



# Directorate for Internal Audit & Assurance

## Client Services Delivery Compliance Review

Social Security Scotland 2024/25

# Contents

Introduction	Slide 3
Summary of Compliance - Overview	Slide 4
Summary of Non-Compliance (Low Income Benefits) – Themes	Slide 5
Summary of Non-Compliance (Disability Payments) – Themes	Slide 6
Summary of Non-Compliance (Client Experience) – Themes	Slide 7
Inconsistencies in Duplicate Search Notes	Slide 8
Suggested Areas for Improvement	Slide 9

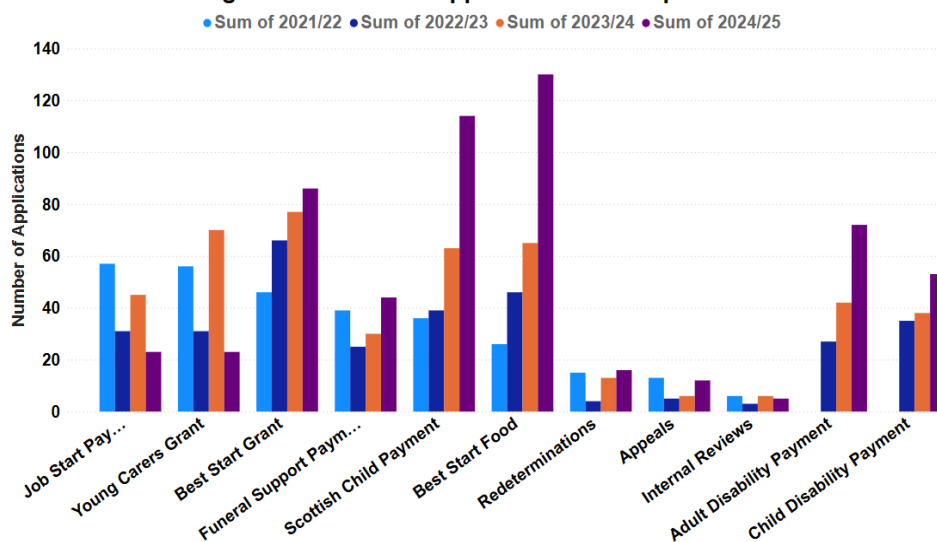


# Introduction

## Background

- ❑ This review follows on from compliance audits undertaken in previous years and entails substantive testing to provide assurance that operational staff are complying with policies, procedures, guidance and system controls of the benefit administration and approval process.
- ❑ Testing took place from May 2024 to January 2025 using monthly data extracts obtained from QuickSight\* to randomly sample cases for testing.
- ❑ Client Services Delivery were provided with the outcome from testing on a monthly basis to allow for prompt action and feedback any inaccuracies.
- ❑ Many thanks to Client Services Delivery and the Interventions Team for support received throughout the year to deliver this piece of work.

**Figure 1: Number of Applications Tested per Benefit**



### Total number of cases checked

2022/23	2023/24	2024/25
300 – Population 203,420	430 – Population 281,703	578 – Population 452,233

\* Note that the total population size obtained through AWS QuickSight data extracts may differ from official published statistics on the total number of applications managed by Social Security Scotland.

## Scope

The scope for this review was to evaluate and report on the controls in place to manage the risks surrounding Social Security Scotland's Client Services Delivery processes. To evaluate this, substantive testing was undertaken to confirm compliance with policies, procedures and guidance.

Testing was refined to focus on the highest risk areas that could cause financial hardship to clients, financial loss and reputational damage to Social Security Scotland.

It was agreed that Internal Audit would focus on higher risk benefits: Child Disability Payment; Adult Disability Payment; Scottish Child Payment; Best Start Grant; and Best Start Foods.

