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Directorate for Internal Audit and Assurance

Internal Audit Report

Social Security Scotland 2022-23

Client Experience Disability and Carers Benefits Redeterminations and Appeals

Directorate for Internal Audit and Assurance

Issue Date: 20-04-2023

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Report Distribution

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* Final Report only

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1. Introduction

1.1. Introduction

This internal audit review of Client Experience Disability and Carers Benefits Redeterminations and Appeals formed part of the Audit Plan agreed by the Accountable Officer and noted by the Audit and Assurance Committee on 25th March 2022. 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

The scope of this review was to evaluate and report on the controls in place to manage the risk surrounding Social Security Scotland’s Redetermination and Appeals arrangements for Disability and Carer’s Benefits.

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	3	2

Our review has identified three medium and two low level 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 while weaknesses had been identified, we confirmed that arrangements were in place to help improve processes. We would like to highlight the support by the team of Business Owners who help develop systems,

processes, and guidance for Client Experience by coordinating work with the Client Experience Team, Social Security Programme and Policy colleagues and Chief Digital Office colleagues in the live space to ensure that Client Experience needs are met. We note that some of the challenges faced by the Client Experience Team and Business Owners in relation to disability and carers benefits appeals and redeterminations policy and guidance are dealt with at the Programme level and therefore cannot be resolved by colleagues in the Client Experience team. While gaps may not be addressed due to competing pressures, availability of resources and dependency on Social Security Scotland to define operating models, we would like to highlight that Social Security Programme use a JIRA portal to manage emerging requirements, system defects and gaps in guidance and this feeds directly into the Single Prioritised Backlog that is being jointly developed to effectively prioritise efforts.

We also note that in order to avoid duplication of work, this report makes links to recommendations raised in the 2022 Client Experience Internal Audit report and recommendations in relation to Client Feedback and Unacceptable Actions.

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

No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
1	<p><u>Debt redetermination policy and process</u></p> <p>Issue: The service design routeway for debt redetermination policy for redetermination on an overpayment/underpayment decision which finds clients liable to repay, has not been developed. If a client requests this redetermination, Social Security Scotland cannot respond. There is no formal process for how clients can submit challenges when enforced deduction is applied as a recovery method for debt.</p> <p>Risk: A failure to establish policies, procedures and guidance leading to an inconsistent or ineffective</p>	<p>Management to liaise with Programme and Social Security Scotland Agency Leadership Team to address the gap of debt redetermination policy and process.</p>	<p>M</p>	<p>Response: Management accept the recommendation.</p> <p>Action: The intention is that Redetermination Appeal rights in relation to the recommendation will be added to the Social Security Scotland Bill 2024, work will progress after this to design and create processes Prior to this a tactical solution of an informal review process will provide the client the option to dispute liability.</p>	<p>Nov 2024</p>

No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
	<p>approach to delivery increasing the possibility that re-determinations and appeals will not be administered correctly resulting in incorrect decisions being made and could lead to incorrect payments being made impacting clients, financial resources, and Social Security Scotland reputation.</p>			<p>Action Owner: [Redacted]- Senior Business Owner [Redacted]- Service Manager [Redacted] Head of Client Experience, Business Resilience & Quality</p>	
2	<p><u>Business Owners tracker</u></p> <p>Issue: The Client Experience Team Work Tracker used by Business Owners to log the receipt of templates from Client Experience staff and track progress/updates in resolving/progressing issues to prevent future issues, was used inconsistently. Please see paragraph 3.2.6 for more information.</p> <p>Risk:</p>	<p>Business Owners to review the Client Experience Team Work Tracker to ensure that it is fit for purpose and that it is completed consistently as intended.</p>	L	<p>Response: Management accept this recommendation.</p> <p>Action: Business Owners will review and update the tracker to ensure it is compliant.</p> <p>Action Owner: [Redacted] Senior Business Owner</p>	August 2023

