

Audit and Assurance Committee - Attendance

Meeting Date	Tuesday, 13 May 2025, 10:00 – 13:00, by Hybrid (Glasgow 5.1) / Microsoft Teams	
Members	Non-Executive Member Non-Executive Member Non-Executive Member Chief Executive, Accountable Officer Deputy Director, Finance and Corporate Services Head of Fraud and Error Resolution Head of Strategy and Corporate Support Risk and Assurance Team Leader Corporate Assurance Manager Senior Internal Audit Manager Internal Audit Manager Audit Scotland Director Audit Scotland Head of Finance Financial Reporting and Planning Lead Benefit Expenditure and Debt Finance Lead Risk Team Manager	Chair – Russell Frith (RF) Barry Matheson (BM) Naghat Ahmed (NA) David Wallace (DW) Stephanie Devenny (SD) MF DP LS MB LC PM PG MM NB (Item 3) MW (Item 3) MMc (Item 3) SM (Item 7)
Apologies	Deputy Director, Disability Operations Audit Scotland Head of Business Support for the Chief Executive and Chief Operating Officer	GD PM AO
Secretariat	Corporate Assurance	GE

Audit and Assurance Committee - Discussion

Item	Subject	Main points of discussion
1.	Welcome and Conflicts of Interest	<p>1.1. The Chair welcomed and thanked everyone for their attendance and noted the apologies as listed above.</p> <p>1.2. No potential conflicts of interest were noted.</p>
2.	Minutes and Action Tracker	<p>2.1. The minutes from the February 2025 Audit and Assurance Committee meeting have been agreed and are awaiting publication.</p> <p>2.2. All actions are complete.</p>
3.	Social Security Scotland Finance Update and 2024-25 Accounting Policies Approach	<p>3.1. MW and MMC provided a verbal Finance update and advised of the following:</p> <ul style="list-style-type: none"> • An update on 2024-25 provisional outturn was given on Operating Costs and Benefit Expenditure. <p>3.2. DW commended the Finance team for their efforts this year. The Committee revisited an issue from the previous year and discussed how ongoing engagement with the Department for Work and Pensions will help prevent a recurrence.</p> <p>3.3. MW presented the draft Summary of Accounting Policies and advised of the following:</p> <ul style="list-style-type: none"> • Finance has completed a review of policies, with no significant changes made. A breakdown of amendments was provided. • Policies will remain under review as the Annual Report and Accounts is prepared. <p>3.4. RF and the Committee wished NB a happy retirement. NB has been a valued member of the Audit and Assurance Committee, contributing since its inception.</p>
4.	Audit Scotland 2024-25 Financial Year Update	<p>4.1. MM provided a verbal Audit Scotland update and advised of the following:</p>

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		<ul style="list-style-type: none"> • Key financial systems have been reviewed, and early testing of benefit expenditure has been completed. Work is progressing well, with onsite engagement in Dundee and Glasgow. • A control issue was noted regarding there being no regular review of user's access rights to the SPM or Oracle systems. The interim review of the general IT controls this year found that progress has been made but further work is required. An update will be included in the Annual Audit Report. • As part of the wider scope audit work, the findings from the recent digital maturity assessment will be reviewed. • Audit Scotland is seeking to gain assurance from the work undertaken by Internal Audit as part of their Compliance Review report. This is particularly relevant to the benefits sampling exercise, with the aim of avoiding duplication in this area. • The Adult Disability Payment performance audit report will be shared with Social Security Scotland during the clearance process. The final report is due September 2025 and Audit Scotland are on track. <p>4.2. Members discussed Internal Audit recommendations and deadline dates from the Role Based Access Controls Audit Report, which highlighted SPM controls.</p>
5.	Directorate for Internal Audit and Assurance Update	<p>5.1. LC presented the Directorate for Internal Audit and Assurance update and noted the following:</p> <ul style="list-style-type: none"> • A progress update on the 2024-25 Audit Plan. Work is progressing on the remaining audits and the annual assurance report will be updated once finalised. • A breakdown of supporting papers was provided <p>5.2. PM presented the three final Internal Audit reports, this included the assurance ratings, a breakdown of recommendations and findings:</p> <ul style="list-style-type: none"> • Quality – Reasonable. • Performance Management – Reasonable.

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		<ul style="list-style-type: none"> Client Services Delivery Compliance – Reasonable. <p>5.3. The Committee discussed the Performance Framework and its current status. It was advised that the framework is in the final stages of drafting as it was identified last year as a Business Plan priority.</p> <p>5.4. BM sought clarity on the relationship between the Quality Team and Fraud and Error Resolution. It was advised that Fraud and Error supports quality through error identification and root cause analysis. Efforts between the teams are ongoing to strengthen relationships and clarify accountability. It was noted that the Quality Framework will help define roles once finalised.</p>
6.	Draft Internal Audit Annual Assurance Opinion 2024-25	<p>6.1. LC presented the Draft Internal Audit Annual Assurance Opinion for 2024-25 noted the following:</p> <ul style="list-style-type: none"> Internal Audit is providing a “Reasonable” assurance on Social Security Scotland’s risk management, governance and control arrangements. Outcomes from reports, follow up reviews and advisory activities all help inform the assurance opinion. The assurance rating is in draft due to outstanding 2024-25 Internal Audit reviews and awaiting the annual assurance opinion on Scottish Government Corporate Systems. <p>6.2. The final annual assurance opinion will be updated and shared at the next Audit and Assurance Committee meeting.</p>
7.	Social Security Scotland Risk Management Update	<p>7.1 SM presented the Risk Management Update and noted the following:</p> <ul style="list-style-type: none"> Quality, Management Information, and Data Protection have moved to a “tolerate” position. These will be reviewed by July. Two new risks are emerging and are currently being drafted for the Strategic Risk Register, these are financial sustainability and the replacement payment platform. Prior to adding, these will be assessed by the Executive Team.

