



Audit and Assurance Committee

Date of Meeting	29 August 2023
Time	10:00 – 12:30
Location	Video Conference – Virtual Only

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
James Wallace (JW)	Deputy Director Finance and Corporate Services
LS	Risk and Assurance Team Leader
DP	Head of Strategy and Corporate Support
MF	Head of Fraud and Error Resolution
SM	Risk Team Manager
NB	Head of Finance
MB	Corporate Assurance Manager
RM	Finance Business Partner
JC	Business Resilience Lead

Internal Audit

IB	Lead Senior Internal Audit Manager
LS(2)	Internal Audit Manager

Audit Scotland

LD	Audit Scotland
MM	Audit Scotland

Secretariat

GE	Corporate Assurance Coordinator
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Apologies

Gayle Devlin (GD)	Deputy Director Health and Social Care
Ally MacPhail (AM)	Deputy Director Organisational Strategy and Performance
Jennifer Inglis-Jones	Director of Internal Audit and Assurance
SG	Corporate Finance Lead
MH	Internal Auditor
PM	Audit Scotland

1. Welcome and Conflicts of Interest.

- 1.1. The Chair welcomed everyone to the meeting and noted the apologies as listed above.
- 1.2. Jennifer Inglis-Jones, who was unable to attend today's meeting, will be reinvited to the November 2023 meeting.
- 1.3. No conflicts of interest were noted.

Action	GE	Invite Jennifer Inglis-Jones to the November 2023 Audit and Assurance Committee
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2. Minutes and Action Tracker.

- 2.1. The minutes from the May 2023 Audit and Assurance Committee have been agreed and are awaiting publication.
- 2.2. All the actions from the May 2023 meeting are complete.

3. Internal Audit Directorate Update.

- 3.1. IB presented the Directorate for Internal Audit and Assurance update and noted the following:
 - All reports from the 2022-23 Audit Plan have been issued.
 - The 2023-24 Audit Plan is progressing as expected. Planning for quarter three has commenced and follow-up work is progressing well.
 - Key themes are being identified and shared across all clients from wider Directorate assurance activity. This is allowing senior leaders to identify if anything is applicable to them.



- The Digital Assurance Office work for Social Security Scotland is still fairly limited, discussions are continuing regarding the Best Start Food continuous improvement project.
 - IB will be moving to a new role which will result in a new Senior Internal Audit Manager being allocated to Social Security Scotland.
- 3.2. LS(2) presented the four final Internal Audit reports, the assurance ratings and a breakdown of the recommendations:
- Local Delivery – Reasonable assurance.
 - Case Transfers – Limited assurance.
 - Review of Staff Health and Safety and Wellbeing – Substantial assurance.
 - Winter Heating Payment – Reasonable assurance.
- 3.3. DW asked for clarity around the sole recommendation in the Local Delivery review. MF provided an explanation that work is ongoing with policy and a report explaining the reasoning will be provided to the Executive Team.
- 3.4. RF queried the 2025 implementation dates for Case Transfers. LS will liaise with the recommendation owners in Client Services Delivery and provide reasoning.
- 3.5. BM inquired about Social Security Scotland’s confidence in their minimum viable product. DW advised that work is ongoing to meet the expectations of our clients.
- 3.6. The Committee expressed its appreciation to IB for the five years of service provided to Social Security Scotland.
- 3.7. The Chair thanked IB and LS(2) and the Committee noted the contents of the report.

Action	LS	Provide reasoning regarding Case Transfers 2025 implementation dates to RF.
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4. Finance Update.

- 4.1. NB provided the committee with an update on Social Security Scotland’s financial results from quarter one:
- Tracking is as expected, on all lines of expenditure.
 - Unbudgeted Transition expenditure of around £7.2 million is now expected during the year which is likely to necessitate using some of the priority investment funds set aside in the budget.
- 4.2. RF asked about the long-term impact of transition on the budget. NB advised we have identified this year’s items that will transition and work is ongoing with Social Security Programme. When Social Security Programme closes this will add more to Social Security Scotland’s expenditure.



- 4.3. JW continued on the subject of transition, advising the Committee we are aware of the risk. Specific resources to understand the real costs have been put in place where we can, as there is a risk of variance.
- 4.4. The Committee discussed anticipated financial challenges and explored potential solutions to address.
- 4.5. The Chair thanked NB and the Committee noted the report.

5. Social Security Scotland Fraud, Error and Debt Update.

5.1. MF presented the Counter Fraud, Error Interventions and Recoveries and Recharge Reports and noted the following:

- Through feedback from the Committee, shorter reports have been provided for Debt and Fraud, with fuller versions offered mid-year and at year end. The Committee were content with the new highlight report format.
- Good progress has been made in estimating the monetary value of fraud and error in our caseloads. Work is ongoing with statisticians.
- We have improved the velocity of our error correction work. Half of the Error Interventions team were involved in the Scottish Child Payment official error estimation exercise, so we are expecting a reduction in correction work completed by the team for Quarter 2

5.2. RF asked MF for an update of error estimation within Scottish Child Payment. MF advised the committee:

- Work is still being finalised and a more detailed update will be provided in the next quarter.
- A small sampling exercise commenced resulting in findings for overpayments and underpayments for Scottish Child Payment. A lessons learned for this exercise will help support future exercises.
- We have been working with the Department for Work and Pensions and Social Security Programme regarding the official error rate. Early indication shows that deemed errors in the estimates will be resolved and the final error values will be revised with an expected stable estimate.
- Another exercise will take place later this year, likely to be Best Start Foods, to estimate official error.
- We are working closely with Policy and the Scottish Government Legal Department towards a change in the bill which will help estimate client induced error and fraud.

