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Directorate for Internal Audit and Assurance
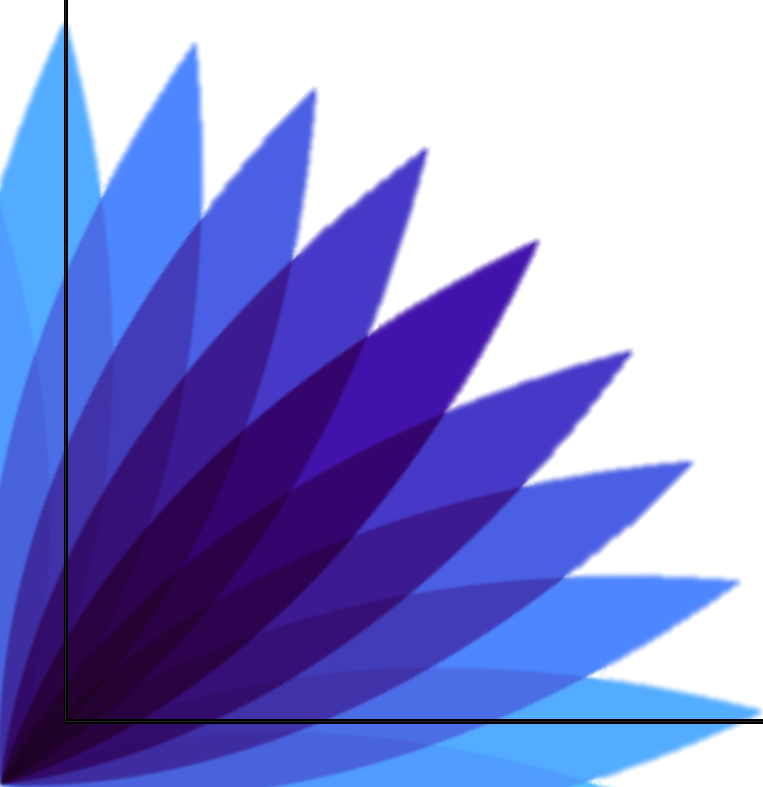
Internal Audit Report

Social Security Scotland 2021-22

Workforce Planning

Audit Personnel

Head of Internal Audit:	[Redacted]
Internal Audit Manager:	[Redacted]
Internal Auditor	[Redacted]

Report Distribution

Chief Executive and / or Accountable Officer*	David Wallace, Chief Executive
External Audit*	Audit Scotland
Audit Sponsor	[Redacted], Workforce Planning and HR Transformation Project Lead
Key Audit contact	[Redacted], Workforce Planning and HR Transformation Project Lead [Redacted], Head of People Services [Redacted], Team Manager [Redacted], Head of People [Redacted], HR Transformation Lead [Redacted], Workforce Planning Lead [Redacted], Workforce Planning Partner (Data) [Redacted], Workforce Planning Partner (Strategic) [Redacted], HR Transformation Partner [Redacted], Strategic Workforce Planning Lead
Internal Audit Business Support Hub*	[Redacted]

* Final Report only

Contents

1. Introduction

1.1. Introduction

This internal audit review of Social Security Scotland, Workforce Planning formed part of the Audit Plan agreed by the Accountable Officer and noted by the Audit and Risk Committee on 09 February 2021. The Accountable Officer for Social Security Scotland is responsible for maintaining a sound system of governance, risk management and system of internal control that support the achievement of the organisations policies, aims and objectives.

1.2. Audit Scope

To evaluate and report on the controls in place to manage the risk surrounding workforce planning for Social Security Scotland, including the following remit items:

- Remit Item 1 – Governance and directive policies, procedures and guidance
- Remit Item 2 – Understanding the workforce need
- Remit Item 3 – Fulfilling the workforce need
- Remit Item 4 – Organisational interaction

The below elements were outside of the scope of the audit and so were not reviewed:

- Centrally controlled data governance
- IT General Controls and system access
- Recruitment planning and the recruitment process
- Any other scope areas or remit items not stated above

The agreed Terms of Reference for this review is attached at Annex B.

1.3. Assurance and Recommendations

Assurance Category	Reasonable		
Recommendations Priority	**High**	**Medium**	**Low**
	0	4	1

Our review has identified four medium recommendations, one low and no high recommendations. A reasonable assurance rating has been provided. 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.

