

Audit and Assurance Committee

Date of Meeting	19 November 2024
Time	10:00 – 12:30
Location	Glasgow High St Room 2.8 and Video Conference.

Attendees

Present

Non-Executive Members

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

Social Security Scotland

David Wallace (DW)	Accountable Officer, Chief Executive
Stephanie Devenny (SD)	Deputy Director Finance and Corporate Services
LS	Risk and Assurance Team Leader
DP	Head of Strategy and Corporate Services
MF	Head of Fraud and Error Resolution
Janet Richardson(JR) (item 3 only)	Deputy Director Client Services Delivery
AS (item 3 only)	Head of Business Change Management
MW (item 4 only)	Financial Reporting and Planning Lead
MMcC (item 4 only)	Benefit Expenditure and Debt Finance Lead
GB (item 8 only)	Data Protection Manager
AH (item 8 only)	Chief Data Officer
AN (item 8 only)	Senior Data Protection Practitioner

Internal Audit

LC	Lead Senior Internal Audit Manager
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Audit Scotland

LD	Audit Scotland
PM	Audit Scotland

Secretariat

MB	Corporate Assurance Manager
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Observers

AG

Internal Audit Assurance Support Officer

EG

Trainee Accountant

Apologies

NB

Head of Finance

SM

Risk Team Manager

Gayle Devlin

Deputy Director, Health and Social Care

PM

Internal Audit Manager

1. Welcome and Conflicts of Interest

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

2. Minutes and Action Tracker

- 2.1. The minutes from the August and October 2024 Audit and Assurance Committees have been agreed and are awaiting publication. One action is outstanding that will be completed for the February 2025 meeting.
- 2.2. RF sought thoughts from the attendees on the Annual Report and Accounts and Audit Scotland Report.
 - DW explained that the annual report is now telling the story of the agency's journey and will continue to do this in subsequent years. The Audit Scotland Report reads very well and is sharp and clear.
 - RF concurred with DW's comments.

3. Directorate for Internal Audit and Assurance update

- 3.1. LC presented the Directorate for Internal Audit and Assurance update and noted the following:
 - Work is progressing well on the 2024-25 Internal Audit Plan with the three final reports being presented today.
 - There are a number of draft reports currently in flight which will be finalised in advance of the next committee meeting, this includes the Data Sharing and Data Governance report.
 - One minor change in table four relates to External Stakeholder relations. The proposed review has been cancelled as there has not been enough development activity yet to warrant audit input.
- 3.2. LC presented the three final Internal Audit reports, this included the assurance ratings, a breakdown of recommendations and findings:
 - Electronic Purchase Card (EPC) – Reasonable assurance.
 - Mailroom – Limited assurance.

- GP and Third Sector Payments – Limited assurance.
- 3.3. The Committee invited JR, Deputy Director Client Services Delivery for Mailroom review, and SD and AS, Deputy Director for Finance and Corporate Services and the deputy Senior Responsible Officer for the GP and Third Sector Payments review to address recommendations and discuss how their area will implement what was set out in the management responses within the timescales provided.
- 3.4. The Chair thanked LC, and the Committee noted the contents of the report.

4. Social Security Scotland Finance Update

- 4.1. MW and MMcC provided the Committee with an update on Social Security Scotland's financial results as at 30 September 2024 and advised the following:
- An update on Operating Expenditure, Capital Expenditure, Benefit Expenditure and Depreciation Charges.
 - The Finance team are in regular communication with Scottish Government Finance colleagues to share the latest information available to help inform their wider financial management and decisions. Benefit Expenditure is a corporate risk, and any pressures are managed by Scottish Government Central Finance. Any consideration of potential savings on benefits should therefore be in consultation with Scottish Government colleagues with the impact of funding assessed.
- 4.2. RF highlighted the report gave a good impression of financial management given the position that the Scottish Government are in and highlighted how hard next year will be based on the indicative figure.
- 4.3. SD confirmed work is underway to assess the impact of our 2025-26 budget allocation.
- 4.4. NA questioned the processing times on Adult Disability Payment and the assumptions used. SD confirmed the demand drivers and the use of Scottish Fiscal Commission forecasting.
- 4.5. The Audit and Assurance Committee thanked MW and MMcC and noted the contents of the report.

5. Social Security Scotland Fraud and Error Resolution

- 5.1. MF presented the Counter Fraud, Error Interventions and Recoveries and Recharge Resolution quarter two reports and noted the following:
- Significant preparatory work has been undertaken across the Counter Fraud branch prior to the deployment of the new case management system. Original deployment date was delayed slightly however it was live at the end of Quarter two.

- Considerable performance improvements have been made on outcomes secured within the Error and Debt Management Branch on a quarter by quarter comparison and continues to grow.
 - 2024-25 quarter two has seen an increase in errors corrected for Best Start Foods. This was due to the Low Income Benefits intervention team having prioritised other error types previously, and as these have been cleared it has allowed focus to turn to other work which has driven the spike observed in quarter two, rather than any increase in error events associated with the benefit.
 - Referrals to the Recoveries Team processed in quarter two have seen a 67% increase in comparison to quarter two, due to an increased headcount and revised approach to workflow management.
- 5.2. The Committee discussed the levels of debt and the backlog of overpayment cases awaiting treatment by the Recoveries Team.
- 5.3. The Committee discussed provisions for sharing intelligence with the Department for Work and Pensions when Social Security Scotland identify this is an appropriate action.
- 5.4. The Chair thanked MF, and the Committee noted the contents of the report.