No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
	A failure to rectify issues resulting in incorrect decisions being made and could lead to incorrect payments being made impacting clients, financial resources and Social Security Scotland reputation.				
3	<p><u>Reporting</u></p> <p>Issue 1: Progress report to the Agency Leadership Team appeared to be lengthy and there is a risk that information is not being communicated effectively. Use of visual aids should be considered, and the team should agree the level of detail reported.</p> <p>Issue 2: The Client Experience team weekly data for Management Information booklet was manually populated.</p> <p>Risk:</p>	<p>a) The Client Experience team managers to confirm the level and style of reporting required with the Agency Leadership Team to ensure that information is communicated effectively, and use of visual aids is employed.</p> <p>b) Client Experience team should consider automating their weekly statistics database for Management Information booklet.</p>	L	<p>Response: Management accept both recommendations</p> <p>Action: (a) Reporting has now been amended to quarterly format with Senior Management presenting at Agency Leadership Team meeting. Format and visual aids in the presentation of this information are being review to ensure they meet requirements.</p>	<p>August 2023</p> <p>August 2023</p>

No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
	Insufficient, inaccurate or out of date management information relating to redeterminations and appeals, leading to ineffective reporting, resulting in inaccurate information being provided impacting decision making.			(b) Management will ensure this requirement is captured within wider agency work in relation to management information. Action Owner: [Redacted]- Head of Client Experience, Business Resilience & Quality	
4	<p><u>Training</u></p> <p>Issue 1: Our review recognised that while risks related to lack of training materials for disability and carers benefit appeals and redeterminations process are being addressed, this was not appropriately captured on the Client Experience risk register.</p> <p>Issue 2: While a Client Service Delivery Skills Matrix is in place and this includes a section for the Client</p>	<p>a) Risk related to lack of training materials for disability and carers benefit appeals and redeterminations should be appropriately captured on the Client Experience risk register.</p> <p>b) The Client Experience team should consider using the Client Service Delivery</p>	M	<p>Response: Management accept the recommendations</p> <p>Action: (a) Management will ensure that the risk related to lack of training materials is appropriately captured on the Client Experience risk register.</p>	June 2023

No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
	<p>Experience Team, this does not seem to be actively used by the Client Experience team as no information in relation to training has been captured for the team at the time of the fieldwork.</p> <p>Risk: [Redacted]</p>	<p>Skills Matrix to capture training and skillset of its existing members to allow for more flexible working when workload pressures arise and to be able to effectively address training/upskilling gaps.</p>		<p>(b) Client Experience Team information will be added to the Client Services Delivery Skills Matrix.</p> <p>Action Owner: [Redacted]- Head of Client Experience, Business Resilience & Quality</p>	<p>August 2023</p>
5	<p><u>Lessons Learned and Continuous Improvement</u></p> <p>Issue 1: While regular feedback reports are prepared by the Client Experience Team and shared with Adult Disability Payment and Child Disability Payment managers, we did not find evidence that would show how feedback and reports were used to drive improvement and prevent future redeterminations.</p> <p>Issue 2:</p>	<p>a) Management to review arrangements for:</p> <ul style="list-style-type: none"> • gathering internal lessons learned, feedback, • reporting on feedback on completed appeals and redeterminations; <p>and agree arrangements in place with Adult Disability Payment and Child Disability Payment managers to ensure that arrangements are fit for</p>	M	<p>Response: Management accept the recommendations</p> <p>Action: (a) Management will conduct some exploratory work with Operational leaders to understand how they use the lessons learned feedback.</p>	<p>August 2023</p>

No.	Issue & Risk	Recommendation	Priority	Management Response & Action Owner	Action Date
	<p>While it is good practice that Client Experience Team use excel spreadsheets to record quality checks, errors, issues and to record corrective action, our review found that these were not used as designed. More detail in paragraph 3.2.11.</p> <p>Risk [Redacted]</p>	<p>purpose, add value and help improve processes.</p> <p>b) Spreadsheets used by the Client Experience Team to record quality checks, errors, issues and corrective action should be reviewed and updated to ensure that these are fit for purpose and completed consistently. Management should also consider introducing a regular high level management review of spreadsheets to confirm these are completed and working as intended. Where spreadsheets are no longer in place, these should be made redundant.</p>		<p>Work will commence to establish a formal structure for feedback shared by Client Experience.</p> <p>(b) Reminders will be sent to all staff in relation to fully completing Quality Checking documentation.</p> <p>High level quarterly check of documentation will be introduced.</p> <p>Action owner: [Redacted]- Head of Client Experience, Business Resilience & Quality</p>	<p>August 2023</p>

