Social Security Scotland
Tèarainteachd Shòisealta Alba

Audit and Assurance Committee

Date of Meeting	Tuesday 25 August 2020
Time	10:30 – 12:30
Location	Conference Call

Attendees

Present

Russell Frith (RF)	Chair, Non-Executive Member
Jessica Burns (JB)	Non-Executive Body Member
Douglas Hutchens (DH)	Non-Executive Body Member
Elaine Noad (EN)	Non-Executive Body Member
David Wallace (DW)	Accountable Officer, Chief Executive
Miriam Craven (MC)	Deputy Director for Strategy and Client Experience
James Wallace (JW)	Deputy Director of Finance and Corporate Services
NM	Corporate Assurance Lead
SM	Operational Policy Co-ordinator (Item 3 only)
PW	Corporate Assurance Co-ordinator (Observer)
LC	Corporate Assurance Co-ordinator (Observer)

Audit Scotland:

FI	Senior Auditor
CG	Senior Audit Manager

Internal Audit Directorate, Scottish Government

LS	Internal Auditor

Secretariat

IB	Governance and Business Co-Ordinator

Apologies

MT	Audit Director
CB	Strategy, Policy and Assurance Lead
IB	Senior Internal Auditor
NB	Deputy Head of Finance
LH	Corporate Assurance Manager

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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 advised the Committee that the Fraud and Error Report would not be discussed at the meeting today. JW advised the Committee that the report would be discussed at the next meeting and would cover the full six months. JW advised the Committee there is nothing to note as a concern.

1.3. No conflicts of interest were noted.

2. Minutes and Action Tracker

2.1. The minutes and actions were discussed from the Audit and Assurance Committee meeting held on the 19 May 2020.

2.2. The updated Action Tracker was noted, all actions are up to date and any completed actions will be removed.

3. Risk Management Update

3.1. SM provided an update on Risk Management to the Committee.

3.2. The paper covered work progressed since the last meeting. This has included a review of the Strategic Risk Register informed through sessions with the Executive Team and the Risk Review Group. All updates have been highlighted within the paper, and it was noted that the Strategic Risk Register has been reduced to hold 20 risks. SM advised that further work has also been taken across the organisation to mature both Divisional and Branch Risk Registers.

3.3. Risk appetite and tolerance has also been reviewed and agreed by the Executive Team, and for some risk categories this will be reviewed again in three months to take account of the impact of Covid-19.

3.4. The Risk Review Group continue to meet and have added a new standing item, Horizon Scanning, to enable them to seek support when reviewing and managing risk.

3.5. The Audit and Assurance Committee noted the Risk Management update and highlighted the following:

- Remote Working – assurance was sought on unauthorised / accidental breaches. JW advised that all laptops are encrypted and there has been an increase in management checks.

  Security – it was noted that a risk on security had been closed and the Committee asked for further clarification prior to the next meeting on why. Many felt this was still a concern and wanted assurance it was being managed. SM advised it was but had been de-escalated to a Branch Risk Register.

3.6. Finally, while the Committee appreciated the level of information provided on risk, it was agreed that the Risk Function would review the information provided to the Committee to ensure it was focused and directed on where there advice would add value and to ensure that it was complete and up to date.

Action	CB	To review Risk R045

4. Financial Report

4.1. JW provided the Financial Report Update.

4.2. JW highlighted Social Security Scotland financial results for the first quarter to end of June 2020.

4.3. JW highlighted that the original 2020-21 budget for operational expenditure was re-profiled in the summer budget revision to release unutilised resource back to the overall Scottish Government budget.

4.4. JW noted operating expenditure year to date, at 30 June 2020 is £11.176 million. Benefit expenditure year to date, at 30 June, is £830.541 million.

4.5. JW noted that planning has changed due to COVID-19.

4.6. The Audit and Assurance Committee noted the report.

5. Draft Annual Accounts and Performance Report

5.1. JW provided the Draft Annual Accounts and Performance Report update. Comments and feedback were welcomed.

5.2. EN noted that there was a lot of detail in the performance report. JW advised that the detail sets the tone and culture of being a transparent public body.

5.3. JB noted as we deliver more benefits the report will become more substantial. CG advised that the report will develop over time and Audit Scotland can work with Social Security Scotland to make sure it tells a clear picture on performance and not statistically focused.

5.4. The Audit and Assurance Committee noted the report.

6. Audit Scotland Management Report

6.1. FI highlighted the key points in the Management Report.

6.2. FI advised the Committee that the report offers a high level update, with the findings of the interim control work.

6.3. FI drew the committees attention to Page 4, Exhibit 1, which identifies the key findings and action plan. Audit Scotland will adapt their approach to ensure there is sufficient assurances of the audit of the 2019/20 financial statement.

6.4. The Committee noted the Audit Scotland Management Report.

7. Internal Audit Update

7.1. LS provided the Internal Audit Update.

7.2. LS noted that there was no specific audit review reports as the audit plan was paused in quarter one due to COVID-19. Planning and field work is underway for quarter two.

7.3. The Committee noted the report.

8. Audit Recommendation Update

8.1. NM provided the Audit Recommendations Update.

8.2. NM noted that due to COVID-19 some actions have been delayed, but provided assurance that they are progressing. Some of the Internal Audit recommendations may be completed, but not closed, as follow up action is required by Internal Audit.

8.3. NM invited questions from the Committee.

8.4. RF and DH asked if the Audit and Assurance Committee should recommend the closure of recommendations. NM advised and it was agreed that all Internal Audit actions will continue to follow the Internal Audit closure process, but for all others these will be presented to Committee for closure advice. An annex will be added to the next report so they can view and comment on any action point recommendations.

8.5. RF asked for progress on the high priority recommendations yet to be completed. Specific COVID-19 impact has meant some recommendations have had an impact on progress, however work is ongoing and specifically within Operations there is a lead progressing the recommendations.

8.6. The Committee noted the report.

Action	Decision Point	The Audit and Assurance Committee to recommend closure of specific audit recommendations.

9. Any Other Business

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9.1. The Chair thanked PW and LC for attendance at the meeting and hoped they found observing the Committee useful.

9.2. No other business was recorded.

Date of next Meeting – 20 October 2020

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Action(AP)/Decision(DP)	Detail	Owner	Due Date	Status
AP – 11/02/2020 – 02	To update Committee on organisations VAT position.	**NB**	Next Meeting	**Completed**
AP – 11/02/2020 – 03	To implement comments/feedback on content of report ahead of next meeting.	**MF**	Next Meeting	
AP – 11/02/2020 – 04	To consider adding fraud debt into the Finance Report.	**MF/NB**	Next Meeting	
AP – 11/02/2020 – 05	Take forward the Review of the Risk Management Strategy. Liaise with Risk Review Group.	**SM**	Next Meeting	
AP – 11/02/2020 – 06	Consider structure of a deep-dive session specifically on Wave 2.	**MC/CB/IB(2)**	Next Meeting	No risk deep dive session at May committee
AP – 11/02/2020 – 07	To meet with action owners to make sure	**AP**	Next Meeting	

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Action(AP)/Decision(DP)	Detail	Owner	Due Date	Status
	recommendations are moving forward.			
AP – 11/02/2020 – 08	Contact Action Owners to highlight action tracking and critical activity.	**NM**	Next Meeting	
AP – 25/08/2020 – 01	To review Risk R045	**CB**	Next Meeting	
DP – 25/08/2020 – 02	The Audit and Assurance Committee to recommend closure of specific audit recommendations.	**Audit and Assurance Committee**	-	Decision Recorded

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