Audit and Assurance Committee	
Date of Meeting	21st March 2023
Subject	Internal Audit Progress Paper
Agenda No.	21.4
Prepared By	Directorate for Internal Audit and Assurance
Purpose	Note

1. Background

1.1. Internal Audit Progress Report for comment and discussion

2. Key Points

2.1 Key points to note are:

- We have continued to participate in regular meetings with key stakeholders across Social Security Scotland in order to remain aware of developments and changing risks. This includes consideration of our work and ensuring this is aligned with emerging changes to ensure our work remains focussed on high risk areas for the organisation.

- Work is almost complete on the 2022/23 Internal Audit Plan with an update provided in this paper on each of the reviews. Work is progressing well with exit meetings scheduled for mid-March for the remaining reviews to be completed and reporting will follow ahead of the end of the audit year.

- Advisory and Follow-up activity has almost been completed. A summary of this is provided in the body of our report. As noted at previous meetings we are pleased to highlight an increased uptake in our advisory offer which has not been utilised to its full capacity in previous years.

- Consultation and development of our Internal Audit Plan for 2023/2024 is now complete and we will be sharing this in our next paper at this meeting.

3. Conclusion

3.1 The Audit and Assurance Committee members are invited to note the range of activities undertaken by the Directorate for Internal Audit and Assurance since the previous meeting.

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Directorate for Internal Audit and Assurance

