Directorate for Internal Audit and Assurance

Annual Audit Plan 2023-24

Social Security Scotland

Directorate for Internal Audit and Assurance

Issue Date: 10-03-2023

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Report Distribution

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Audit Committee:	21/03/2023

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1. Introduction

1.1. We are pleased to present the proposed Internal Audit Plan for 2023-24. This risk based plan has been developed to ensure it encompasses sufficient activity to allow us to provide an Annual Assurance Opinion on your governance, risk management and internal controls at the end of the year. For more details on the methodology for preparing this plan, please see Annex A.

1.2. The plan will be subject to regular review throughout the year to ensure it remains current and reflects the changing risk environment. Any significant developments that may merit changes to the plan will be discussed and agreed with Management and presented at the next Audit and Assurance Committee for comment.

1.3. All Internal Audit activity will be carried out in line with the agreed Memorandum of Understanding dated 1st April 2020.

1.4. Internal Audit activities are also undertaken in relation to Shared Services and the outcomes taken into consideration in our overarching Annual Assurance Opinion. There is no additional fee for this.

1.5. Through our integrated approach to our assurance we have fully engaged with the Digital Assurance Office (DAO) and Portfolio, Programme and Project Assurance (PPPA) team to ensure that our planned activities are aligned and providing best value. We will continue to share relevant final outputs between our assurance teams.

1.6. As part of our overall preparation for planning for all our clients we undertake a horizon scanning exercise. We have included information in Annex B to show the key areas of risk and assurance we have considered in preparing the annual plan.

1.7. Finally Annex C details the Audit Coverage over the past three years and the proposed coverage for the next audit year.

2. Overview

2.1. In development of our plan, we aimed to ensure sufficient coverage of areas highlighted to us as high risk. We also aimed to provide a focus on divisions across Social Security Scotland to provide independent assurance over the activities being undertaken across the organisation. In our planning we have tried to take cognisance of the demands on staff due to the continued pace of growth, development and delivery. Where possible we will look to work with colleagues in Social Security Scotland so as to support this and add value. We are also considerate of impact the output of our work can have on increasing workloads where recommendations have to be implemented, and again hope to work with management to ensure our approach to reporting on our work is pragmatic and proportionate and does not lead to further work without sufficient justification, whilst maintaining our independence and objective focus on the governance, risk management and control arrangements operating and developing within Social Security Scotland.

2.2. We have worked closely with senior management to identify key areas for our Internal Audit plan focus and previously circulated our proposal for comment. Business and associated risks will continue to change and develop during the coming year. We will remain responsive and flexible in our approach.

2.3. In line with discussion held with management and based on our Internal Audit plan we estimate that we will provide 680 days of internal audit. As well as the individual assurance and advisory reviews noted in our plan, we have also factored into our plan time for strategic management, attendance at Audit and Assurance Committees, preparation of next years' annual plan, provision of the annual assurance and ongoing engagement with senior management.

2.4. We believe that our proposed plan will provide us with sufficient material over the year, together with information we gather from other sources, in order to provide an annual assurance assessment at the end of the year.

3. 2023-24 Planned Activities

3.1. Audit Activities

Assurance

These are the planned assurance reviews we propose to undertake during 2023/2024. Please note that the outline scopes detailed in this table are provisional and detailed scopes will be developed as part of our planning processes for each individual review.

Activity Title	Brief Scope Outline	Proposed Quarter
Client Services Delivery Compliance	As in previous years we plan to undertake a review to assess compliance with processes and procedures for the delivery of Social Security Scotland's benefits. This review will consider the processes from application through to payment of current benefits which are being delivered and assess for compliance. We will take a continuous audit approach, conducted throughout the year, to review samples of benefit applications to verify compliance with established processes. This will consider both Low Income Benefits as well as Disability and Carer's benefits which are currently being delivered. New applications, case transfers and redeterminations and appeals will all be considered as part of this review.	Quarters 1 to 4
Integration Space:	This review will consider the technical platform that moves data into/out of the organisation. We will seek to provide assurance over: • Development and sign off of procedures and processes. • Mechanisms by which connections that are set up are checked and verified. • Import and export of data, including sensitive data (e.g. medical/payment, etc) • Process and controls, oversight, checks of what is built.	Q1
Procurement	Social Security Scotland now has a more established procurement function. This review will consider how budget management is aligned with procurement policies and procedures?	Q1

