

Audit and Assurance Committee	
Date of Meeting	19 th November 2024
Subject	Internal Audit Progress Paper
Agenda No	3
Paper No	29.2a
Prepared By	Directorate for Internal Audit and Assurance
Purpose	Note

1. Background

1.1. Internal Audit Progress Report for comment and discussion

2. Key Points

2.1 Key points to note are:

- There have been some changes to the planned work for Quarter 3, ensuring our work remains focussed on areas of priority and/or risk for Social Security Scotland and adds the most value.
- Work is progressing on the 2024/25 plan. Details on progress with planned assurance activities is noted in the body of this paper.
- Advisory and Follow-up activity is ongoing. A summary of progress since the last Audit and Assurance Committee is also provided in the body of our report.

3. Conclusion

3.1 The Audit and Assurance Committee members are invited to note the range of activities undertaken by the Directorate for Internal Audit and Assurance since the previous meeting.

Directorate for Internal Audit and Assurance

Audit and Assurance Committee Progress Report

Social Security Scotland 2024-25

19th November 2024

Directorate for Internal Audit and Assurance

Issue Date: 11-11- 2024

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1. Progress Highlights

1.1.Key Messages

- Charts 1 and 2 show progress against plan for both Assurance and Follow up activities.
- Further details of Assurance work are provided in [Table 1](#).
- Details of Advisory work is provided in [Table 2](#).
- A summary of progress on the implementation of recommendations is provided in [Table 3](#).
- There have been some changes to the 2024/2025 plan, these have been detailed in [Table 4](#).
- The latest Internal Audit Strategic Matters, Integrated Assurance and Strategic Best Practice / insight sharing is provided in [Section 2](#).

Chart 1 - 2024/25 Assurance Activities

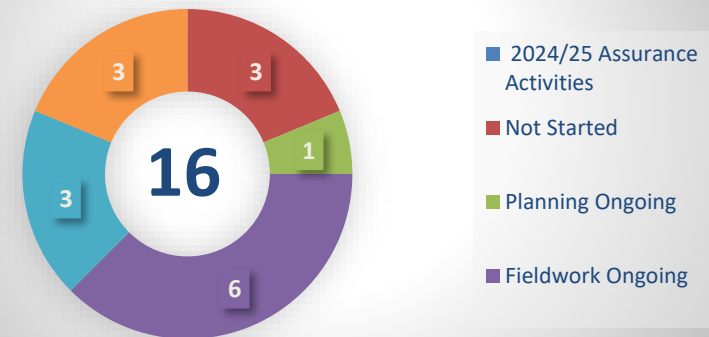
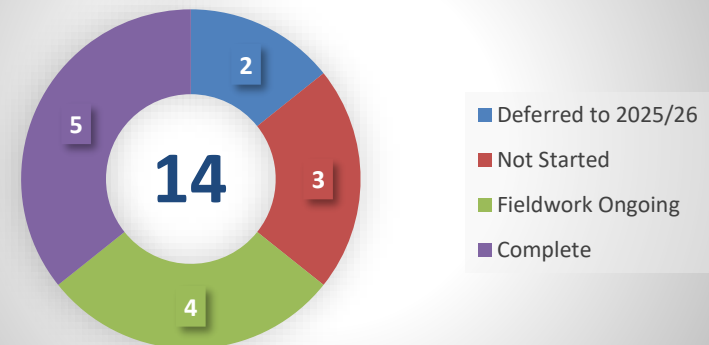


Chart 2: 2024/25 Follow Ups



2. Directorate for Internal Audit and Assurance Strategic Update

2.1. Internal Audit

- We are continuing our readiness activity ahead of the Global Internal Audit Standards (GIAS) coming into effect in January 2025. The Director of Internal Audit and Assurance recently attended the Scottish Government Non-Executive Director network to provide an update on some of the key elements of the standards – in particular Domain Three: Governing the Internal Audit Function which has most relevance to Audit Committee members. We are reviewing our Charter and Strategy to ensure they are aligned with the GIAS and will issue updated versions to SGAAC and public body Audit Committees early in 2025. We have also held a number of staff engagement sessions as part of readiness activity. We continue to liaise with EY as our co-source partner and other contacts across the private and public sector to share learning and good practice.
- The Internal Audit Standards Advisory Board (IASAB) has considered the content of the GIAS and has determined that the standards are applicable to the Internal Audit of UK public sector bodies, subject to some additional requirements and interpretations. Rather than issuing a parallel set of standards, the IASAB has developed an Application Note for the UK public sector setting out the interpretations and requirements. This was subject to consultation, which closed on 31 October 2024. The SG Lead Senior Internal Audit Manager has been directly involved in the IASAB discussion and review.
- As part of our DIAA integrated assurance offer, a significant focus of our work across the Directorate in 2023-24 and 2024-25 to date has been on Oracle readiness. Following successful go-live of Oracle in October, we are engaging with key contacts in the programme, corporate hub and across government to consider the programme of post-implementation assurance activity. We will keep shared service user clients updated on proposed future DIAA assurance activity. More broadly as we look ahead to 2025-26 planning, we will continue to develop our integrated assurance approach – ensuring