Audit and Assurance Committee Progress Report

Social Security Scotland 2022-23

21 March 2023

Directorate for Internal Audit and Assurance

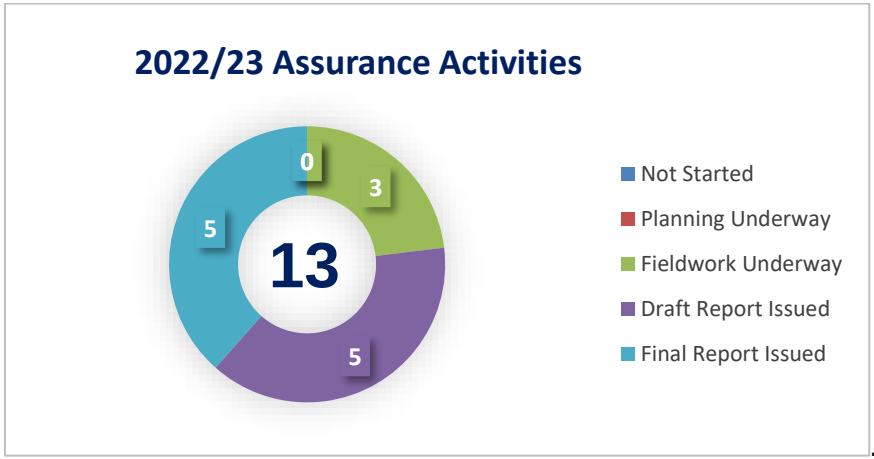
Issue Date: 10-03-2023

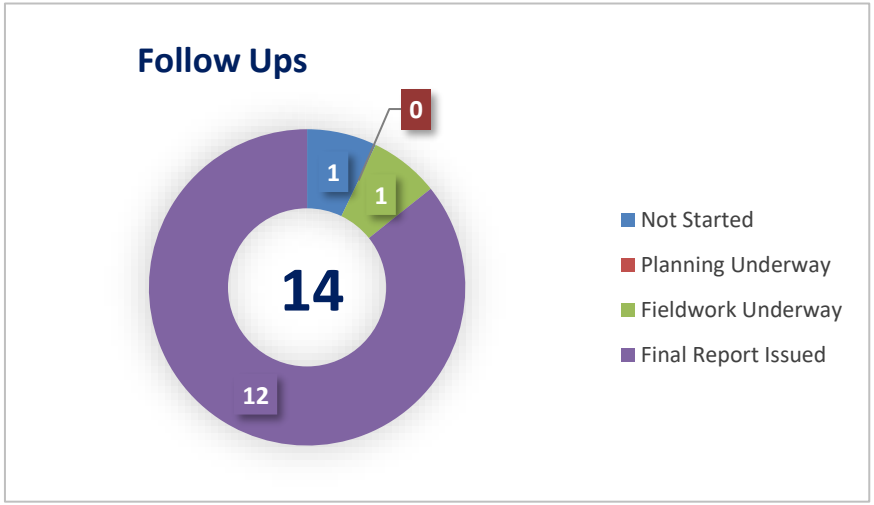
Contents

1. Progress Highlights

1.1. Key Messages

- The 2022/2023 Internal Audit Plan is now almost complete, as summarised in the diagrams opposite.
- Further details of Assurance work are provided in Table 1.
- Details of Advisory work are provided in Table 2.
- Fieldwork for the last remaining follow-up is ongoing with all others now complete. A summary of progress on the implementation of recommendations is provided in Table 3.
- Revised Annual Plan is shown in Annex B.
- Four final Internal Audit Report are presented for discussion: Annex C: Debt Arrangements; Annex D: Internal Controls – Post Award Controls; Annex E: Document Management; and Annex F: SPM Management Information and Reporting.
- The latest Internal Audit Strategic Matters, Integrated Assurance and Strategic Best Practice / insight sharing is provided in Section 2.





2. Directorate for Internal Audit and Assurance Strategic Update

2.1. Directorate for Internal Audit and Assurance Strategic Matters

2.1.1. After seven years in the post of Director of Internal Audit and Assurance, Sharon Fairweather will be leaving the Directorate at the end of March. Jennifer Inglis-Jones, who is currently the Deputy Director of Internal Audit and Assurance, will take over the Director role in the interim. During 2023-24 the Scottish Government will undertake an external recruitment process for the role.

Shared Services Programme

2.1.2. Organisations that will use Shared Services need to plan to resource ensuring compliance with the use of the new systems post implementation in order to ensure that staff maximise the use of the new systems in a systematic way across the organisation, and that staff do not start to divert and develop their own parallel practices post implementation. All Organisations need to build in time, as part of their 2023/24 business planning, for all their staff to be retrained on the new systems rather, than expecting staff to do the training on top of their day jobs. There is also the need to ensure that Directors and Deputy Directors undertake the required training and then “walk the talk”. Allied to this there is a need to increase and improve communications across the organisation so that the vision, benefits, etc. of this Programme are properly understood by everyone, including Directors and Deputy Directors, so that they can put their full support behind the Programme.

Corporate Systems 2022-23

2.1.3. The Scottish Government's Corporate Systems review has focused on the current systems in place and the ability to continue to operate and maintain business as usual systems and prioritise resources effectively during a period of change. Throughout the year we have undertaken a series of assurance reviews to ensure the Corporate System foundations remain robust and resilient. The first individual report, a targeted review of HR Policy, Delivery and Public Body Support Team processes undertaken as they relate to Settlement Agreements, has been completed. Draft report has been issued for the Procurement review and Payroll fieldwork is now complete. Following discussion with HR Shared Services we have identified further assurance work we will undertake into payroll controls improvement. We have also discussed and agreed with HR Resourcing assurance work on the Applicant Tracking System.

Technology Assurance Framework (Digital Assurance Office)

2.1.4. The Technology Assurance Framework is designed to help prevent projects from failing for common reasons. It identifies issues early to enable these to be remedied in good time. Around half of all major project reviews undertaken require a project to either stop until remedial action is taken (9%), or proceed with conditions (40%). It is worth noting that in a number of cases where a project has had to stop until remedial action is taken, or to proceed with conditions, it has been through over optimistic planning with the assurance review being undertaken too soon, particularly with Pre-Procurement Gates. In Digital Standard assessments the outcomes are similar (13% do not proceed until remedial action undertaken and 37% proceed with conditions).