Activity Title	Brief Scope Outline	Proposed Quarter
	The review will also consider whether policies and procedures are being followed at a local level.	
Winter Heating Benefits	Review of all winter heating benefits. We aim to provide assurance on the processes and controls in place in relation to the administration and payment of Winter Heating Benefits. Testing will be undertaken in order to provide assurance over the management of governance, risk and control in relation to these benefits and whether the processes established are efficient and effective in minimising the likelihood of fraud and error and ensuring the correct individuals receive the money they are due. We aim to undertake the review early in the audit year so as to give sufficient time for management to consider any recommendations made and have opportunity to implement ahead of next years' payments.	Q1
Safeguarding	This review will consider the arrangements for Safeguarding, including: • The processes and procedures established for safeguarding and their sufficiency in light of the ongoing flux and sustainability in the longer term. • Desire to enshrine in legislation Social Security Scotland specific responsibilities. • Systems in place to receive/review/quality assure the referrals received from both internal and external sources.	Q2
CDP follow up	In depth follow up following previous assurance work to consider the action taken in response to recommendations made and whether the implemented actions have successfully mitigated the risks that were identified.	Q2
Internal Control	This review will follow on from work undertaken in previous years in relation to Internal Controls. There is an ongoing risk in relation to the continuation of activities which are not fully understood and assessed to determine the impact on the organisations control environment.	Q2

Activity Title	Brief Scope Outline	Proposed Quarter
	The scope of this review will be agreed with management through our planning process, however some areas for consideration for inclusion include; • System generated errors • Automation generating more errors • Need to understand assurances received from Social Security Directorate, e.g. assurance things work before they are switched on • Client Advisor guidance and process – late, not reflecting actual system, how is this controlled? • Are Client Advisor’s supported well enough through training, what are the repercussions of poor training?	
Adult Disability Payment In-Depth Review	In spring 2022 the pilot phase of Adult Disability Payment launched, this was then followed by the national roll out of the benefit in August 2022. We propose to undertake an in-depth review to assess the processes and controls in place for the administration and delivery of Adult Disability Payment and provide assurance over the management of governance, risk and control in relation to this new benefit and whether the processes established are efficient and effective in allowing correct determinations to be made, minimise the likelihood of fraud and error and ensure the correct individuals receive the money they are due. This review will focus on new claims for Adult Disability Payment and will consider the work of both the Client Services Delivery division and the Health & Social Care division and provide assurance in relation to how the various teams work together and understand interactions and how well they work.	Q3
Transition	This review will assess Social Security Scotland’s approach and readiness for transition. The review will assess actions ongoing to determine Social Security Scotland’s needs and the ongoing plans and activities to achieve this. We will look to confirm what work has been undertaken to map out the capabilities held by Social Security Scotland. We will also consider the arrangements for maintaining a steady state for delivering benefits whilst transition is ongoing working towards the desired operating model.	Q3

Activity Title	Brief Scope Outline	Proposed Quarter
	This scope will be determined through planning processes, however some elements to be considered include: • What are the governance arrangements? • Planning and preparedness for transition. • Transition capability – has what is being transitions and when been determined • Financial management considerations As this work is being undertaken jointly by both Social Security Scotland and Social Security Directorate a crosscutting approach will be undertaken so as to reflect activities by all those involved with an aim to get maximum value from this review.	
Case Discussions	Initially Case Discussions were intended to be a written process in SPM, however in practice this has evolved into more of a verbal dialogue followed by a written response, which is less formal. This review will assess the arrangements in place for undertaking case discussions, recording outcomes from these and ensuring the input from Health and Social Care colleagues is considered as part of the determination process. As part of this we will also consider whether the informal system currently in practice is sufficient or whether more formality is required. The audit will also consider whether the established processes enable sufficient resilience, what backups systems are in place and whether the current ways of working are sustainable in the future.	Q3
Risk Management	Risk Management arrangements were previously reviewed by Internal Audit in 2019/20. Since then Social Security Scotland has continued to grow and mature and with that so has the risk management arrangements. This review will focus on the risk management arrangements which have developed in Social Security Scotland since our previous review and assess the extent to which risk management has become embedded in all activities such as business planning and decision making at both a strategic and divisional level.	Q3