# Summary of Compliance - Overview

Figure 2a: Overall Compliance for 2023-24

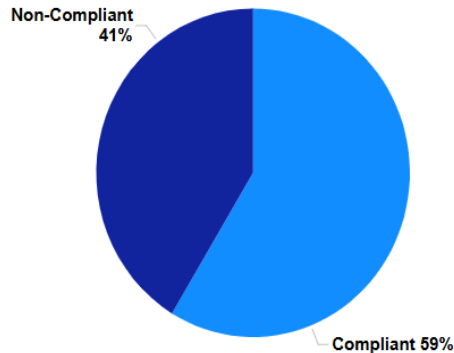
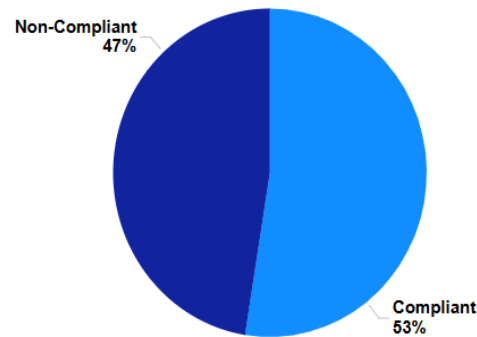


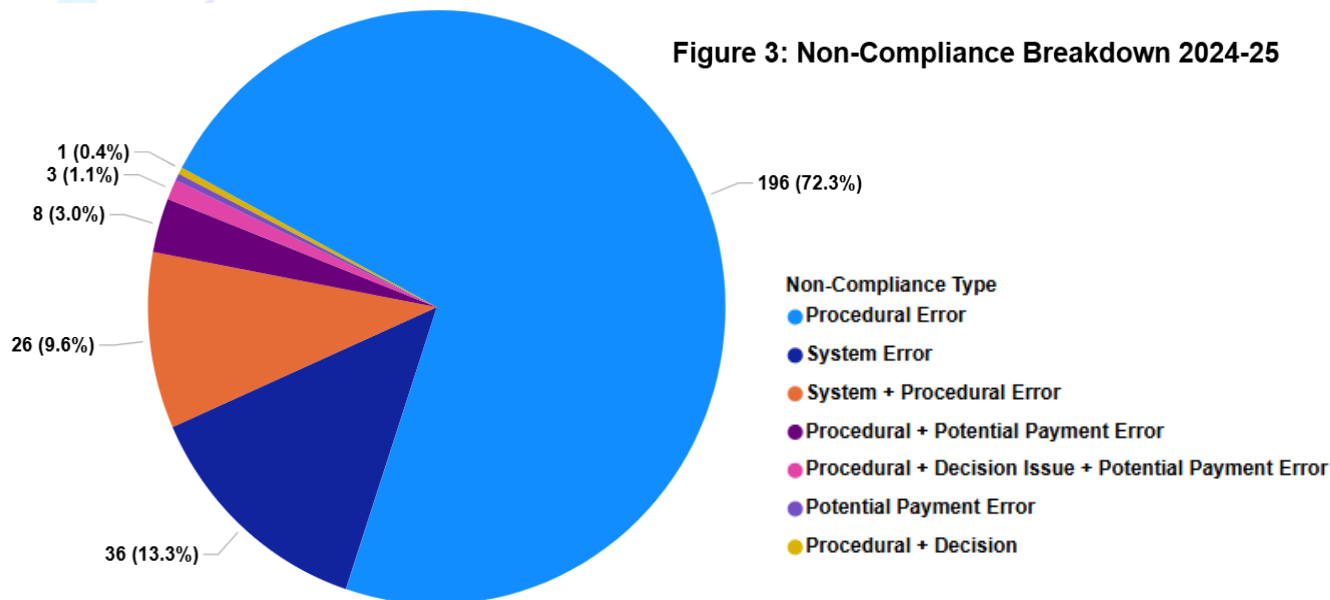
Figure 2b: Overall Compliance for 2024-25



❑ A **lower percentage of fully compliant** cases were found in comparison to those tested during 2023-24, as shown between Figures 2a and 2b. The drop in compliance may be attributed to our adapted, **risk-focused approach**, which placed greater emphasis on higher-risk benefits compared to 2023-24.

❑ Non-compliance was mainly **procedural** i.e. processes had not been followed but there was no financial impact. Of all applications tested, we identified 196 procedural issues (**33.9% of all applications tested**).