Areas for Improvement

2.1.5. The Digital Assurance Office now has dedicated continuous improvement resource and has started to work systematically to analyse the recommendations from major project reviews and digital standard assessments. Early findings from this work have identified a number of dominant themes for improvement:

Major Projects: Digital Specific Recommendation Themes

- Ensuring the Invitation to Tender accurately reflects the requirements of the project and required standards (e.g. around data protection) and the evaluation criteria and process is appropriate and follows good practice. Detailed analysis of 2022-2023 recommendations find that 40% of critical recommendations are focused around this theme and just over half of all critical recommendations are made at the Pre-Procurement Gate.
- Having enough people with the right skills to deliver the project, including skills for effective supplier management.
- Effective testing strategy , utilising testing opportunities fully to ensure all aspects of the solution are operating effectively and ensuring that any issues arising from testing are captured, understood and actioned.
- Establishing clear Go-live criteria against which progress can be actively monitored.

Major Projects: Generic Recommendation Themes

- Quality of the business case, including: clear ownership of the project by the business; robust articulation of business drivers; sound research/evidence to support decision making and quantification of benefits and costs. Half of all projects were not allowed to proceed until remedial action was undertaken to make the required improvements to the business case.
- Limited project and programme management discipline, specifically a lack of technical skills to ensure the project is planned (including planning around testing and go-live) and executed appropriately. In just under half of all projects which were not allowed to proceed until remedial action was taken reasons included poor project and programme

management, including adequate planning. The need for business readiness to be recognised within the project plan and resourced within the project is also a key theme.

- Governance and project control, including robust risk identification and management. Detailed analysis for 2022-2023 recommendations shows that this is a dominant theme across all stage gates.
- The need for the project to have an Integrated Assurance and Approvals Plan to help plan and co-ordinate the range of assurance activities and ensure it is maintained as the project moves through its lifecycle.
- Capturing and documenting lessons learned.
- Clear and effective communication, engagement and management of all stakeholders.

Digital Standards – Recommendation Themes

- USER CENTRED: Evidence based design embedded in the process and evidenced through the scope, with research being undertaken with a wider range of potential users; creating an end to end service and testing multichannel journeys; a commitment to testing, using the results to deliver service improvements.
- PRODUCT AND DELIVERY: Clear plans for continuous improvement to enable the service to iterate and improve; effective Key Performance Indicators to enable the service to be monitored as it is developed and delivered, with performance management acting as an integral feature of the product; project teams having the right skills and the ability to effectively manage partners; appropriate project board artefacts including communication plans.
- TECHNOLOGY: Have a plan or approach in place for making software open source (or not); approach to open data; quality or completion of Non Functional Requirements; completing a Data Protection Impact Assessment for the service.

Looking Forward

2.1.6. We need to learn lessons from the reviews delivered through the Technology Assurance Framework. Effectively doing this will enable us to harness the insights generated from reviews to improve our own processes as well as providing insights to stakeholders (internally and externally) and promulgating good practice and case studies. The intelligence around what project teams are finding difficult will help to inform the support offerings from other parts of the Scottish Government. The Digital Assurance Office now has the resource to embrace this continuous improvement approach which is a positive step forward.

Internal Audit

2.1.7. Provided below are links to a number of articles which may be of interest to Audit and Assurance Committee members:

- Audit Scotland publication – Radical action needed on data which discusses building data skills, a data culture and ensuring that that there is transparency in how data is used. Radical action needed on data | Audit Scotland (audit-scotland.gov.uk)
- The National Audit Office has published a good practice guide on Improving government data: A guide for senior leaders. Improving government data: A guide for senior leaders - National Audit Office (NAO) insight
- National Audit Office's good practice principles for annual reporting. Good practice in annual reporting - National Audit Office (NAO) insight
- National Cyber Security Centre Annual Review 2021. NCSC Annual Review 2021.pdf
- National Audit Office Insight – Opinion Taking on the challenge of public sector cyber security - National Audit Office (NAO) insight

- The National Audit Office Audit and Risk Assurance Committee effectiveness tool has been updated, providing a way for an Audit and Risk Committee to assess its effectiveness Audit and Risk Assurance Committee effectiveness tool - National Audit Office (NAO) insight
- The Chartered Institute of Internal Auditors has created a service that provides information and guidance to be an effective audit committee chair or member. Audit Committee Service | Community hub | IIA

Annex A Internal Audit Plan and Progress

The following tables provide an update on the progress of our Internal Audit work since the previous Audit and Assurance Committee and highlights progress with our assurance, advisory and follow up activities.