we deliver the right assurance, at the right time. As a reminder of our wider Directorate assurance offers, see attached (Annex A).

- The Chartered Institute of Internal Auditors (IIA) has released the new [Internal Audit Code of Practice](#) which comes into effect in January 2025. The Code is not directly applicable to public sector bodies – it applies to financial services, private and third sectors that have internal audit functions. The code aligns with the GIAS and serves as an industry benchmark to raise the bar of the profession across the UK and Ireland. It sets out 37 principles for managing an effective internal audit function. Therefore while it is not directly applicable to public sector internal audit, we will review as part of our readiness activity to ensure we adopt areas of good practice.
- Following discussion with key parties, including Audit Scotland colleagues and contacts at the IIA, we have postponed our mandatory External Quality Assessment to autumn 2025 in order that we can be assessed against the GIAS. Other organisations who had EQAs due in 2024/25 are taking similar approaches.

2.2. Digital Assurance Office (DAO)

There has been no change in the status of Digital Assurance activity for Social Security Scotland since our last update. However, a Project Register return has recently been supplied to the DAO which notes two new entries, so this status may change in the next period. Both new entries, along with the entry for Multi-Channel Contact Centre are marked as early scoping, therefore the DAO will work closely with the Project Leads as the scope of work is defined and provide advice if any digital assurance activities are required in due course.

Annex A Internal Audit Plan and Progress

The following tables provide an update on the progress of our Internal Audit work since the previous Audit and Assurance Committee.

Table 1 – 2024/2025 Assurance Work

Audit Title	Planned Quarter	Progress to Date	Comments
Client Services Delivery Compliance	All Year	Fieldwork Ongoing	Fieldwork is ongoing and testing outcomes are being reported to management monthly. A report will be produced at the end of the year and this will be shared with Audit and Assurance Committee members once agreed with management.
VFM - Fiscal Sustainability - Change - Savings Work	All Year	Fieldwork Ongoing	The scope of this review has been agreed with management. This audit is being considered as part of each review during the year. Targeted work is also being undertaken, as agreed with management.
Transition - Programme Closure	All Year	Fieldwork Ongoing	Fieldwork for this review is ongoing with this audit being considered as part of each review during the year. Targeted work will also be undertaken as agreed with management.
Data Sharing and Data Governance	1	Draft Report Issued	Fieldwork for this review is complete and the draft report was issued on 23 rd August 2024 The final report will be shared with members once agreed with management.
Electronic Purchase Card Usage	1	Final Report Issued	The final report was issued on 27 th September 2024 with a reasonable assurance opinion. Final report attached as Annex B.
Mailroom	1	Final Report Issued	The final report was issued on 30 th August 2024 with a limited assurance opinion. Final report attached as Annex C.

Audit Title	Planned Quarter	Progress to Date	Comments
Payments to GPs and Third Sector Organisations	1	Final Report Issued	The final report was issued on 11 th November 2024 with a limited assurance opinion. Final report attached as Annex D.
Complaints	2	Draft Report Issued	Fieldwork for this review is complete and the draft report was issued 11 th November 2024. The final report will be shared with members once agreed with management.
Learning and Development	2	Draft Report Issued	Fieldwork for this review is complete and the draft report was issued 11 th October 2024. The final report will be shared with members once agreed with management.
Governance – Portfolio Sponsor Arrangements	2/3	Fieldwork Ongoing	Fieldwork is currently ongoing for this review. The final report will be shared with members once agreed with management.
Performance Management	3	Fieldwork Ongoing	Planning has been undertaken and the fieldwork has commenced. The final report will be shared with members once agreed with management.
Quality	3	Fieldwork Ongoing	Planning has been undertaken and the fieldwork has commenced. The final report will be shared with members once agreed with management.
Business Continuity Resilience	3	Planning Ongoing	Planning is ongoing for this review with the draft Terms of Reference issued. Fieldwork will commence later this month. The final report will be shared with members once agreed with management.
Recruitment	4	Planning Scheduled	Planning for this review will commence shortly to allow delivery to commence early in January 2025

Audit Title	Planned Quarter	Progress to Date	Comments
Automation in Benefit Administration	4	Planning Scheduled	Planning for this review will commence shortly to allow delivery to commence early in 2025. The final report will be shared with members once agreed with management.
Case Reviews - Scheduled and Unscheduled	4	Planning Scheduled	Planning for this review will commence shortly to allow delivery to commence early in 2025. The final report will be shared with members once agreed with management.