The rationale for this is that, though the organisation as a whole is still to mature in its workforce planning approach and the necessary changes have not yet fully embedded within the organisation, the Workforce Planning Team have in a very short time greatly improved Social Security Scotland's ability to workforce plan.

Until recently, Social Security Scotland did not have a substantial workforce planning team or robust processes, this along with factors such as budget approval, COVID-19 impacting recruitment and the on-going challenges of delivering growth within a changing service design, led to higher estimation of the workforce numbers in previous years. Alongside the difficulties of large scale recruitment in a challenging labour market, this led to mid-year reduction in budgets.

However, over the last six months, Social Security Scotland has established a greatly expanded Workforce Planning Team, bringing the expertise and resources needed given the rapid growth and service design challenges that the organisation faces.

Though higher headcount estimations arose prior to the establishment of the current Workforce Planning Team, during the current budgeting cycle the above factors remained impactful. Initial output workforce numbers were higher than acceptable, though through work between workforce planning and management these were reduced in line with budgetary constraints, showing a maturing approach from the organisation.

Social Security Scotland has made substantial improvements to its workforce planning function. The recently introduced Workforce Planning Team has produced real change in a short period of time by implementing a more robust planning process, engaging top down and bottom up with management, offering support and challenge and providing much improved MI.

Though significant improvements have been made, and the Workforce Planning Team continues to implement change, Social Security Scotland as a whole requires

further change in its approach to workforce planning, especially in the current budgetary constraint, and to effectively fulfil that workforce plan.

Findings are summarised against recommendations made in the Management Action Plan.

Full details of our findings, good practice and improvement opportunities can be found in section 3 below.

Please see Annex A for the standard explanation of our assurance levels and recommendation priorities.

2. Management Action Plan

2.1. Management Action Plan

Our findings are set out in the Management Action Plan below, please see section 3.1 Findings for further details relating to these findings.

No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
1	**Issue: Roles, Responsibilities and Accountability** The Workforce Planning Team has re-established roles, responsibility and accountability for workforce planning and recruiting to the workforce plan through revised processes and the delegation letters. Work is also on-going to strengthen the inter-team working, data sharing and reconciliation between Workforce Planning, Recruitment and Finance. However, the roles, responsibilities and accountability have not yet fully embedded	The Workforce Planning team should work with recruitment, finance and the various divisions to continue to embed the roles and responsibilities in relation to producing the workforce plan, to enacting the plan and to include variances to plan in business decisions. This should be supported by recommendation 2 concerning process and process documentation.	M	**Response:** *Considerable work has already been undertaken to improve Agency engagement and awareness of Divisional responsibilities in relation to workforce planning. During the year we have developed governance structures that emphasised this responsibility and established improved team working and engagement between Workforce Planning, Finance and Resourcing to support this.* **Action:** *During 2022/23 we will be:*	

No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
	across the organisation. There is therefore a continued risk that proper actions are not taken by the correct teams to effectively plan and enact the plan, and that accountability for the workforce plan and enacting it is seen as within the purview of the Workforce Planning Team. This links to Recommendation 4 where we highlight the organisation's role in actively managing the budgetary and operational impacts of variance to the workforce plan. **Risk:** Social Security Scotland does not workforce plan or enact their workforce plan effectively as teams do not understand their responsibilities in relation to workforce planning or recruitment.	Please note that we have raised a similar recommendation as part of our Recruitment review 2021/22		*Increasing the Divisional workforce challenge role through the governance review and HR Business Partner support model;* *Improving workforce engagement through regular challenge presence at leadership forums to escalate risk awareness and improve ownership of workforce issues;* *Improving Divisional decision making by using better data, focusing on workforce forecasting and resourcing pipelines risk issues and resolutions and budget challenge;* *Continuing to develop our strong team working and engagement between Workforce Planning, Finance and Resourcing.* **Action Owner:** [Redacted]*, (Temporary) Head* of Strategic Resourcing	Q3 31st Dec 22 Q2 30th Sept 22 Q3 31st Dec 22 Q2 30th Sep 22