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		<ul style="list-style-type: none"> The Mailroom risk has been de-escalated from the Strategic Risk Register and broken down into smaller, project level risks. Risks have been identified by the Director General and added to the Director General Community Risk Register. We are working with the Director General's office to ensure our assessment of these risks is accurately reflected. <p>7.2. The Committee discussed risks that are currently being tolerated. SM advised that the Risk team conducts deep dives with action owners to capture information for the Risk Registers. RF requested that, where risks are tolerated on the dashboards, the reason for tolerating them should be clearly stated.</p> <p>7.3. The Committee discussed the risks on the Director General Community Risk Register and the escalation process. At present, there are no risks that the Audit and Assurance Committee wishes to escalate. The Corporate Assurance Team will consider inviting representatives from the Director General's office to attend a future Audit and Assurance Committee meeting to support understanding of Social Security Scotland's assurance and risk landscape.</p>
8.	Social Security Scotland - Fraud and Error Resolution Annual Report 2024-25	<p>8.1 MF presented the Social Security Scotland Fraud and Error Resolution Annual Report 2024-25 and noted the following:</p> <ul style="list-style-type: none"> A key theme across all three areas was increased performance and outputs in response to rising demand which was expected. The team completed twice as many debt referrals compared to 2023 and inbound payments tripled. Enforced deductions and write-offs were discussed. The first appeal has been submitted to the Tribunal and will be heard later this year. <p>8.2. The Committee discussed the performance of the Data Layer. MF advised that recent releases are building on strong foundations, which will continue to deliver value to the team. Ongoing collaboration with colleagues from Analysis and Insights was noted as a significant step forward that will support the team's work. Investment in this area was also discussed.</p>

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9.	Audit Recommendations Update	<p>9.1. LS presented the Audit Recommendations Update and noted the following:</p> <ul style="list-style-type: none"> • There are 89 open recommendations with 48 proposed for closure. Partially implemented recommendations continue to be tracked. • The Corporate Assurance team is working with recommendation owners to gather evidence and make the follow up review process more efficient. • Ongoing engagement with action owners ensures that recommendations remain relevant. Where risks are tolerated, the Risk team is informed to ensure appropriate documentation. • Limited follow-up reports will be shared with Non-Executive Members. The Deputy Director will be invited to attend the Audit and Assurance Committee. The first follow up report to meet this criteria, Child Disability Payment, will be presented at the September 2025 meeting. <p>9.2. The Committee discussed the progression of Safeguarding recommendations and requested further information on Strategic Solutions. Gayle Devlin, Deputy Director Operation, will be invited to the September 2025 Audit and Assurance Committee meeting to discuss.</p> <p>9.3. RF requested that, where recommendations are tolerated in future audit reports, the reason for tolerating them should be included within the Audit recommendation report.</p> <p>9.4. MB provided an update on SPM Controls, following discussions during the Internal Audit update.</p>
10.	Social Security Scotland Register of Compliance Update	<p>10.1. LS presented the Register of Compliance update and noted the following:</p> <ul style="list-style-type: none"> • As part of the 2023-24 Governance Internal Audit review the Corporate Assurance team was tasked with establishing a defined process to ensure proper maintenance of the Register of Compliance. • The Corporate Assurance team now have a more robust system to gather information from Scottish Government Legal Directorate and other Government Forums. <p>10.2. Specific areas of concern were highlighted to the Committee's attention. This included:</p>

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		<ul style="list-style-type: none"> Website cookie expiration under the Privacy and Electronic Communications Regulations 2023. Compliance with the Website and Mobile Applications Accessibility Regulations 2018 Reporting requirements for Wildlife and Natural Environment (Scotland) Act 2011. <p>10.3. The Committee thanked LS for the positive work on the Register of Compliance.</p>
11.	Draft Audit and Assurance Committee Annual Report 2024-25	<p>11.1. The Chair presented the draft Audit and Assurance Committee Annual Report for 2024-25 and advised that it remains in draft form. The report will be updated ahead of the Annual Report and Accounts sign-off in September 2025.</p> <p>11.2. No amendments were requested.</p>
12.	Any Other Business	<p>12.1. No other business was recorded and RF concluded the meeting</p>

Audit and Assurance Committee - Actions

Action	Description	Owner	Status
Action 1	The final annual assurance opinion will be updated and shared at the next Audit and Assurance Committee meeting	Internal Audit	Open
Action 2	RF requested that, where risks are tolerated on the dashboards, the reason for tolerating them should be clearly stated.	Risk	Open
Action 3	Limited follow-up reports will be shared with Non-Executive Members. The first follow up report to meet this criteria, Child Disability Payment, will be presented at the September 2025 meeting with Deputy Director Gayle Devlin invited.	Corporate Assurance	Open
Action 4	Where recommendations are tolerated in future audit reports, the reason for tolerating them should be included within the Audit recommendation report	Corporate Assurance	Open