Table 2 - Advisory Work

The main advisory work undertaken since the previous Audit and Assurance Committee is noted in the below table:

Advisory Title	Status	Outline of the Advisory Activity and its Status
Error Control Working Group	Ongoing	We continue to participate in the monthly Error Control Working Group set up by Social Security Scotland.
Internal Control Steering Group	Ongoing	We continue to participate in the monthly Internal Control Steering Group which has been established by Social Security Scotland as well as a sub-group which is now established.
Measurement/Estimation of Fraud and Error	Final Management Letter issued	Fieldwork is complete and a final management letter has been issued.
Protective Security	Fieldwork Complete	Fieldwork is now complete and outcomes from this are being captured in our management letter which will be shared with management in due course.

Advisory Title	Status	Outline of the Advisory Activity and its Status
Budget Setting Assumptions	Fieldwork Complete	Fieldwork is now complete and outcomes from this are being captured in our management letter which will be shared with management in due course.
Business Plan Initiatives	Fieldwork Ongoing	This advisory is focussed on the Project Management Office and reviewing their ways of working in relation to the Business Plan initiatives and the project management activities in operation to support the delivery of these.
3 Lines of Defence	Complete	Participation in focus groups and discussions in relation to work being undertaken by the Senior Internal Control Manager
Internal Investigations, Monitoring and Controls	Fieldwork Ongoing	We are reviewing the work undertaken by the team, the tools and technology and ways of working within the team as well as considering any future plans and objectives for the team and how this fits within the three lines of defence model.
Stakeholder Engagement	Planning Ongoing	This advisory review is focussed on identifying the various stakeholder engagement activities being undertaken across Social Security Scotland and the processes in place for capturing that engagement, identifying any actions from the engagement and how this is progressed/reported/escalated and the feedback mechanisms in place.
Assurance Gaps	Not Started	This piece of work will be done in conjunction with the Corporate Assurance Team with a view to identifying any significant gaps in the current assurance activities of Social Security Scotland.

Table 3 – Follow Ups

The following table is an overview of the follow up activity progress since the last Audit and Assurance Committee in March 2024.

Please note, our follow ups only focus on High and Medium priority recommendations.

Report Title	Recommendations	Progress to Date
Internal Controls - Post Award Controls	3 High 1 Medium	Fieldwork ongoing
Client Experience – Disability and Carers Benefits Re-determinations and Appeals	3 Medium 2 Low	Fieldwork ongoing
Case Transfers	5 High 2 Medium	Fieldwork ongoing
Governance	2 Medium 3 Low	Fieldwork ongoing
Continuous Improvement	1 High 3 Medium	Follow Up Deferred – due to changes with priorities and further work required to implement the agreed recommendations it has been requested by management that we delay the follow up until April 2025.
Winter Heating Benefits	2 High 3 Medium	Follow Up Scheduled
Safeguarding	4 High 4 Medium	Follow Up Deferred – due to changes with priorities and further work required to implement the agreed recommendations it has been requested by management that we delay the follow up until April 2025.

Report Title	Recommendations	Progress to Date
Risk Management	1 High 4 Medium 2 Low	Follow Up Scheduled

Table 4 – Changes to the Annual Internal Audit Plan since the last Audit and Assurance Committee

Activity Title	Estimated Budget Days	Activity Type	Outline of Scope from Audit Plan	Original Quarter	Revised Quarter	Comments
External Stakeholder Relations	10	Advisory	<p>This review was due to consider whether or not Social Security Scotland is ready to lead on relationship management with the Department for Work and Pensions (DWP) and other government departments.</p> <p>The Devolution Programme in the DWP currently is linked with colleagues in Social Security Directorate, but such engagement will need to continue beyond the life of the SSD as it currently exists.</p>	4	n/a	<p>This review has been cancelled at the request of management.</p> <p>It was anticipated that further progress would have been made with this activity, however as it currently stands the work has not progressed to a stage where our advisory input would add value at this time.</p>