No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
2	**Issue**: **Process and Documentation** There is some process documentation on the intranet and in flow charts. However, the documentation is very detailed, and so it does not give a clear and concise account of the various key processes, the key activities / controls within those processes, and it does not sign-post the various parties' roles and responsibilities to the process. As the organisation is in a state of rapid growth, and as the Workforce Planning Team and its improved processes are recently established, there is a need to ensure processes and documentation are clear, highlight the roles and responsibilities throughout the organisation and are capable of changing to meet the demands of a growing organisation.	The Workforce Planning team should produce process documentation that describes the overall workforce planning process. The process documentation should include documentation aimed at those outwith the workforce planning team, which should be concise, highlight the key activities / controls, and the various team's roles and responsibilities.	M	**Response:** *We recognise that further process documentation development is required and following establishment and budget setting activity during the year, we have developed a better understanding of Agency information requirements and respective roles and responsibilities and the documentation to support this..* **Action:** *During 2022/23 we intend to:* *Rebuild our intranet content to reflect revised arrangements;* *Using the workflow activity developed for the Enterprise Resource Program (ERP) implementation, improve our 'customer' workflow and narrative process documentation;* *Use a revised governance approach to formalise respective roles and responsibilities framed around a HRBP led 'service level'*	Q2 30th Sep 22 Q2 – 30th Sept 2023 – reliant on SG ERP Q3 31st Dec 22

No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
	In times of change, it's important that process documentation remains clear and concise for users outwith a central team to help embed connected activities and responsibilities. **Risk:** Social Security Scotland does not effectively manage its workforce planning, in terms of planning, or enacting and monitoring that plan, as the various teams are unaware of the correct process and their roles within it.			*arrangement, highlighting key activities and controls expected of Divisions;* *Use the implementation of the ERP solution to codify Divisional responsibility arrangements through process workflow and data taxonomy.* **Action Owner:** [Redacted]*, (Temporary) Head of Strategic Resourcing*	Q2 30th Sept 2023 – reliant on SG ERP
3	**Issue**: **Workforce Data and Tool** Currently workforce planning numbers are held in the Establishment Control, an Excel document. Though this is being maintained by the team, given the pace of growth and the size of the organisation, this data capture method is no longer fit for purpose.	The Workforce Planning team should continue works to implement a workforce planning tool in conjunction with the wider Scottish Government.	M	**Response:** *Recognising the importance of this, during the year we developed a detailed statement of need and requirements document to source an in house solution, but have now engaged with the Scottish Government Enterprise Resource Pprogramme as a 'significant customer' whilst taking steps to improve the stability of the current establishment data platform*	

No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
	The Workforce Planning team are in the process of scoping out a workforce planning tool alongside wider Scottish Government colleagues. **Risk:** Social Security Scotland is unable to manage its key workforce planning data, limiting its ability to accurately monitor and report against its workforce plan.			**Action:** *During 2022/23 we:* *Will continue to engage with the Scottish Government Enterprise Resource Programme as the preferred corporate solution.* *Will establishing ourselves as a significant customer within the Enterprise Resource Programme* *Undertake work necessary to support implementation of a minimum viable HCM product in line with the Enterprise Resource P rogramme timetable.* **Action Owner:** [Redacted], *Head of People. The timing for this is dependent on Scottish Government Enterprise Resource Programme*	Q2 - 30th Sept 2023 Q2 30th Sept 2023 – reliant on SG ERP Q2 30th Sept 2023 – reliant on SG ERP

No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
4	**Issue**: **Check and Challenge** With the introduction of the new Workforce Planning Team and their more robust processes, check and challenge is actively occurring throughout the organisation. We see evidence of the Workforce Planning Team offering check and challenge on the organisation's assumptions and workforce estimates, and we understand that there is increased scrutiny given current funding conditions. However, in the reporting and monitoring documentation, the checks, challenges, insights and recommendations of the Workforce Planning team could be better highlighted, more concise and so more impactful. The organisation also has a responsibility here to better integrate workforce planning	The Workforce Planning team should ensure that their expertise in supporting and challenging the organisation on its workforce plan and fulfilling that plan is well documented, highlighted and lands with impact within its MI packs and other communications.	M	**Response** *We have further developed a conjoint Finance and Workforce Planning governance framework and supporting data products to allow workforce planning to inform and challenge Senior Leadership and Agency Leadership Team on staffing and budgetary issues. Agency metrics are already a regular feature of Agency governance with a monthly Resourcing Committee which escalates issues for check and challenge through regular engagement, and deep dives at Executive and Agency Leadership Committees.* **Action:** *We are taking further action to develop: Governance arrangements creating a Resourcing Committee and HR Business Partner led Divisional Senior Leadership Team meetings each month using a forward look of the 3-6-12 month workforce plan to*	Q2 30th Sept 22