Activity Title	Brief Scope Outline	Proposed Quarter
Embedding and Enhancement	An embedding and enhancement period has been factored into the delivery plan for Scottish Social Security Benefits in 2023/2024. During this period Social Security Scotland have time to focus on specific improvements to systems and processes that are a priority. This review will provide some assurance around the success of this stabilisation and improvement period and consider whether the improvements made to products / workarounds have made the difference intended. We will also aim to provide assurance that the there was an appropriate process for identifying the correct activities that were prioritised? Based on feedback from management we have scheduled this review towards the end of our audit year so as to consider outputs and impacts from this period, however management may want to consider if assurance would be of help earlier in the process and if so a split review could be undertaken.	Q4
Governance	Social Security Scotland reviewed and restructured the governance structure during 2020/21, which has included changes to the Agency Leadership Team structure and the forums and committees that report into the Agency Leadership Team. The structure has recently been reviewed again. This review will consider the Agency Leadership Team development, interaction with the Executive Team and also the other tiers of the governance structure. As the arrangements are now more established, we aim to provide a view as to whether the new structure is embedded and working effectively. As part of the review we will also consider touch points between Social Security Scotland and the wider Directorate and Social Security Programme – e.g. comms, collaborative decision making, etc. to provide assurance over their effectiveness and highlight any improvements that may be needed.	Q4

Activity Title	Brief Scope Outline	Proposed Quarter
Corporate Transformation/Estates Management	The full scope of this review will be agreed with management as part of our planning process. Through this review we will aim to consider how Social Security Scotland's estates are used to maximise the space available in a sustainable way. As part of this we will consider the governance arrangements for estates management and corporate transformation and are efficient and effective. As such where relevant we will link with the Governance review mentioned above so as to avoid duplication.	Q4

Advisory A resource is included in our plan to accommodate any requests for advice. This is consistent with the approach taken in previous years. Some initial thoughts on areas to be included are listed below. Regular updates on Advisory work undertaken will be provided in our Update paper to each Audit and Assurance Committee meeting.		
Client Services Delivery Quality Checking	A centralised quality checking team has recently been established. The first phase of this is focussing on Scottish Child Payment, however the intention is that processes established will be rolled out across different benefits. Through our advisory we will aim to support management and provide challenge to the proposed ways of working. The full scope of this piece of work will be agreed with management as part of our planning process, however such a piece of work could provide feedback on approach, scrutinise options and decision making, consider any gaps in approach, etc.	Q1
Measurement/ estimation of fraud and error	Work is ongoing within Social Security Scotland to develop a means for estimating the monetary value of fraud and error and arrangements for measuring and estimating this. This advisory work would support management and provide scrutiny and challenge as appropriate.	Q3

3.2. Suggestions for future years

Activity Title	Brief Scope Outline
Charter Measurement Framework/Annual Reporting	Social Security Scotland gather and report on performance via the Charter measurement framework. It is proposed that a future review would consider the arrangements in place for gathering relevant data and calculating the information in order to provide assurance that the processes and controls in place are sufficient. The Charter Measurement Framework is due to be reviewed in 2023/24 as such we propose to undertake this review in a future year once the review has been completed.
Business Partners	Social Security Scotland has the support of a range of Business Partners for a number of subject areas. This review would assess the Business Partnering processes that are in place, identify if there is consistency in approach across the various subjects and determine if the current ways of working are effective and provide the desired impact for Social Security Scotland.
Physical Security	Through discussions with management it was noted that there is a potential lack of ownership in relation to physical security and who is leading on taking forward developments in relation to this. Due to the potential risks that Social Security Scotland could face if there is ineffective or insufficient leadership, development and action in relation to physical security, this review should be considered for future years.
IT Asset Management	A review of IT Supply was undertaken in 2022/23, however from discussions with management IT Asset Management was highlighted as an area of a high risk due to highly diverse hybrid workforce and there being approximately 3,000-4,000 staff members, so a significant cumulative amount of equipment leads to increased risk to the organisation. A future review in this area would provide an opportunity to revisit previous work in this area and see if agreed actions have been taken. Such a piece of work may want to consider if the established IT Asset Management controls are sufficient to control the movement of equipment around the organisation and in and out of people's houses?

Activity Title	Brief Scope Outline
Communications and Engagement	This is an area of the business that is integral to both the launch of new benefits and ongoing delivery of current benefits. It is a division which has been considered as part of other reviews, but not looked at in its own right. As such in future years we may undertake a review to provide assurance over the processes and controls in place in relation to communications and engagement and how communications and engagement is used to influence/encourage uptake in benefits and the effectiveness of the arrangements in place.
Contingent labour	Social Security Scotland continues to rely on a significant number of contingent/agency workers. As such Management may wish to consider a review to provide assurance over the governance and controls in place in relation to contingent workers.
Service Management and Release Management	Review will consider the arrangements in place for service management and release management and the controls in place to assess the quality of what is being released and whether it is fit for purpose and sustainable

3.3. 2023-24 Internal Audit Fee

Cost (daily rate)	Number of Days	Total Estimated Costs
£412	680	£280,160
£412	Ad-hoc additional days if required will be subject to additional daily rate charges.	To be confirmed if additional days required.

