Audit and Assurance Committee - Attendance

Meeting Date	Tuesday, 18 August 2026, 10:00 – 13:00 Hybrid meeting (High Street Boardroom 5.1, Glasgow) / Microsoft Teams	
Attendees	Non-Executive Member	Chair – Russell Frith (RF)
	Non-Executive Member	Naghat Ahmed (NA)
	Chief Executive, Accountable Officer	David Wallace (DW)
	Deputy Director Organisational Strategy and Performance	Gayle Devlin (GD)
	Lead Senior Internal Audit Manager	IB
	Internal Audit Manager	PM
	Audit Scotland Director	Lisa Duthie (LD)
	Head of Finance	MW
	Benefit Expenditure and Debt Finance Lead	MMcC
	Financial Reporting and Planning Lead	EC
	Head of Error Control and Debt Management	CP
	Head of Counter Fraud	DW (2)
	Risk Team Manager	SM

	Senior Governance and Assurance Manager	MB
	Governance Team Leader	EMK
	Head of Business Support for the Chief Executive	AO
	Head of Corporate Support	DP
Apologies	Non-Executive Member	Barry Matheson
	Non-Executive Member	Deborah Rodger
	Head of Fraud and Error Resolution	MR
	Senior Internal Audit Manager	LC
	Audit Scotland	PM
	Audit Scotland	MMcF
Observers	Non-Executive Member	Veena Muthuraman (VM)
	Non-Executive Member	James McCourt (JMC)
	Governance and Assurance Manager	FD
	Operational Lead	SR
Secretariat	Senior Governance and Assurance Manager	MB
	Governance and Assurance Manager	GE

Audit and Assurance Committee - Discussion

Item	Subject	Main points of discussion
1.	**Welcome and Conflicts of Interest**	1.1 The Chair welcomed everyone to the meeting and noted the apologies and observers as listed above. 1.2 James McCourt and Veena Muthuraman, who will formally join the Audit and Assurance Committee in November as Non-Executive Members, were welcomed as observers. 1.3 No Conflicts of interest were noted.
2.	**Minutes and Action Tracker**	2.1 The minutes from the May 2026 Audit and Assurance Committee meeting have been agreed and are awaiting publication. 2.2 An update was provided on the outstanding action to include Internal Audit performance information within the Audit Recommendation Report. A reporting table has been provided and will be kept under review.
3.	**Directorate for Internal Audit and Assurance Update**	3.1 IB and PM presented the Directorate for Internal Audit and Assurance update and highlighted the following: • The Internal Audit Charter has been renewed and will be presented to the Scottish Government's Audit and Assurance Committee. • An update on work undertaken by the Digital Assurance Office • The 2025-26 Internal Audit Plan has been completed. 3.2 The Committee discussed the rationale for deferring the Cyber Security and Resilience Audit. It was noted that significant work is currently underway in this area, and that scheduling the audit for

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		Quarter 1 2027-28 would provide greater assurance by allowing sufficient time for this work to be embedded. 3.3 The Committee agreed that the Executive Advisory Body should undertake a future deep dive on Cyber Security and Resilience, supported by management information and relevant performance metrics. 3.4 Gayle Devlin, Deputy Director of Organisational Strategy and Performance, provided an update on the Overpayment Administration Audit, which received a Limited Assurance opinion, including the planned actions and implementation timescales. 3.5 The Committee discussed the Annual Client Services Delivery Compliance Review and requested that future Annual Client Services Delivery Compliance Reviews include an update on the previous year's findings. It was agreed that Internal Audit would develop the reporting format.
4.	**Audit Scotland Annual Audit Report Progress Update**	4.1 LD provided a verbal update on the progress of Audit Scotland's Annual Audit Report and highlighted the following: • The audit is progressing well and remains on track for the September Audit and Assurance Committee meeting. • Ongoing engagement with the National Audit Office continues. • The Scottish Child Payment Audit is progressing well and remains on track for publication in November 2026. 4.2 MW advised that regular Matters Arising meetings are held with Social Security Scotland and Audit Scotland to review audit progress and address any issues at the earliest opportunity. 4.3 The Committee discussed supplier performance assurance and requested further information on the arrangements in place. MW agreed to liaise with Procurement and provide an update to the Non-Executive members.