No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
	insights into their operational and budgetary management. Given the need for a change in Social Security Scotland's approach to workforce planning assumptions and estimates, robust and repeated challenge and support will be essential going forwards. We see this change occurring with increased discussion of workforce planning at senior leadership forums. **Risk:** Social Security Scotland is unable to meet its workforce needs as it does not make the required decisions			*inform an Senior Leadership Team forecasting pack to support Divisions forecast establishment risk and delivery including resourcing pipeline risk;* *A monthly standing item at Agency Leadership Team informed by Resourcing Committee outcomes and new governance process to escalate to monthly as required;* *A monthly reporting item at People and Place forum on the monthly data pack. We will also continue the quarterly reporting on Committee activities;* *We are outlining our workforce strategic direction and themes with Executive Team to shape organisational workforce intent* **Action Owner:** [Redacted]*, Head of People* [Redacted]*, (Temporary) Head of Strategic Resourcing*	Q2 30th Sept 22 Q2 30th Sept 22 Q3 31st Dec 22

No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
5	**Issue: Reporting and Management Information** The Workforce Planning Team have produced new MI packs and reporting that contains budget to actuals and forecast, as well as narrative to explain differences and risks to adherence to the plan. The MI packs are a substantial improvement to the information available previously. However, the newly established MI packs could be improved to focus more on forecasting and risks to fulfilling the workforce plan, give more metrics (original plan and financial values), flag the expertise of check, challenge and support from the workforce planning team, and to have a wider distribution across the organisation. This would better enable business decisions based on the information produced.	The Workforce Planning team should work with Recruitment and Finance to produce MI packs that: • Are more focused on forecasting and the risks to fulfilling the workforce plan • Give more complete metrics (original plan, revised, actuals, estimated actuals, FTE numbers and financials) • Contain brief and clear narrative to flag the Workforce Planning Team's insights • Produced for audiences across the	L	**Response:** *We have created a suite of reports to cover workforce metrics, forecasting and issue reporting and developed a suite of standardised reports to Senior Leadership Teams, Committees and Divisions whilst progressing work with Resourcing to improve data exchange on pipeline activity to support workforce forecasting* **Action:** *During 2022/23 we:* *Will develop further our forecast reporting combining budget, establishment and resourcing data including improved insight narrative;* *Will develop audience specific data products to support challenge focus including business insight comment drawn from Senior Leadership Team engagement;*	Q2 30th Sept 22 Q2 30th Sept 22

No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
	Risk: Social Security Scotland is unable to make correct workforce planning decisions as it does not have access to sufficient MI.	organisation, e.g. division specific for divisions, in depth for the Workforce Planning Committee, brief 1 or two pages for ALT • Have a regular cadence of reporting		*Enable a high level of data and MI reuse to inform our escalation audiences;* *Work with Finance and Resourcing to tighten and improve the cadence of reporting already in place and ensure validation processes are in place on Management Information assurance;* *Support the HR Operating Model Transformation work to establishing a 'Data and Analytics insights' team which will look at collective ownership of 'People' data responsibilities.* **Action Owner:** [Redacted]*, Head of People /* [Redacted]*, (Temporary) Head of Strategic Resourcing*	Q3 31st Dec 22 Q2 30th Sept 22 Q3 31st Dec 22

3. Findings, Good Practice and Improvement Opportunities

3.1. Findings

3.1.1 **Roles, Responsibilities and Accountability**

The responsibilities of workforce planning and recruitment are well understood within their respective teams:

- Workforce Planning collate the organisation's workforce estimates into the workforce plan, offers check and challenge to those estimates, support divisions in achieving the workforce plan, and report on the organisation's delivery of the plan.
- Recruitment manage the recruitment process to fulfil the organisation's recruitment requests

Though the Workforce Planning Team has re-established roles, responsibility and accountability for planning and enacting that plan through revised processes and the delegation letters, across the wider organisation the divisions' role in accurately workforce planning, their responsibility to fulfil the plan and the accountability in relation to these roles is still embedding.

With the introduction of the new expanded workforce planning function and its increased visibility in the organisation, there is a risk that an inappropriate portion of the roles, responsibilities and the accountability for workforce planning is viewed as within the purview of the Workforce Planning Team.