3. Findings, Good Practice and Improvement Opportunities

3.1. Good Practice

Roles and responsibilities

3.1.1. The Client Experience Team updated its team structure in October 2022.

Responsibilities are separated into two distinct groups; “Low Income Benefit and Child Disability Payment” and “Appeals & Adult Disability Payment”. The team structure provides details of sub teams within each of these groups and their areas of responsibility. Job descriptions are also in place.

Policies, procedures and guidance

3.1.2. Internal Knowledge Hub contains guidance for redeterminations which is split by roles and responsibilities within the redeterminations process.

3.1.3. The Business Owners team has been established to provide a single point of co-ordination for Client Experience within Social Security Scotland and Programme. The Business Owners help develop the systems, processes and guidance for Client Experience by coordinating work with Programme and Chief Digital Office colleagues in the live space to ensure that Client Experience needs are met. There was an agreed approach for reporting issues to the Business Owners team (template) who seek resolution on behalf of the Client Experience Team.

3.1.4. Working groups are in place to help develop processes - a weekly Appeals Workshop is in place between Client Experience Business Owners, the Appeals Product Lead, Business Analyst, Content, Policy and Service Designer to work on the appeals process maps. Appeals Responses and Reviews Legal Directorate handoffs workshops were also taking place between the Client Experience Business Owners, Appeals Business Analyst, Content, Policy, Legal Directorate and Service Designer, to workshop lower-level detail within the appeals process.

- 3.1.5. We found examples of the Appeals team working closely with Legal, Policy, and Operation colleagues on more complex appeals, which suggests good channels of communication and staff do not arrive at decisions in isolation.
- 3.1.6. There are checklists in place to help guide Client Experience staff dealing with appeals and redeterminations and Client ID verification controls are built into the appeals and redetermination process.
- 3.1.7. The Appeals team prepare a monthly newsletter for educational and awareness purposes, which is shared with key stakeholders.

Training

- 3.1.8. While our review identified weaknesses around training for disability and carers benefit appeals and redeterminations, we would like to highlight the ongoing support by the Business Owners team for members of the Client Experience Team and good communication channels between the Learning and Leadership team and key stakeholders in the appeals and redeterminations process.
- 3.1.9. Our review found good practice where resources from the Client Experience team were used to support another team in Client Service Delivery with processing Adult Disability Payment decisions. This is positive in assurance terms as it benefits the Client Experience team's learning for processing Adult Disability redeterminations and appeals.

Quality assurance checks

- 3.1.10. There are 100% quality checks of all approved cases and 10% quality checks of denied cases, the results were recorded in a Team Quality checks tracker. We note the quality checking process is being reviewed as part of a wider agency working group which Client Experience is represented on.

Segregation of duties

- 3.1.11. Good practice where guidance clearly states that the Client Experience officer who was previously involved in redetermination cannot process an appeal of

the redetermination for the same client. This is captured on the Internal Knowledge Hub.

Future planning

3.1.12. There are weekly meetings between senior members of the Client Experience Team and members of the Business Owners team to discuss Live Running and Future Benefits. Trello board owned by the Client Experience Team is used to track actions.

3.1.13. Throughout our fieldwork, we found evidence that arrangements for appeals and redeterminations were future focused. For example, the Quality Assurance strategy recognised that while 100% checks are currently being done on all appeals, this will need to decrease when the number of appeals increases.

3.2. Improvement Opportunities

[Redacted]

Business Owners tracker

3.2.1. The Client Experience Team's Work Tracker used by Business Owners to log the receipt of templates from Client Experience staff and to track progress/updates in resolving/progressing issues did not always include information on how the request was resolved – some issues had references to Jira tickets, but some were left blank, saying that issues would be added to a Trello board. There were no references to Trello board to allow for an audit trail. [Recommendation 2](#)

Reports and Management Information

3.2.2. As highlighted in the previous Client Experience internal audit review, manual reporting remains an issue. However, we will not be raising a recommendation in this case as we are reviewing progress of management action from our

previous review as part of the audit follow up process (management action: Enhancements will be made to our IT systems to allow data to be produced automatically. When the system issues are resolved there will no longer be the need for manual data.)