Figure 3: Non-Compliance Breakdown 2024-25

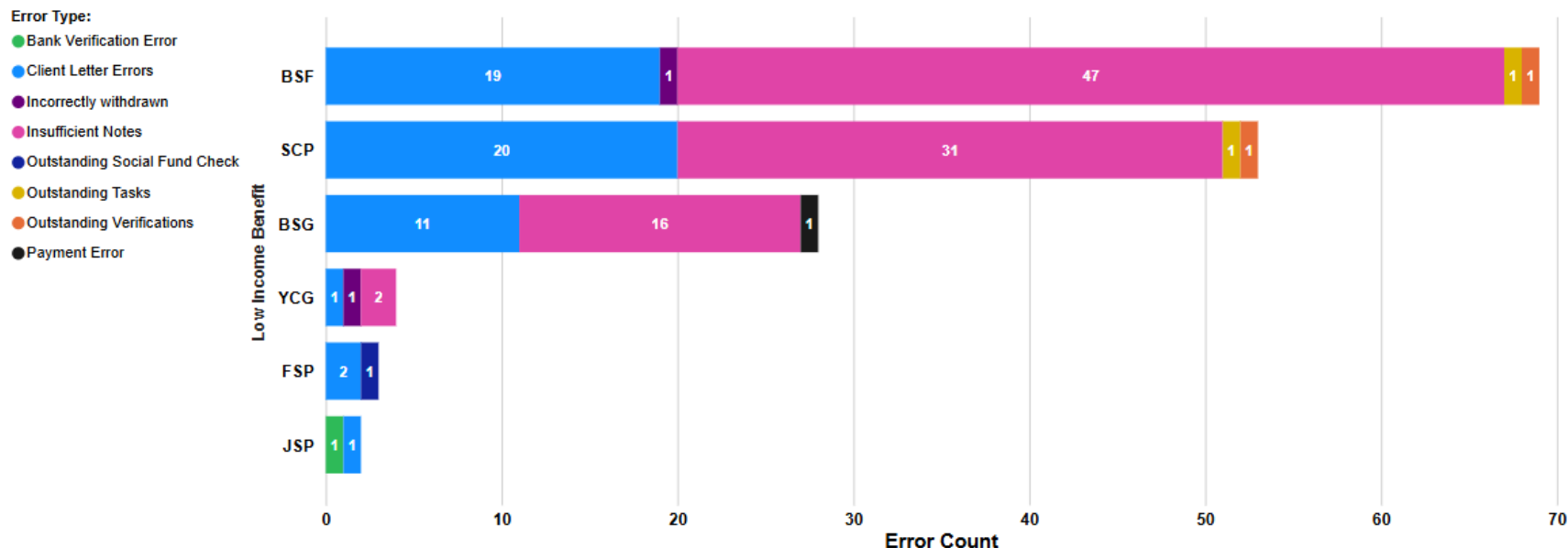


❑ We expanded payment errors to include **potential payment errors** and identified **12 cases** (2.1 % of all applications tested).

❑ **Client Services Delivery** were proactive in taking **remedial action**. This included issuing reminders to staff, requests to change guidance, technical input and 1-2-1 discussion with staff members.