Though Workforce Planning has a role to support the organisation through check, challenge, insights and support of its workforce planning estimates and in delivering against that plan, the roles, responsibility and accountability for enacting that plan should be regularly reinforced to ensure they are well embedded.

This links to 3.1.4 Check and Challenge, where we highlight the organisation's role in integrated workforce planning's reporting and supporting in operational and budgetary management.

We have raised a similar finding as part of our review of Recruitment.

Please see Recommendation 1

3.1.2 **Process and Documentation**

With the introduction of the workforce planning function, along with budgeting pressures, the workforce planning process has evolved and been improved during the current budgeting and workforce planning activity. There is documentation to support the processes in the form of flow charts and information on the intranet. However, as the organisation is in a state of rapid growth, and as the Workforce Planning Team and its processes are relatively new, the processes and approach continue to evolve to meet Social Security Scotland's needs.

Therefore, the process, its key controls / approvals, and the related documentation could be made clearer. For example, the flow charts we have reviewed are very detailed and complex, and for someone who is not familiar with the process, it is difficult to follow the precise process, understand the key controls / activities and derive the roles and responsibilities of each party.

Clear and concise process documentation for workforce planning will help to establish and reinforce better processes across the organisation, the key controls / activities / approvals in relation to workforce planning and the roles, responsibilities, accountabilities and interactions across the organisation. Such clear and concise processes and documentation are more important in times of change to clearly establish the process and responsibilities across the organisation.

Please see Recommendation 2

3.1.3 Workforce Data and Tool

Workforce Planning, approval and head count numbers are currently held in the Establishment Control document. Though this methodology was fit for purpose and it is being effectively maintained, given the substantial increase in the head count for the organisation, it is no longer suitable.

The Workforce Planning Team are working to bring in a new tool to replace the Establishment Control, and are working closely with the Scottish Government on the proposed workforce planning tool.

Please see recommendation 3

3.1.4 Check and Challenge

The organisation's divisions are responsible for estimating their workforce planning needs, and so in aggregate the organisation as a whole is responsible for the accuracy or reasonableness of its workforce planning numbers.

For new benefits, the Social Security Operational Research (SSOR) team produces a range of workforce estimates based on various data sets as well as the organisation's assumptions and processes. The divisions then separately decided which of the range of estimates are put forward for approval. For business as usual, each division estimates its workforce need internally.

Though the role of the Workforce Planning Team is not to determine the workforce plan numbers, they have a role in checking and challenging the numbers the divisions and organisation as a whole are putting forwards.

The need to implement benefits at pace, the often manual nature of the benefits processes when first implemented, and having access to the requested budget have enabled Social Security Scotland to take a risk averse approach to its workforce planning. This has resulted in assumptions and processes being used in the SSOR modelling that produce higher numbers, and divisions deciding upon the higher band of those modelling numbers.

We do see check and challenge in place from the Workforce Planning Team, including in documentation around the current budget review. However, as the organisation moves towards steady state and as budgets are expected to continue to be constrained, the check, challenge, insights and support of Workforce Planning will be increasingly important to Social Security Scotland. The team should bolster their check, challenge, support and insights within documentation, with clearer, more concise and so more impactful challenge narrative in key documentation. Furthermore, continued clear check and challenge will be required to recalibrate the organisation's approach to workforce planning. The organisation as a whole also has a responsibility to engage with Workforce Planning and better integrate deviations from the workforce plan in budgetary and operational management, this links back to 3.1.1 Roles, Responsibilities and Accountability.

Please see Recommendation 4

3.1.5 **Reporting and Management Information**

The Workforce Planning Team has introduced reporting and management information packs, as well as ad hoc reporting on the organisation's fulfilment of its workforce plan. This is a significant improvement on the reporting available previously. The MI contains actuals and expected actuals against current (revised) workforce plan and highlights risks to fulfilling the expectation, alongside other HR

data such as workforce demographics. When reporting on the workforce plan as part of planning, we see comparison of the potential plans, the expected actuals, the risk to delivering the plan and challenge on management's plans.

Though we understand that the current MI and reporting are recently introduced and further enhancements are expected, the MI and reporting could be improved:

- Reporting packs should focus on forecasting against the workforce plan and the organisation's key risk of not adhering to the workforce plan. This would better highlight the operational and budgetary implications, make the messaging clearer and more impactful, and better enable management to integrate this information into their decision making. For example the packs reviewed had monitoring of actuals to workforce plan at the end of the pack, with HR metrics at the beginning.

