



Audit and Assurance Committee

Date of Meeting	Tuesday 21 September 2021
Time	10:15 – 12:30
Location	Video Conference – Microsoft Teams

Attendees

Present

Non-Executive Members

Russell Frith (RF)	Chair, Non-Executive Member
Douglas Hutchens (DH)	Non-Executive Body Member
Elaine Noad (EN)	Non-Executive Body Member

Social Security Scotland

David Wallace (DW)	Accountable Officer, Chief Executive
CB	Organisational Strategy, Operational Policy and Corporate Assurance
MF	Head of Fraud and Error Resolution
NB	Head of Finance
JC	Corporate Assurance Lead
SM	Risk Manager (Item 3)
BG	Head of People Services (Item 5)
GH	Senior Business Partner
AS	Head of Change Management (Item 9)
JG	Strategic Transition Lead (Item 9)

Audit Scotland

FI	Senior Auditor
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PG Senior Audit Manager

CG Audit Director

Internal Audit Directorate, Scottish Government

IB Senior Internal Auditor

LS Internal Auditor

JD Internal Auditor

Secretariat 1 Assistant Governance Manager

Secretariat 2 Corporate Assurance Manager

Apologies

Miriam Craven (MC) Deputy Director for Strategy, Change, Data and Engagement

James Wallace (JW) Deputy Director of Finance and Corporate Services

Jessica Burns (JB) Non-Executives Member

Observers

HE Risk Co-ordinator

NC Risk Co-ordinator

MB Corporate Assurance Manager

SO DG Communities Business Support

JT Business Support Manager

CP Head of Error Control and Debt Management

GH Senior Business Partner

Naghat Ahmed (NA) Non-Executives Member (Observing one session before joining as a member)



1. Welcome and Conflicts of Interest

- 1.1. The Chair welcomed everyone to the meeting and noted apologies as listed above.
- 1.2. The Chair welcomed the observers to the meeting as noted above.
- 1.3. DH declared an Internal Audit interest. DH is currently involved in on-boarding training and noted for record in the minutes.

2. Minutes and Action Tracker

- 2.1. The Audit and Assurance Committee endorsed the minutes of the meeting on the 18 May 2021. All actions within the tracker have been updated.

3. Social Security Scotland Risk Management Update

- 3.1. SM provided an update of risk management activity since the last meeting on the 18 May 2021;
 - An update on the Strategic Risk Register and the significant updates since the last Audit and Assurance Committee on the 18 May 2021
 - An overview of our response to the recommendations from the Risk Management Review to date
 - Update from the Risk Review Group
- 3.2. SM noted the Risk Framework is complete and will be published in the Audit and Assurance Committee report in November. Work is underway to develop principle risks which will define the combination of risks that effect the organisation. The current draft will be presented to the Risk Review Group then a further draft to the Audit and Assurance Committee in November.
- 3.3. The Chair invited the Audit and Assurance Committee to consider allocating 30 minutes a month to support the Risk Management function in relation to EY recommendations prior to presenting quarterly update. Non-Executive members to consider who will best support the Risk Management Function.
- 3.4. The Chair queried how we envisage the link between Principle Risks and Strategic Risks – SM advised the Risk Team consider the Corporate Plan, Business Plans, People Plan and have developed key areas and used defined statements to manage risk.



- 3.5. The Chair invited the Audit and Assurance Committee to note the content of the report and advise our approach to the prioritisation of the recommendations from the Risk Management Review. The Committee noted the report.

Action	Secretariat 2	Non-Executive members to consider who will best support the Risk Management Function.
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4. Social Security Scotland Error, Fraud and Debt Update - Annual Report

- 4.1. MF presented the Social Security Scotland Error, Fraud and Debt update – Quarter 1.

MF noted the following:

- The report is now split in to two sections, Counter Fraud and Error Control and Debt Management due to the creation of the two distinct branches within the Fraud and Error Resolution Unit.
- The core focus of work during Quarter 1 of 2021-22 has been on preparatory work for the launch of Child Disability Payment as well as actively managing operational issues associated with error correction work. Also prioritising Best Start Food underpayment errors.
- The report also provides a forward look to items of note which will be undertaken in Quarter 2.
- Work is underway with the Learning and Development Team to provide tactical recovery plans to reduce error corrections referrals. MF advised an early analysis of a new technical solution to prevent instances of duplicate payments in respect of the same child will be brought to the November Audit and Assurance Committee meeting.
- Analysis of corrected errors are being used to inform continuous improvement activities;
- Our first analysis of fraud and error risk associated with the design for Disability Payments (both Child and Adult) is nearing completion;
- Preparatory work for counter fraud covert operations is underway, and we have received the report of findings from our second inspection by the Investigatory Power Commissioner's Office; and
- Preparations are underway for the temporary suspension of proactive debt recovery work due to the Covid pandemic coming to an end on 1 October 2021.

- 4.2. The Chair thanked MF for a very helpful report.

- 4.3. The Committee welcomed and noted the report, associated risks and progress made.

Action	MF	Early analysis of a new technical control to prevent duplicate payments in respect of the same child is to be
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brought to the Audit and Assurance Committee meeting on the 9 November 2021.

5. Social Security Scotland Financial Update

- 5.1. NB was pleased to present the Social Security Scotland Financial Update. The report showed financial results to end of June 2021.
- 5.2. A mid-year review is being undertaken, taking into account the further planned recruitment, to confirm what we will require as a budget for this year and allow surplus budget to be returned to Scottish Government..
- 5.3. RF asked how the financial position has changed since June and NB noted that there are further amounts that can be returned to Scottish Government.
- 5.4. The committee noted the content of the report.