# Summary of Non-Compliance (Low Income Benefits) – Themes

Figure 4: Low Income Benefit Error Breakdown

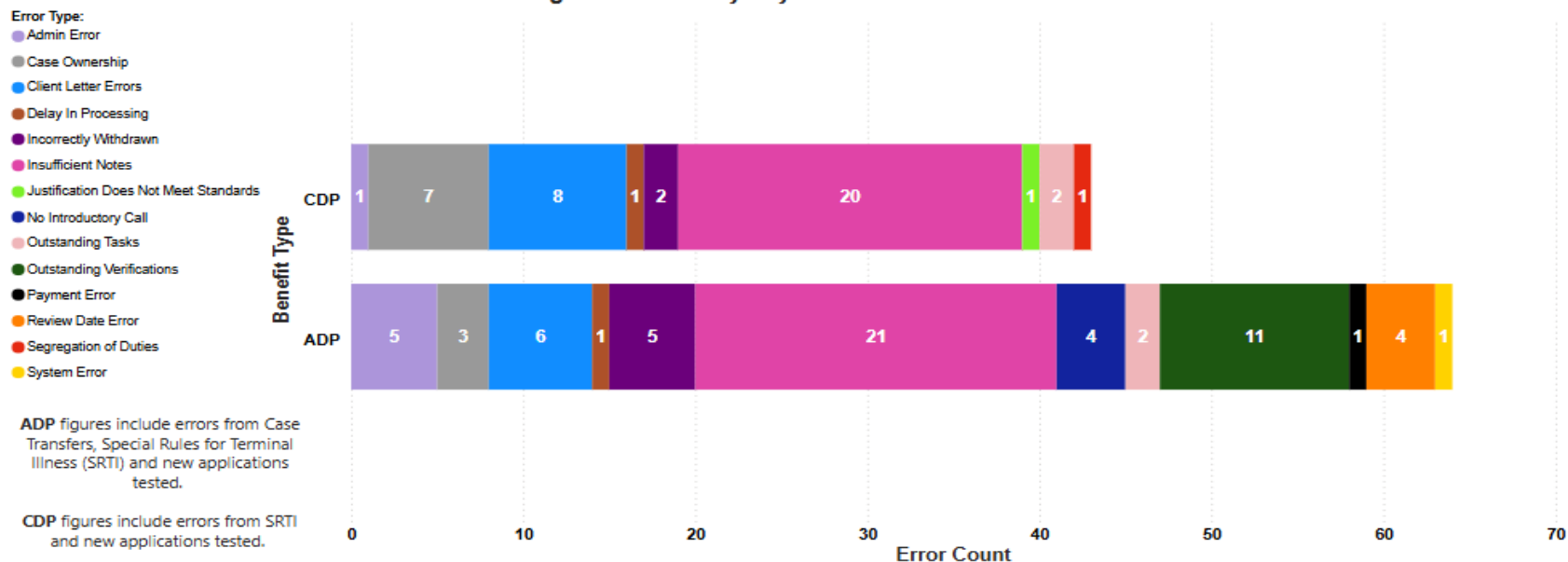


## Non-compliance Themes Across Low-Income Benefits

- ☐ Lack of consistent notes on SPM leading to a poor audit trail of actions taken.
- ☐ A small number of outstanding tasks and/or verifications were found across approved, denied and withdrawn cases.
- ☐ Lack of, or error, in letters sent to clients across approved, denied and withdrawn cases; lack of acknowledgement letters; and outcome letters not sent or suppressed by the system.