6. Social Security Scotland Risk Management Update

- 6.1. LS provided the Committee with an update of the risk management activity noting the following:
- CR-010 cyber security risk target score has increased from 10 to 15 to better reflect the reality of the risk.
 - Risk appetite and tolerance was agreed and set by the Executive Team for each strategic risk on 17 September 2024. The Risk team is providing ad hoc support to divisions to integrate risk appetite and tolerance at divisional level.
 - Review of strategic risks will take place across November and December 2024. The expectation is the following will have taken place:
 - ◆ Refreshing and reorientating the risk description to put client at the centre of each risk.
 - ◆ Target scores to be better re-assessed against appetite and tolerance levels. Target dates re-assessed, and action plans drafted to clearly identify action required in order to reduce the residual risk score by target date.
 - Quarterly updates to the Executive Team will commence in November 2024 to align with performance mode meetings. This will then inform any change of priorities for delivery mode to mitigate strategic risks.

- Risk management team have been working closely with Social Security Scotland's Project Management Office and Senior Leaders to support business priority planning for 2025-26.
 - We will continue working across organisational boundaries with Director General Communities to understand and align, where appropriate, strategic risks across the portfolio, based on clear understanding of respective roles, responsibilities and accountabilities. Work is also well advanced with the Department for Work and Pensions(DWP) to articulate and define cross cutting risks, to safely support the end of DWP devolution Unit and Social Security Programme in 2026.
- 6.2. BM commended the Risk team for the clear layout of the dashboards, and found the amendments helped inform the proposed actions within audit reports, as clear linkage could now be demonstrated. RF supported this and made comment on the improved working within the Risk Review Group which has been demonstrated.
- 6.3. LS asked if a deep dive on cyber security should be in plan for the next committee meeting. RF suggested deferring until after Business Planning activity had taken place at the Executive Advisory Body.
- 6.4. RF thanked LS and the Committee noted the update.

Action	LS	Revisit topic for Deep Dive for next committee meeting during December 2024
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7. Social Security Scotland Audit Recommendations Update

- 7.1. LS presented the Audit Recommendations update and noted the following:
- The Corporate Assurance Team continues to make progress in closing recommendations this quarter.
 - There are 15 open recommendations from 2022-23 with 11 of those proposed for closure and are awaiting a Follow Up Review by Internal Audit. Four remaining recommendations are currently at follow-up status and are expected to move to partially implemented.
 - There are 60 open recommendations for 2023-24 with 25 of the recommendations at proposed for closure status.
 - There are two partially implemented recommendations from 2022-23, which is a reduction of eight from the previous reporting period.
 - With new Business Plan initiatives in place, it is highlighting a number of audits are not progressing in line with expected timelines due to competing priorities.

- 7.2. BM asked if the aspiration for Continuous Improvement was for the deployment of a small team to aid completion of activities. DW explained that this is linked to transition.
- 7.3. NA asked if the Business Plan had impacted on the timelines, LS explained that the Business Plan and further discovery work had led to competing priorities, which had led to the impact on timelines, however this was being closely monitored through regular discussions.
- 7.4. RF thanked LS and the Committee noted the contents of the report.

8. Social Security Scotland Data Protection Annual Report.

8.1. GB presented the Data Protection Annual Report and noted the following:

- The paper sets out key findings from the annual report with detail provided to support each point. It also provides detail on the data protection assurance work carried out by the Data Protection and Information Governance team.
- The activity supports Social Security Scotland's Data Protection Officer with their responsibility to monitor Social Security Scotland's compliance with data protection legislation and policy.
- Findings from the assurance report shape activity by the Data Protection and Information Governance team to support Social Security Scotland to meet legal and policy obligations.
- Data sharing processing by other organisations on our behalf, the team are working closely with procurement, security and other areas to ensure assessments take place and there is a robust process in place.

8.2. RF commented that it is a comprehensive report and acknowledged the hard work undertaken. DW acknowledged the good contents and good culture of reporting. DW highlighted an observation relating to the protection of personal data, and the external pressure in sharing data within local authorities and health sector. This is directly linked to the Public Service Reform.

8.3. GB asked the Committee to confirm if this was the content expected moving forward. RF confirmed happy with content and would look to address this topic annually.

8.4. RF thanked GB and the Committee noted the contents of the report.

Action	MB	Add Data Protection Annual Report to committee agenda for Nov 2025
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9. Assessment of External Audit

- 9.1. RF positioned the purpose of the guide and its ability to support the evaluation of external audit. RF asked if anyone had any comments. DW responded confirming his satisfaction with the quality of external audit.

10. Any Other Business

- 10.1. No other business was recorded and RF concluded the meeting.

Date of next Meeting – 11 February 2025

Action (AP)	Detail	Owner	Due Date	Status
AP – 19/11/2024 - 01	Revisit topic for Deep Dive for next committee meeting during December 2024	LS	Next Meeting	ongoing
AP – 19/11/2024 - 02	Add Data Protection Annual Report to committee agenda for Nov 2025	MB/GE	Next Meeting	Complete