5.3. RF queried the rising debt volume questioning if this is likely to continue rising and what impact this will have? MF confirmed the volume of recoverable debt has risen, work is ongoing with analysts to understand and forecast. MF discussed some Policy constraints that are having an impact on the efficiency of the team.



6. Social Security Scotland Risk Management Update.

- 6.1. SM provided the Committee with an update of risk management activity noting the following:
- Twelve draft risks were presented to the Executive Team in early August 2023. Feedback from this meeting was discussed at last week's Risk Review Group.
 - Action owners will be assigned to fully assess and potentially rephrase risks.
 - Work has begun to align divisional risks to strategic risks.
 - The Risk team have been receiving further commissions to support branch and unit level risk registers.
 - Online learning on Risk has been released with bespoke sessions to be arranged in the future.
- 6.2. RF provided feedback on the current strategic risks. Suggestions included an application processing times risk, an asset risk for fraud and to accelerate the population of the templates. DW agreed.
- 6.3. JW provided background on the creation of the risks confirming they are created by senior colleagues and discussed at the Risk Review Group monthly. JW and SM will discuss with Client Services Delivery why performance has not been escalated from their divisional risk register.
- 6.4. JW summarised the discussion, confirming the actions required:
- The addition of a performance risk.
 - Review the asset security risk and the quality risk with the aim of splitting the risk into the inherent risk of fraud and error control.
 - The wording of the risks across the register will also be reviewed to ensure alignment to Business Plan and Corporate Objectives.
- 6.5. IB invited RF to have involvement in the upcoming Internal Audit review of Risk Management. RF accepted.
- 6.6. RF concluded by stating at the November meeting, the expectation is all risk templates will be completed.
- 6.7. RF thanked SM and the Committee noted the contents of the report.

7. Social Security Scotland – Business Resilience Annual Update.

- 7.1. JC provided the Committee with an update of Business Resilience activity noting the following:



- Significant progress has been made with a Business Continuity Management System now in place.
 - The Business Continuity team is now established across different departments with all staff trained and upskilled.
 - Forty Business Continuity Plans are close to completion.
 - Responsibility for Business Continuity has moved to the Organisational Strategy and Performance division. This is a positive change as it allows greater visibility of challenges.
- 7.2. RF requested clarity around the low number of Business Continuity Plans assigned to the Chief Digital Office (CDO). JC explained that the initial idea was for CDO to have one Business Continuity Plan. This has since been increased to eight, due to the size and complexity of the division. Training for the plans is completed and work is ongoing.
- 7.3. RF asked what is considered an “incident”. JC answered to qualify it must be considered Priority 1. An example would be client systems being inaccessible, preventing clients applying.
- 7.4. RF thanked JC and the Committee noted the contents of the report.

8. Social Security Scotland Annual Report and Accounts Progress Update.

- 8.1. DP presented the progress update for the Annual Report and Accounts and noted the following:
- Following last year’s publication, a lessons learned was conducted with input from Audit Scotland. The aim was to implement improvements to the process which includes better resourcing and building better internal and external relationships.
 - A draft version of the report will be provided to the Non-Executive Members in the coming weeks.
 - The report is on track for October 10th sign off.
 - The publication date is estimated the week commencing 6th November.
- 8.2. LD provided an update from an Audit Scotland perspective and advised the Committee:
- We are finalising matters arising and agreeing required audit adjustments.
 - The National Audit Office (NAO) sign off is expected in September. This will advise if any audit adjustments are required.
 - Audit Scotland will be visiting the NAO offices, this will allow an opportunity to meet the team and understand more for the Social Security Scotland accounts.
 - We are awaiting the outcome of deemed error rates for Scottish Child Payment and hope this will be included in the front end of the report.
 - We expect to be on track for the 10th October signing.



- 8.3. The Audit and Assurance Committee thanked both DP and LD for the update and the work that has gone into this report.

9. Draft Audit and Assurance Committee Annual Report.

- 9.1. RF presented the Audit and Assurance Committees draft report which will be finalised at the October 2023 meeting.
- 9.2. No questions were received.

10. Any Other Business / Below the Line Papers.

- 10.1. RF questioned why Social Security Scotland still have an outstanding recommendation from 2018-19. LS confirmed is it a Quality Assurance Framework recommendation and is still relevant today. RF advised this will be a key mitigating control for the quality risk.
- 10.2. BM asked the Committee for thoughts on taking a step back and reflecting on current performance, challenges and scrutiny within the Directorate. The Committee confirmed a conversation involving members of the Executive Team to explore this will be arranged.
- 10.3. DW placed on record his personal thanks to IB for all the support provided to Social Security Scotland.
- 10.4. No other business was recorded and RF concluded the meeting.

Date of next Meeting – 14 November 2023

Action(AP)/Decision(DP)	Detail	Owner	Due Date	Status
AP – 29/08/2023 - 01	Invite Jennifer Inglis-Jones to the November Audit and Assurance Committee	GE	Next Meeting	Complete
AP – 29/08/2023 - 02	Provide reasoning regarding Case Transfers 2025 implementation dates to RF.	LS	Next Meeting	Complete