- 3.2.3. A review of the Client Experience team weekly data for Management Information booklet found that it was manually populated. Where possible Management Information should be automated. When using spreadsheets good practice is to include formulae where practical and have audit checks within document. [Recommendation 3](#)
- 3.2.4. Progress report to the Agency Leadership Team appeared to be lengthy and there is a risk that information is not being communicated effectively. Use of visual aids should be considered and the team should agree the level of detail to be reported. [Recommendation 3](#)

Training

- 3.2.5. Training materials for the appeals and redeterminations process are being developed, however, risks associated with lack of training are not currently captured on the Client Experience Risk register and monitored. We note that we identified good practice at paras 3.09-3.11 above and while we recognise risks related to lack of training materials are being addressed, this should be appropriately captured on the Client Experience Risk register and monitored. [Recommendation 4](#)

Skills matrix

- 3.2.6. While a Client Service Delivery Skills Matrix is in place and includes the Client Experience Team, this does not appear to be actively used by the Client Experience team, there was no information in relation to training captured for the team at the time of our review. Our view is that the Client Experience team should tap into the resource to capture training and skillset of its existing members to allow for more flexible working when workload pressures arise and to address training/upskilling gaps. [Recommendation 4](#)

Lessons learned and continuous improvement

3.2.7. While regular feedback reports are prepared by the Client Experience Team and shared with Adult Disability Payment and Child Disability Payment managers, we did not find evidence that would show how feedback and reports are used to drive improvement and prevent future redeterminations. We note that this was highlighted as an issue in the previous Client Experience audit. (Audit rec: Management should make improvements to the process for lessons learned and seek assurances that actions are being taken for issues identified). While roles and responsibilities for continuous improvement in the Client Experience team have been allocated, no output has been produced by this group. [Recommendation 5](#)

Spreadsheets

3.2.8. While it is good practice that Client Experience Team use excel spreadsheets to record quality checks, errors, issues and corrective action, our review found that these were not used as designed. E.g., in the redeterminations tab, columns for Errors and Continuous improvement were not being filled in consistently. Furthermore, the tab for B3 letter checks and the column for continuous improvement and action taken, were not used correctly, where managers recorded type of error rather than the corrective action taken. We were not made aware of an overall management review that would ensure that spreadsheets are completed and working as intended. Where spreadsheets are no longer in place, these should be made redundant. [Recommendation 5](#)

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 2022-23

Client Experience Disability and Carers Benefits Redeterminations and Appeals

Directorate for Internal Audit and Assurance

Issue Date: 2-11-2022



Key Audit Contacts

Audit Year:	2022-23
Client Accountable Officer:	David Wallace, Chief Executive
Client Audit Contact(s):	[Redacted] Head of Operational Capability and Transition; [Redacted] Head of Client Experience and Business Support [Redacted] Operations Support Lead; [Redacted] Client Experience Lead; [Redacted] Client Services Delivery Support Senior Officer; [Redacted] Client Experience Manager; [Redacted] Client Experience Lead; [Redacted] Client Experience Manager; [Redacted] Appeals Manager; [Redacted], Senior Business Owner; [Redacted] Social Security Directorate Service Manager
Lead Senior Internal Audit Manager:	[Redacted]
Internal Audit Manager:	[Redacted]
Internal Auditor	[Redacted]

Estimated Reporting Timescale

Fieldwork Starts:	November 2022
Fieldwork Ends:	End November 2022
Draft Report Issued:	December 2022
Final Report Issued:	January 2022
Estimated Resource Days:	30