# Summary of Non-Compliance (Disability) – Themes

Figure 5: Disability Payment Error Breakdown

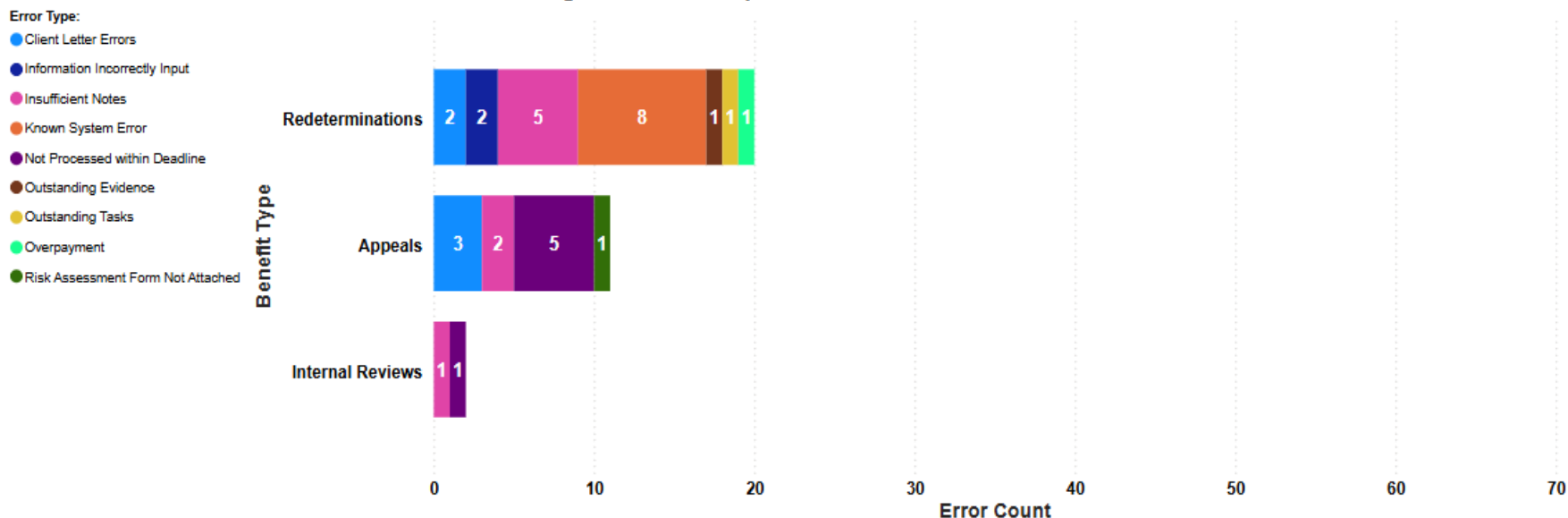


## Non-compliance Themes Across Disability Benefits (including new applications, SRTI and Case Transfers)

- ☐ Lack of consistent notes on SPM leading to a poor audit trail of actions taken and decision made .
- ☐ Outstanding tasks and/or verifications were found across approved, denied and withdrawn cases.
- ☐ Lack of, or error, in letters sent to clients across approved, denied and withdrawn cases; lack of acknowledgement letters; and outcome letters not sent or suppressed by the system.
- ☐ Seven withdrawn cases should have been denied, according to guidance.
- ☐ We found ten instances of non-compliance in relation to case ownership which relates to operational staff not assigning or removing themselves to a case on SPM whilst performing necessary tasks.

# Summary of Non-Compliance (Client Experience) – Themes

Figure 6: Client Experience Error Breakdown

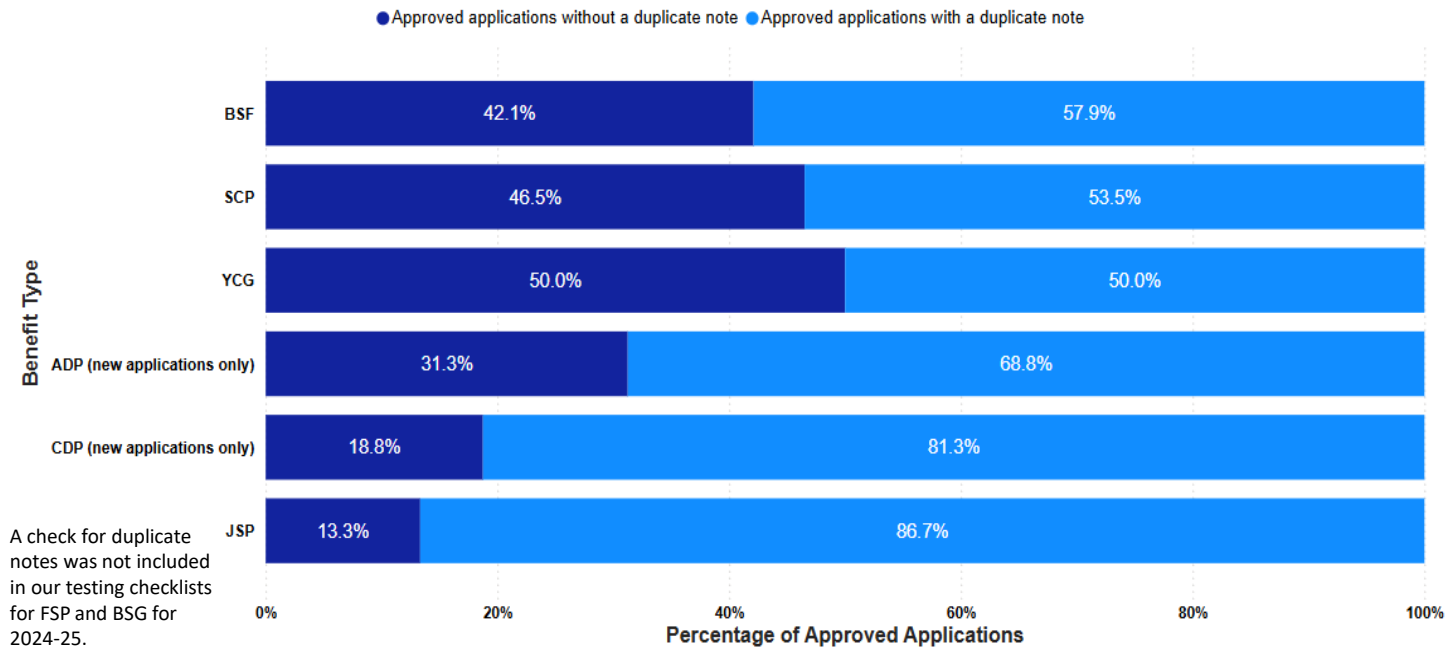


## Non-compliance Themes Across Client Experience

- ☐ Lack of consistent notes on SPM leading to a poor audit trail of actions taken.
- ☐ Five appeals had not been processed within set deadlines. This is an internal service level agreement which is not a legally binding deadline.
- ☐ Lack of, or error, in letters sent to clients across redetermination and appeal applications.
- ☐ We found 8 instances of system faults, which were known to Client Experience, during testing. Faults included redeterminations marked as received late from the clients, and issues with automated client letters. We were advised that all known issues had been raised via JIRA tickets and were awaiting resolution at the time of fieldwork.
- ☐ An instance where a redetermination proceeded to a decision based on an incomplete submission from a client was identified during testing .