6. Audit Scotland Update and Management Report

- 6.1. PM provided the Audit Scotland Update, stating the bulk of work in Finance Statement Audit completed. Auditing summary from audit office is on track to sign off report and accounts on 22nd October 2021.
- 6.2. PM stated Audit Scotland's audit opinion proposes a Regularity Qualification on benefits administered on Social Security Scotland's behalf by Department for Work and Pensions, due to overpayment levels. In previous years a Section 22 report to Parliament has been produced. A decision is yet to be made by the Auditor General if this report will be prepared.
- 6.3. Performance Audit plan to complete a section 23 report next spring, this will be on programme implementation exploring alternative outputs in blog/briefing to signpost findings from the audit report.
- 6.4. RF asked if are there any signification outstanding items. PM confirmed there are none as the Audited Financial Summary arrived on the 20 September 2021.

7. Internal Audit Directorate Update

- 7.1. IB provided the Directorate for Internal Audit and Assurance progress report and noted the following:
 - Focus of the paper is on Internal Audit work but the integrated assurance approach is continuing to be developed including increasing involvement of Digital Assurance Office.



- While no final reports were presented progress of reviews is set out in the paper. Quarter 1 work focussed on set up and progress of annual reviews and Quarter 2 draft reports have been issued with planning for quarter 3 work underway. Significant element of follow up work has been undertaken.
 - Completion of the full audit plan by end of the financial year is still on target.
 - There are no emerging issues from current work that required to be raised with the Audit and Assurance Committee..
- 7.2. RF noted the speed to which follow up reviews are being completed and more recommendations have been implemented. IB confirmed realistic dates are being confirmed by management as a result and are seeing positive outcomes.
- 7.3. EN suggested the workforce planning review is brought forward to Quarter 3.
- 7.4. The committee noted the contents of the report.

Action	Corporate Assurance	To discuss with Workforce Planning Lead bringing the Workforce Planning review forward to Quarter 3.
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8. Social Security Scotland Audit and Assurance Committee Annual Report

- 8.1 RF confirmed the report was finalised in November and opened floor to any questions.
- 8.2. DH asked to tabulate meeting dates and attendees in report.
- 8.3. EN stated the Audit recommendations layout and updates are very helpful, easier to track and layout of report has improved.
- 8.4. The committee noted the content of the report

Action	Corporate Assurance	To tabulate meeting dates and attendees in final version of the report.
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9. Social Security Scotland Transition Planning

- 9.1. AS provided the Audit and Assurance Committee with an overview of the Transition Planning Project including the:
- Objectives
 - Approach



- Governance and
 - Key challenges and planned mitigations.
- 9.2. AS advised the transition is a process that ensures that the Social Security Programme handover full accountability and responsibility of benefits and their supporting services at the point where Social Security Scotland are ready to accept them
- 9.3. AS advised Social Security Programme is in place to design the benefits and their supporting cross cutting services with Social Security Scotland implementing the live running. AS noted the Transition Project was created to ensure full responsibility and support was transitioned and accepted into Social Security Scotland by Social Security Programme.
- 9.4. AS noted a transition senior project group has been established, their main role being to track and monitor the individual projects included in the transition planning project. The Project structure ensures robust governance over each transition ensuring early visibility of emerging risks, issues and challenges and provides assurance over activities. At present one project has been closed and three are nearer closure.
- 9.5. JM highlighted building robust communication plans to ensure everyone has joint understanding of Social Security Programme and Social Security Scotland.
- 9.6. JM noted people, and capacity planning will need to be considered carefully. Social Security Programme has aggressive timelines, the programme cannot slow down its ministerial commitments and Social Security Scotland is ever growing at a fast pace.
- 9.7. AS asked the committee to note the content of this overview and provide advice on the approach to Transition Planning. AS discussed a number of deep dive workshops taking place to consider the Transition approach.
- 9.8. The committee noted it would be useful to discuss the project further in an informal deep-dive session.

Action	Secretariat 2	To schedule a Transition Planning deep-dive session.
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10. Any Other Business

- 10.1. The Chair noted the Social Security Scotland Report of Inspection Findings – Investigatory Powers Commissioner’s Office and Audit Recommendations Update, submitted as a below the line paper.



10.2. Thanks were expressed to Social Security Scotland colleagues, Internal Audit and Audit Scotland for the work completed for today's meeting.

10.3. No other business was recorded.

Date of next Meeting – 19 October 2021

Action(AP)/Decision(DP)	Detail	Owner	Due Date	Status
AP – 21/09/2021 - 01	Non-Executive members to consider who will best support the Risk Management Function.	Secretariat 2	9 November 2021	
AP – 21/09/2021 - 02	Early analysis of the technical solution is to be brought to the Audit and Assurance Committee meeting on the 9 November 2021.	MF	9 November 2021	
AP – 21/09/2021 - 03	To discuss with Workforce Planning Lead bringing the Workforce Planning review forward to Quarter 3.	Corporate Assurance	9 November 2021	
AP – 21/09/2021 – 04	To tabulate meeting dates and attendees in final version of the report.	Corporate Assurance	9 November 2021	

Action(AP)/Decision(DP)	Detail	Owner	Due Date	Status
AP – 21/09/2021 – 05	To schedule a Transition Planning deep-dive session	Secretariat 2	9 November 2021	