1. Introduction

- 1.1. This review forms part of our planned audit coverage set out in our Annual Internal Audit plan issued on 25 March 2022 and agreed by the Accountable Officer and noted by the Audit and Assurance Committee.
- 1.2. To aide understanding it is important to clearly set out the relationship between Social Security Scotland and the Social Security Directorate (Programme). Programme, using agile methodology, designs and builds the new Scottish social security system and is delivering the components on an incremental day by day basis. As such Minimal Viable Products for policies, systems and processes for each benefit are built by Programme, and then handed to Social Security Scotland to deliver. It is then the responsibility of Social Security Scotland to develop these as appropriate to make them fit for purpose and reflecting actual processes and controls in place.
- 1.3. This review will focus on the arrangements for re-determinations and appeals in relation to the new disability and carer’s benefits (Child Disability Payment and Adult Disability Payment).
- 1.4. The Social Security Scotland Strategic Risk Register includes the following risks related to this review:

[Redacted]

IF policy development and associated service design does not progress timeously THEN we could receive a request for a redetermination relating to a debt determination without application for which there is no clear guidance and robustly tested process in place RESULTING IN failure to meet our statutory timescales for redetermination completion with associated reputational damage for the organisation, increases in both client complaints and appeals, and potential for illegal actions or misalignment with policy intent.

- 1.5. We held a planning meeting on with key contacts to discuss this audit and the proposed scope of our review.
- 1.6. Our key risks below have been developed through these discussions and our knowledge of Social Security Scotland and its objectives.

2. Scope

2.1. To evaluate and report on the controls in place to manage the risk surrounding Social Security Scotland’s Re-determination and Appeals arrangements for Disability and Carer’s Benefits.

Remit Item 1 – Governance

2.2. To review governance arrangements in relation to Re-determinations and Appeals to confirm that these are sufficient to support delivery consistently and effectively.

Key Risks:

- Roles and responsibilities in relation to re-determinations and appeals have not been clarified and communicated resulting in gaps in delivery and weaknesses in relation to responsibility and accountability.
- A failure to establish policies, procedures and guidance leading to an inconsistent or ineffective approach to delivery increasing the possibility that re-determinations and appeals will not be administered correctly resulting in incorrect decisions being made and could lead to incorrect payments being made impacting clients, financial resources and Social Security Scotland reputation.
- Ineffective training for staff and poor communication of guidance and processes leading to lack of staff knowledge and an inability to undertake re-determinations and appeals accurately and in compliance with guidance, resulting in poor quality, diminished service levels, financial loss and reputational damage
- Insufficient, inaccurate or out of date management information relating to re-determinations and appeals, leading to ineffective reporting, resulting in inaccurate information being provided impacting decision making.

Remit Item 2 – Processes and Controls

2.3. To assess the processes and controls in place for the administration of re-determinations and appeals and assess for efficiency and effectiveness. This includes consideration of how applications are received, the processing of applications to determine eligibility, how payments are authorised and processed, arrangements for payment exceptions, arrangements for reviews and management information and reporting.

Key Risks:

- Social Security Scotland encountering financial loss and reputational damage due to:
 - Incorrect decisions being made, resulting in
 - benefits being paid to individuals who are not eligible or
 - benefits not being paid to individuals who are eligible.
 - Incorrect amounts being paid.
- Systems, tools and processes required for re-determinations and appeals are insufficient or inefficient leading to:
 - Requirement for increased resources to process re-determinations and appeals;
 - Delays in decision making and an inability to achieve target timescales;
- Processes and controls being circumvented leading to instances of fraud or error.
- Decisions being made without the required approval checks and authorisation.
- [Redacted]

Remit Item 3 – Sustainability for Future Needs

2.4. To assess whether the current arrangements and planned improvements will ensure that the guidance, systems, processes and controls in relations to re-determinations and appeals are sufficient and meet the future needs of Social Security Scotland.

Key Risks:

- Current actions to develop/improve the systems, processes and controls in relation to re-determinations and appeals are not focussed on the main issues

and will not deliver what is required by Social Security Scotland resulting in ineffective products delivered and an inability to deliver services efficiently and effectively in the future.

- Insufficient arrangements to learn from completed re-determinations and appeals and share the detail of these with other relevant stakeholders to aid learning and improved processes and controls and ensure appropriate action can be taken.

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