# Inconsistencies in Duplicate Search Notes

Figure 7: Inconsistencies with Duplicate Search Note



- ❑ A duplicate check must be performed, as per guidance, to ensure **no duplicate client records exist**. Unlike other checks, the duplicate check is not automatically documented by the system when operational staff perform the check. Some operational staff **confirm** a duplicate check has been performed by leaving a manual note within SPM. This step **does not appear** within **documented guidance** procedures however we understand that **some operational teams** ask staff to leave such a note.
- ❑ Testing identified an **inconsistent approach** to leaving a note between different operational areas (see **Figure 7**). Cases found without a **note were not categorised as an incidence of non-compliance**.
- ❑ Given the risk of duplicate payment associated with duplicate client records, Social Security Scotland should consider standardising their approach to duplicate check notes to be able to evidence a check has been performed.



# Suggested Areas for Improvement

Issue 1: Procedural	Suggested Improvement
<p>❑ The main non-compliance themes identified across all benefits tested were in relation to insufficient and/or a lack of notes within SPM, client letter errors and outstanding verifications and/or tasks. We found these issues across approved, denied and withdrawn cases.</p>	<p>Client Services Delivery should take action to address gaps or weaknesses in guidance available to operational staff to ensure processes are clear and align with guidance and training.</p>
Issue 2: SPM Notes and Audit Trail	Suggested Improvement
<p>Despite staff reminders and development of standardised notes in SPM, there continues to be a theme of insufficient notes being left by operational staff, with standardised notes not being used, inconsistent notes to demonstrate duplicate client searches and notes missing or being held in different locations. Therefore, there is risk that best practice is not being followed and a lack of audit trail and justification on steps taken.</p>	<p>Client Services Delivery should seek to review further options to mitigate the risks from non-compliance with the use of SPM notes.</p>
Issue 3: Issues with Letters	Suggested Improvement
<p>We found a lack of, or error, in letters sent to clients. Letters could be automatically suppressed by SPM with no explanation as to why this took place – and with no subsequent steps taken to send correspondence to the client on the outcome of their application. Decision letters were often difficult to locate with the file name not corresponding to the benefit in question and different saving locations within SPM.</p>	<p>Decision letters should be accurately labelled and saved in a consistent SPM location. Where a decision letter is not issued a note explaining why should be left.</p>
Issue 4: Root cause of non-compliance	Suggested Improvement
<p>Whilst we note management reviewed our testing outcomes which were shared monthly, there may be wider root cause issues within the non-compliance identified.</p>	<p>Non-compliance issues should be understood and root cause determined, with remedial action taken to minimise future instances of non-compliance.</p>

# Next Steps for Internal Audit: Compliance Testing for 2025-26

## Aspirations for 2025-26

- ❑ **SPM Access** Internal Audit hope to access to SPM reducing the requirement of Client Services Delivery/Interventions colleague support for testing sessions after receiving appropriate training.
- ❑ **Telephony and Webchat** Internal Audit will look to incorporate Telephony and Webchat into testing schedules for 2025-26.
- ❑ **New Benefits** Consideration of new benefits such as Carer Support Payment and Pension Age Disability Payment for inclusion in Internal Audit's testing regime for 2025-26.
- ❑ **Risk-Based Approach** Internal Audit will continue to take a risk-based approach to testing, focusing resource on higher risk delivery areas.
- ❑ **Mailroom, Local Delivery, Quality Support Team and Case Reviews** Internal Audit will explore the feasibility of incorporating these areas to expand compliance coverage.

## Next Steps for Internal Audit

- ❑ **Planning** – A planning meeting has been set on Monday 7<sup>th</sup> April with C2/3s from across Client Services Delivery to form the scope for compliance testing in 2025-26.
- ❑ **Review and Update Checklists** – Internal Audit will engage with a variety of stakeholders from across Client Services Delivery to ensure checklists are up to date and accurately reflect procedures ahead of 2025-26 testing commencing.
- ❑ **Continuous Improvement** – Internal Audit are happy to receive feedback on ways of working to ensure a best fit and minimal impacts on BAU for all Social Security Scotland colleagues.