Table 1 – 2022/23 Assurance Work

Audit Title	Planned Quarter	Progress to Date	Comments
Client Services Delivery Compliance	All Year	Draft Report Issued	The fieldwork for this review is now complete and the draft report has been issued. The final report will be shared with Audit and Assurance Committee members once agreed by management.
IT Supply	Q1	Closed	Final report shared with Audit and Assurance Committee on 22nd November 2022.
Cyber Security Governance	Q2	Draft Report Issued	The fieldwork for this review is now complete and the draft report issued on 16th January 2023. The final report will be shared with Audit and Assurance Committee members once agreed by management.
Debt Arrangements	Q2	Final Report Issued	The final report was issued on 21st November 2022 with Reasonable Assurance. Please see Annex C.
Incident Management	Q2	Draft Report Issued	The fieldwork for this review is now complete and the draft report issued on 7th December 2022. An initial management response has been received and updates are ongoing prior to issuing the final report. The final report will be shared with Audit and Assurance Committee members once agreed with management.

Audit Title	Planned Quarter	Progress to Date	Comments
Social Security Scotland - Internal Controls - Post Award Controls	Q2	Final Report Issued	The final report was issued on 10th January 2023 with Limited Assurance. Please see Annex D.
Social Security Scotland - Document Management	Q2	Final Report Issued	A revised final report was issued on 23rd February 2023. Please see Annex E.
Social Security Scotland - Client Experience – Disability and Carers Benefits Re-determinations and Appeals	Q3	Draft Report Issued	The fieldwork for this review is now complete and the draft report issued on 28th February 2023. The final report will be shared with Audit and Assurance Committee members once agreed by management.
Social Security Scotland - SPM Management Information and Reporting	Q3	Final Report Issued	The final report was issued on 9th February 2023 with Limited Assurance. Please see Annex F.
Social Security Scotland - Health and Social Care Quality Assurance and Professional Supervision	Q3	Draft Report Issued	The fieldwork for this review is now complete and the draft report issued on 9th February 2023. The final report will be shared with Audit and Assurance Committee members once agreed with management.
Social Security Scotland - Local Delivery	Q3	Fieldwork Complete	The fieldwork for this review is now complete and the draft report is in progress. The final report will be shared with Audit and Assurance Committee members once agreed with management.
Social Security Scotland – Case Transfer Process	Q4	Fieldwork Ongoing	The fieldwork for this review is almost complete and the exit meeting is scheduled for 17th March 2023.

Audit Title	Planned Quarter	Progress to Date	Comments
			The draft report will be issued following this meeting and the final report will be shared with Audit and Assurance Committee members once agreed by management.
Social Security Scotland – Staff Health and Safety/Wellbeing	Q4	Fieldwork Ongoing	The fieldwork for this review is almost complete and the exit meeting is scheduled for 17th March 2023. The draft report will be issued following this meeting and the final report will be shared with Audit and Assurance Committee members once agreed by management.

Table 2 – Advisory Work

We are pleased to note an increased uptake in Advisory Work across Social Security Scotland. The main advisory work undertaken to date this year is noted in the below table:

Advisory Title	Status	Progress to Date
Workforce planning	Complete	Following agreement with management, the Workforce planning review has changed from Assurance to Advisory. Please see Annex B for more information on this change. The fieldwork for this review is now completed and the draft management letter has been issued.
Quality Assurance Framework	Ongoing	Following agreement with management, the Quality Assurance Framework review has changed from Assurance to Advisory. Please see Annex B for more information on this change. The fieldwork for this review is now underway and a management letter will be drafted and issued to share output from this piece of work once fieldwork is complete.
Business Owner Proof of Concept	Ongoing	Social Security Scotland are undertaking a proof of concept exercise in relation to a Business Owner division. Internal Audit are providing ongoing advisory support as requested.
Review of outstanding recommendations	Complete	Internal Audit reviewed the listing of current recommendations with a view to identifying if any longer-term recommendations can now be closed due to being superseded by more recent recommendations, followed up as part of more recent assurance activity or due to some other reason. This activity is now complete and feedback was provide to the Corporate Assurance Team.
Health and Social Care input to Appeals and Redeterminations for Child Disability Payment	Complete	Internal Audit were asked to provide some advisory support in relation to Redeterminations and Appeals and the processes in place for Health and Social Care colleagues to support this.

