful.
- 8.5. RF thanked RM and the Audit and Assurance Committee noted the report.

Action	RM	Show committee if Risk Management is working for the next 18 months which will feed into assurance for key deliverables.
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9. Social Security Scotland – Audit Recommendation Update

9.1. LS provided the committee with the Audit Recommendation update noting the following:

- The report format has changed and will be continually reviewed, LS will propose changes.
- Recommendations are being reviewed with Internal Audit which may result in some recommendations being removed as they may be similar to other recommendations or no longer relevant.
- The 2022-23 Healthcheck review is due to begin with planning meetings taking place this week and the report will be issued in June 2022. This report will be provided below the line at the next committee meeting.
- The Investigatory Powers Commissioners Office Inspection report was clear with no outstanding recommendations as a result this will no longer be reported on.

9.2. RF thanked LS and the Audit and Assurance Committee noted the report.

Action	LS	Review Audit Recommendation report and propose changes.
Action	LS	Provide Committee with Healthcheck report at August 2022 Audit and Assurance Committee meeting.

10. Social Security Scotland – Register of Compliance Update

10.1. LS provided the committee with the Register of Compliance update noting the following:

- Equality Act Update – 3 Diversity and Inclusion posts are currently being recruited across the agency, allowing more resource and focus on this area. An update will be provided next meeting.
- Internal and External Equality Networks are active and making strong progress.
- Gender Representation Board – A lessons learned was undertaken from previous recruitment and as a result we were successful with gender balance with Non-Executive Directors.

- We are active in recruiting candidates within the range of protected characteristics.
- The Investigatory Powers Commissioners Office Inspection report was cleared and covert surveillance will begin in May 2022.
- The Corporate Assurance Team will continue to monitor the Register of Compliance to ensure compliance.

10.2. LS offered the Committee an opportunity to request updates for any other compliance obligation.

10.3. NA queried who can use Social Security Scotland’s Advocacy Service. LS confirmed anyone can use this and will send further information to NA.

10.4. RF thanked LS and the Audit and Assurance Committee noted the report.

Action	LS	Provide NA with further information of our Advocacy Service.
Action	LS	Provide Committee with an update on Diversity and Inclusion recruitment.

11. Any Other Business

11.1. RF requested a deep dive meeting to be arranged for Fraud, Error and Debt, focusing on the Fraud and Error Risk Register in August. JW will arrange for MF and CP to contact RF for requirements.

11.2. Thanks were expressed to Social Security Scotland, Internal Audit and Audit Scotland for the work completed for today’s meeting.

11.3. No other business was recorded and RF concluded the meeting.

Action	JW	MF and CP to discuss requirements with RF for August deep dive.
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Date of next Meeting – 30 August 2022

Action(AP)/Decision(DP)	Detail	Owner	Due Date	Status
AP – 17/05/2022 – 01	Show committee if Risk Management is working for next 18 months which will feed into assurance for key deliverables.	RM	Next Meeting	Completed
AP – 17/05/2022 – 02	Review Audit Recommendation report and propose changes.	LS	Next Meeting	Completed
AP – 17/05/2022 – 03	Provide Committee with Healthcheck report at August 2022 Audit and Assurance Committee meeting.	LS	Next Meeting	Ongoing
AP – 17/05/2022 – 04	Provide NA with further information of our Advocacy Service.	LS	Next Meeting	Completed
AP – 17/05/2022 – 05	Provide Committee with an update on Diversity and Inclusion recruitment.	LS	Next Meeting	Ongoing
AP – 17/05/2022 - 06	MF and CP to discuss requirements with RF for August deep dive.	JW	Next Meeting	Completed