

Audit and Assurance Committee

Date of Meeting	10 October 2023
Time	10:20 – 12:30
Location	Ground Floor Conference Room – Agnes Husband House and Video Conference – Microsoft Teams

Attendees

Present

Non-Executive Directors

Russell Frith (RF)	Chair, Non-Executive Body 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 Finance and Corporate Services
MB	Corporate Assurance Manager
MF	Head of Fraud and Error Resolution
DP	Head of Strategy and Corporate Support
NB	Head of Finance
SG	Corporate Finance Lead

Audit Scotland

PG	Audit Director, Audit Scotland
LD	Audit Scotland

Directorate for Internal Audit and Assurance

LC	Senior Internal Audit Manager
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Secretariat

MB Corporate Assurance Manager

Observers

NT Finance Manager

RM Finance Business Partner

ID Organisational Strategy Manager

PM Internal Audit Manager

MH Internal Audit Manager

MW Senior Corporate Reporting Manager



1. Welcome and Conflicts of Interest.

- 1.1. The Chair welcomed everyone to the meeting and no conflicts of interest were noted.
- 1.2. The Chair informed that a pre-meeting had occurred prior to this meeting with Non-Executive Members, Internal and External Audit in attendance. There is nothing arising to report and the meeting was positive.

2. Social Security Scotland 2022-23 Annual Report and Accounts.

- 2.1. JW introduced and positioned the 2022-23 Social Security Scotland Annual Report and Accounts prior to handing over to DP and NB.
- 2.2. JW wished to place on record his thanks to all involved from Social Security Scotland and Audit Scotland recognising the collaboration and contributions from each.
- 2.3. DP presented to the Committee the following:
 - Early engagement in the writing process with Audit Scotland was a key success.
 - Next Year, engagement with the Non-Executive Members will commence earlier. An invitation to the Non-Executive Members and Audit Scotland to participate in a lessons learned exercise was accepted.
 - The report is open and accessible in its design and in line with content guidelines and the balanced reporting Social Security Scotland wanted to achieve.
 - NB covered the financial statements noting that the results were in line with our financial forecasts.
- 2.4. The Committee discussed the prior year adjustment and NB explained that this had arisen because of the way in which funds were drawn for benefit expenditure. It did not affect our expenditure.
- 2.5. RF thanked DP for the points raised regarding a lessons learned exercise. RF will feed this into the Executive Advisory Body and will arrange with the other Non-Executive members to add comments when the earliest version of the report is available next year.
- 2.6. NA noted the report was easy to read and queried the term Benefits Receivable and how this linked with debts? NB and RF explained this.
- 2.7. RF thanked all for the update and the Committee had no further questions.

Action	DP	Non-Executive Members and Audit Scotland will participate in a lessons learned exercise for the 2022-23 Annual Report and Accounts.
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3. Audit Scotland 2022-23 Annual Audit Report and Independent Auditors Report.

3.1. PG was pleased to present the Audit Scotland 2022-23 Annual Audit Report and Independent Auditor's Report and noted the following.

- The Independent Auditor's Report provides a qualified opinion on the regularity of benefit expenditure administered by the Department for Work and Pensions as a result of estimated errors exceeding materiality.
- Confirmation of no knowledge of fraud or non-compliance with laws and regulations obtained from Members.
- The key messages from the Annual Audit Report cover Financial Management, Financial Sustainability, Vision Leadership and Governance, and Use Of Resources To Improve Outcomes.
- We qualified our opinion on the regularity of benefit expenditure delivered by the Department for Work and Pensions totalling £3.4 billion as we consider the estimated level of overpayments attributable to fraud and error of £60.7 million to be material to our opinion on the accounts.
- In all other regards, the financial statements give a true and fair view and were properly prepared in accordance with the Financial Reporting Framework.
- Social Security Scotland should develop an impairment model for benefits receivable, and overpayments for use in future years.
- Audit Scotland are content with work carried out to support the Regularity opinion.
- A significant amount of work has been undertaken towards estimating the official error rate within Scottish Child Payment for 2023-24.

3.2. PG thanked Social Security Scotland for all the support and engagement during the audit process and opened the floor for questions.

3.3. RF thanked PG and requested clarity why the timeframe for the Performance Management Framework is December 2024? DP confirmed the date is in line with activity on the Charter Framework and Key Performance Indicators, with work still to be carried out in this area. DW confirmed the Charter Framework Review is very important to this.

3.4. BM questioned how do we ensure we keep an aligned view on Performance Management outcomes across both Internal Audit and Audit Scotland? DP confirmed with Non-Executive Members that the intention was to further develop the existing balanced scorecard which is shared with Scottish Government as part of Portfolio Governance arrangements.

3.5. RF thanked PG and the Committee had no further questions.



4. Audit and Assurance Committee Annual Report 2022-23.

- 4.1. The Chair introduced and presented the 2022-23 Audit and Assurance Committee Annual Report.
- 4.2. The Chair and the Non-Executive Members approved the final report.

5. Finalisation of the Social Security Scotland Annual Report and Accounts.

- 5.1. Having considered the draft Annual Report and Accounts and the Report of the External Auditors, the Committee were content to advise that DW, as Accountable Officer, should sign the Annual Report and Accounts and Representation Letter.

6. Any Other Business.

- 6.1. The Chair and the Non-Executive Members congratulated LC on her new role as Senior Internal Audit Manager.
- 6.2. No other business was recorded and the meeting concluded.

Date of next Meeting – 14 November 2023

Action Point (AP)	Detail	Owner	Due Date	Status
<p>AP – 10/10/2023 - 01</p>	<p>Non-Executive Members and Audit Scotland will participate in a lessons learned exercise for the 2022-23 Annual Report and Accounts.</p>	<p>DP</p>	<p>Next Meeting</p>	<p>Completed</p>