Advisory Title	Status	Progress to Date
Business Resilience Governance	Complete	Provision of advisory support in relation to the governance arrangements for business resilience including consideration of roles, responsibilities, lines of authority and accountability and reach across the organisation. Meetings have been held with all key contacts and feedback on the outcome of this piece of work has been provided to Client Services Delivery Senior Leadership Team and the People and Places Forum.
Client Services Delivery Awareness Sessions	Complete	A series of sessions were held with colleagues across Client Services Delivery in order to raise awareness of Internal Audit and the Corporate Assurance Team. Our main aim was to focus on those most likely to be involved in our audits so that they understand our processes and our expectations and what they can expect from us.
Error Control Working Group	Ongoing	We are participating in the monthly Error Control Working Group set up by Social Security Scotland.
Internal Control Steering Group	Ongoing	We are included in the membership of the monthly Internal Control Steering Group which has been established by Social Security Scotland.
Internal Control Staff Training	Complete	Social Security Scotland are developing training material for staff and requested Internal Audit provide feedback on the training material.
Benefit Forecasting	Fieldwork Complete	As set out in the Internal Audit Plan for 2022/23, we have undertaken a piece of advisory in relation to benefit forecasting. Our fieldwork is now complete and a draft management letter has been issued.

Table 3 – Follow Ups

The following table is an overview of the follow up activity progress since the last Audit and Assurance Committee in November 2022.

Please note, our follow ups only focus on High and Medium priority recommendations.

Report Title	Recommendations	Progress to Date
Internal Controls	1 Medium	**Complete** Partially implemented
Operations Compliance	1 Medium	**Complete** Fully implemented
Equalities and Diversity	3 High 1 Medium	**Complete** Two fully implemented Two partially implemented
Recruitment	2 Medium	**Complete** One full implemented One partially implemented
Learning and Development	1 Medium	**Complete** Fully implemented
SPM	5 High 5 Medium 1 Low	**Complete** 7 Fully Implemented 1 Superseded 3 Partially Implemented

Report Title	Recommendations	Progress to Date
Residency	2 Medium	**Complete** 1 Superseded 1 Not implemented
Client Experience	2 High 3 Medium	Fieldwork ongoing

Annex B Revised Annual Plan

Following agreement of the Annual Internal Audit Plan, the below changes have been agreed with management.

Activity Title	Estimated Budget Days	Activity Type	Change	Original Quarter	Revised Quarter	Comments
Quality Assurance Framework	25	Assurance to Advisory	As a result of business plan rescheduling and reprioritisation of activity within Social Security Scotland, the Quality Assurance Framework had been given a lower priority and would not progress as expected. Management requested we change this piece of work to Advisory with the review focusing on: what is working well; where the gaps are; where there is insufficient activity; and identification of risks.	Q4	Q4	The fieldwork for this review started on 23rd January 2023.

Activity Title	Estimated Budget Days	Activity Type	Change	Original Quarter	Revised Quarter	Comments
Workforce Planning	20	Assurance to Advisory	The recently implemented enhanced recruitment controls resulted in the workforce planning team focusing their attention on development of a workforce model as part of the business planning and redeployment processes. Management requested that the scope for this work was revised and that an advisory review be undertaken with a view to doing an in-depth Assurance piece in future. Management agreed to the following revised remit: • Focus on new and emerging workforce planning risks and assess whether they have been captured, understood and are reflected in activities being planned and undertaken and provide an assessment of whether current activities are sufficient and on track and likely to deliver desired outcomes; and • Focus on the wider organisation and its understanding of the enhanced recruitment controls and what that means for their division and readiness to deal with emerging risks.	Q3	Q4	The fieldwork for this review was completed on 7th February 2023 and a draft Management Letter has been issued.