- Metrics included should be enhanced to show the original workforce plan numbers and values in monetary terms as well as FTE terms. This will better highlight the organisation's performance overall as well as any issues in the organisation's workforce plan or approach to recruitment. Currently the revised workforce plan numbers and actuals are given, and are shown in FTE.

- Narrative to support data and visualisations could be clearer, more concise and therefore more impactful in highlighting positive progress, issues that have arisen, risks to the plan and any challenge or advice that the workforce planning team deem appropriate. This point links to point 3.1.4 Check and Challenge, as the narrative challenging workforce estimates from the organisation could be more impactful.

- A regular cadence of reporting on the workforce plan across all levels of the organisation should be developed, such as divisional leads, Workforce Planning Committee, People and Place Committee and the Agency Leadership Team.

Please see Recommendation 5

3.2. Good Practice

3.2.1 Setup of the Workforce Planning Function

Social Security Scotland has recently reorganised its workforce planning function, creating a specific Workforce Planning Team. This focus on workforce planning

has enabled the organisation to begin to meet its workforce planning needs. Though there is work still required within the organisation around workforce planning, the team has made substantial progress including:

- Improving the data governance of key metrics (budget, head count etc)
- Increasing the check and challenge of the organisation's workforce planning numbers, including: assumptions used for SSOR estimates and divisional estimates of their workforce need
- Improving MI reporting of actuals vs plan and associated risks
- Increasing the support to divisions to meet their workforce plans through the new Workforce Partners
- Clarifying roles and responsibilities within the organisation between workforce planning, recruitment, finance and the divisions.

3.2.2 Clear Governance

Alongside the introduction of the Workforce Planning Team, the governance structures around workforce planning have been clarified with the Workforce Planning Committee, the People and Place Committee and reporting through to Agency Leadership Team.

Though we have raised an observation around process and improvement opportunities around approvals and documentation, we wish to highlight that significant improvement has been made in this area.

Furthermore, the Workforce Planning Team are to review the governance arrangements to increase the oversight and prominence of workforce planning for the organisation.

3.3. Improvement Opportunities

3.3.1 Audit Trail for Key Approvals

Though key approval for workforce planning numbers have taken place, it has been difficult to obtain an audit trail. As new processes are being introduced to meet changing demands on the workforce plan, evidence of key points or controls within the processes should be maintained and easily available.

3.3.2 Workforce Planning Strategy

The workforce planning strategy is currently being created. Though it is not finalised, we have reviewed the workings and methodology, and note that it involved stakeholders from across the organisation and has a well-structured and in-depth approach to workforce planning.

The resultant strategy should be well circulated along with any updated process documentation to support the efforts to establish the roles and responsibilities across the organisation.

Annex A Definition of Assurance and Recommendation Categories

Assurance Levels

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

Recommendation Priority

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

Annex B – Terms of Reference

Directorate for Internal Audit and Assurance

Internal Audit Terms of Reference

Social Security Scotland 2021-22

Workforce Planning

Key Audit Contacts

Audit Year:	2021-22
Client Accountable Officer:	[Redacted], Workforce Planning and HR Transformation Project Lead
Client Audit Contact(s):	[Redacted], Workforce Planning and HR Transformation Project Lead [Redacted], Head of People Services [Redacted], Team Manager [Redacted], Head of People [Redacted], (Temporary) Head of Strategic Resourcing [Redacted], Workforce Planning Lead [Redacted], Workforce Planning Partner (Data) [Redacted], Workforce Planning Partner (Strategic) [Redacted], HR Transformation Partner [Redacted], Strategic Workforce Planning Lead
Head of Internal Audit:	[Redacted]
Internal Audit Manager:	[Redacted]
Internal Auditor	[Redacted]

Estimated Reporting Timescale

Fieldwork Starts:	07 February 2022
Fieldwork Ends:	04 March 2022
Draft Report Issued:	11 March 2022
Final Report Issued:	25 March 2022
Estimated Resource Days:	25 days

1. Introduction

1.1. This internal audit review forms parts of our planned audit coverage agreed by the Accountable Officer and noted by the Audit and Assurance Committee on 09 February 2021.