Annex A - Methodology

- The overarching purpose of the Audit Plan is to establish a risk based prioritised list of audit activities for the audit client, that is appropriately aligned to their overall risk appetite, and to show the audit resources required to carry out the proposed level of coverage.
- The approach is in line with the Internal Audit Charter and Strategy, provided below, it also complies with Public Sector Internal Audit Standards.

Internal Audit guidance documents (updated versions will be provided throughout the year where appropriate)	
Internal Audit Charter 2022-23	Internal Audit - Internal Audit Charter
Internal Audit Strategy 2022-23	Internal Audit - Internal Audit Strateg

- In developing the plan, we consulted with the Accountable Officer, members of the Audit and Assurance Committee and Senior Management. We also reviewed a variety of corporate information e.g. Corporate and Business Plans, Risk Registers etc. Other strands of assurance and information were duly considered. The approach is intended to ensure we target our work at priority areas and complement other sources of assurance.

Annex B – Risk Horizon Scanning

Financial Sustainability	Post Covid-19 and Economic recovery	EU Exit, Devolution and Constitutional Change	National Performance Framework
Fraud	Net Zero	Capacity and Capability	Digital disruption and new technologies
Organisational Culture	Organisational Resilience & Business Continuity	Hybrid Working and Estate Management	Human capital, diversity, talent management and retention
Information and Data Governance and Management	Cyber Resilience and Security	Corporate Transformation and Shared Services	Public Service Reform

Annex C – Prior Three Years Audit Activity

Audit Year			
2020-21	2021-22	2022-23	2023-24
Operations **Reasonable Assurance**	Operations Compliance **Reasonable Assurance**	Benefit Delivery Compliance Draft Report in progress	Client Services Delivery Compliance
Key Financial Systems **Reasonable Assurance**	Disability and Carer's Benefits Readiness **Reasonable Assurance**	IT Supply **Reasonable Assurance**	Integration Space
Debt Management **Limited Assurance**	Internal Controls **Reasonable Assurance**	Cyber Security Resilience Draft Report in Progress	Procurement
Information Management **Reasonable Assurance**	Chief Digital Office (CDO) Transition into Social Security Scotland **Reasonable Assurance**	Debt Arrangements **Reasonable Assurance**	Winter Heating Benefits
SPM Review **Limited Assurance**	Residency **Reasonable Assurance**	Incident Management Draft Report in Progress	Safeguarding
Programme Links **Limited Assurance**	Covid-19 **Substantial Assurance**	Internal Controls **Limited Assurance**	CDP follow up
Stakeholder Engagement **Reasonable Assurance**	Equalities and Diversity **Reasonable Assurance**	Document Management **Reasonable Assurance**	Internal Control
People Advice / Health and Safety **Reasonable Assurance**	Client Experience **Reasonable Assurance**	Client Experience – Disability and Carers Benefits Re-determinations and Appeals Draft Report in Progress	Adult Disability Payment In-Depth Review
Counter Fraud Governance **Reasonable Assurance**	Social Security - Scottish Child Payment In-depth Review **Reasonable Assurance**	SPM (Management Information and reporting) **Limited Assurance**	Transition

Wave 1 Benefits – Carer's Allowance Supplement **Substantial Assurance**	Budget Setting **Reasonable Assurance**	Health and Social Care Quality Assurance and Professional Supervision Draft Report in Progress	Case Discussions
Wave 1 Benefits – Best Start Grant **Limited Assurance**	Learning and Development **Substantial Assurance**	Workforce planning Advisory	Risk Management
Wave 1 Benefits - Young Carer Grant **Reasonable Assurance**	SPM / Technical Debt **Limited Assurance**	Local Delivery Draft Report in Progress	Stabilisation and Improvement period
Scottish Child Payment - Application Processes **Limited Assurance**	Recruitment **Reasonable Assurance**	Case Transfer Process Fieldwork ongoing	Governance
Wave 1 Benefits – Job Start Payment **Reasonable Assurance**	Productivity and Efficiency **Reasonable Assurance**	Staff Health and Safety/ Wellbeing Fieldwork ongoing	Corporate Transformation/Estates Management
Child Winter Heating Assistance **Reasonable Assurance**	Workforce Planning **Reasonable Assurance**	Quality Assurance Framework Advisory	
	Child Disability Payment In-depth review **Limited Assurance**		