1.2. The Social Security Scotland Strategic Risk Register includes the following risks:

IF the Agency does not understand its future capability requirements in specialist areas THEN it may not be able to target its resourcing activity in line with limited labour markets RESULTING in high priority roles remaining vacant and an over-reliance on inexperienced staff or contractors, which would reduce the agency's ability to deliver its short and long term objectives

IF Social Security Scotland fails to understand and model the headcount and skills required THEN we will not be able to develop and deliver the right organisational and transactional capacity that we need to recruit the right blend of people and leadership capabilities at the right time in the right place RESULTING IN incomplete and inefficient structures (value for money and productivity) and a disengaged workforce that does not meet our culture and Charter commitment to our clients and colleagues.

1.3. To aide understanding it is important to clearly set out the relationship between Social Security Scotland and the Social Security Directorate (Programme). Social Security Directorate is responsible for developing the policies and designing and building the new Scottish social security services and is delivering the components on an incremental day to day basis through an agile environment. Minimal Viable Products are designed by the Social Security Directorate, in collaboration with Social Security Scotland from early discovery through to transition when Social Security Scotland will be supported to develop these as necessary.

1.4. This audit will provide an in-depth focus on the controls and processes in place to understand, communicate and act on the workforce requirements for Social Security Scotland to meet its strategic and operational needs, with the overall aim to provide assurance on the efficiency and effectiveness of the controls.

1.5. We met with [Redacted](Workforce Planning and HR Transformation Project Lead), [Redacted](Head of People Services), [Redacted](Team Manager) and [Redacted](Corporate Assurance Coordinator) to discuss relevant risks and agree the details of this review on 01 December 2021.

1.6. Our key risks below have been developed through these discussions and our knowledge of Social Security Scotland and its objectives.

2. Scope

To evaluate and report on the controls in place to manage the risk surrounding Social Security Scotland workforce requirements to deliver its strategic and operational goals.

2.1. Remit Item 1 – Governance and directive policies, procedures and guidance

To review the governance and directive policies, procedures and guidance in relation to workforce planning, this will include: governance structures, workforce strategy, alignment to Social Security Scotland's strategic and operational plans, process documents, MI and reporting, and effectiveness review.

Key Risks:

- Social Security Scotland's workforce approach does not meet its strategic or operational goals, being not aligned to its strategy, not properly communicated or not conducted in a consistent, efficient and effective manner.
- Social Security Scotland does not have access to appropriate or sufficient MI, either to inform workforce planning or as an output from workforce planning, and so is unable to fully utilise the process.

2.2. Remit Item 2 – Understanding the workforce need

To review the controls and processes in place to gather inputs from around the organisation, analyse these and produce the estimated workforce requirements

Key Risks:

- Social Security Scotland is unaware of its workforce needs, either in terms of number or skill, and so is unable to meet its goals due to lack of appropriate staff.

2.3. Remit Item 3 – Fulfilling the workforce need

To review the controls and processes in place to convey the workforce need to HR / recruitment and finance to enable recruitment and effective budgeting.

Key Risks:

- HR do not seek to recruit an appropriate number of appropriately skilled staff in a timely manner, and so Social Security Scotland is unable to meet is goals due to lack of appropriate staff.

2.4. Remit Item 4 – Organisational interaction

To review the controls and processes in place to manage interaction with the wider organisation, including: HR, recruitment, finance, operations, senior leadership and other key stakeholders.

Key Risks:

- Social Security Scotland is unaware of its workforce needs, either in terms of number or skill, and so is unable to meet is goals due to lack of appropriate staff.
- Social Security Scotland is unable to recruit an appropriate number of appropriately skilled staff in a timely manner due to a lack of budget, and so Social Security Scotland is unable to meet is goals due to lack of appropriate staff.

2.5. Items outside of remit

The below elements are outside of the scope of the audit and so will not be reviewed:

- Centrally controlled data governance
- IT General Controls and system access
- Recruitment planning and the recruitment process
- Any other scope areas or remit items not stated above

3. Approach

3.1. We will undertake the audit in compliance with the Internal Audit Charter and Memorandum of Understanding agreed between Internal Audit and Social Security Scotland.

3.2. At the conclusion of the audit a customer satisfaction questionnaire will be issued to the main client audit contact. Internal Audit appreciate feedback and to facilitate continuous improvement, we would be grateful if you could complete and return the questionnaire.

3.3. Client is reminded of our need for timely access to people and responsiveness to information requests, to enable the reporting timetable to be met.