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5.	**Social Security Scotland Finance and Recoveries and Recharge Update**	5.1 EC and MMC provided an update on Social Security Scotland's Financial Results as of 30 June 2026 and highlighted the following: • Updates were provided on Operating Costs, Capital Expenditure, and Benefit Expenditure. • Finance is holding discussions to understand the options available to deliver a path to balance in 2027-28. • An update on the Debt Management system procurement exercise. 5.2 The Committee discussed the approach to civil recoveries and enforced deductions.
6.	**Social Security Scotland Fraud and Error Resolution update**	6.1 DW (2) and CP provided the Social Security Scotland Fraud and Error Resolution Update and highlighted the following: 6.2 An update was provided on the Investigatory Powers Commissioner's Office (IPCO) inspection of Social Security Scotland, the associated action plan, and the planned reinspection in February 2027. • Corrective Value exercises are being undertaken by the team. • Data is being used to support teams in delivering improvements, with discussions taking place with the Analysis and Insights Unit to develop a more detailed understanding. 6.3 The Committee agreed that an Internal Fraud awareness session would be provided to the new Non-Executive Members.
7.	**Social Security Scotland Risk Management Update**	7.1 SM presented the Risk Management update and highlighted the following: • An update was provided on changes to the risk profile. • Risk controls remain effective, with engagement undertaken with action owners during June and July to review the effectiveness of controls.

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		• The Executive Advisory Body will undertake a deep dive into CR-017 - Payment Platform in September 2026. • Future Operating Model has been recommended for closure by the Risk and Controls Group following review of the current control environment and risk exposure. 7.2 The Committee recommended the escalation of Financial Sustainability to the Director General Communities' Risk Register. SM will discuss risk wording with MW and the Deputy Director of Organisational Strategy and Performance. 7.3 The new Non-Executive Members, James McCourt and Veena Muthuraman, will be provided with a session on the Social Security Scotland Risk Framework.
8.	**Social Security Scotland - Audit Recommendations Update**	8.1 EMK presented the Audit Recommendations update and highlighted the following: • A breakdown of audit recommendations that remain open or are proposed for closure for each financial year. • Work continues with recommendation owners to review missed target dates and confirm whether recommendations remain relevant. 8.2 Members discussed recommendations with missed target dates and the actions being taken by the Corporate Assurance Team to address them.
9.	**Draft Audit and Assurance Committee Annual Report**	9.1 The Chair presented the draft Audit and Assurance Committee Annual Report and advised that the final report would be brought to the September 2026 meeting for approval. Committee members were invited to provide any comments on the report by correspondence.
10.	**Assessment of External Audit**	10.1 The Chair presented the Assessment of External Audit. The Committee noted the benefits of having both Audit Scotland and Internal Audit provide assurance to Social Security Scotland.

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11.	**Any Other Business**	11.1 RF requested that consideration be given to providing all Social Security Scotland Non-Executive Members with laptops to support with their role. DP will explore Social Security Scotland's position on providing laptops, and IB will review Core Scottish Government arrangements for Non-Executive Member laptops. 11.2 No other business was recorded, and the Chair concluded the meeting

Audit and Assurance Committee – Actions

Item	Action	Owner	Status
1.	The Committee recommended that the Executive Advisory Body undertake a future deep dive on Cyber Security and Resilience, supported by management information and relevant performance metrics.	Governance and Assurance Team	Closed
2.	Internal Audit to include progress updates for the previous year's findings as part of future Annual Client Services Delivery Compliance Reviews.	PM	Open
3.	MW to liaise with Procurement and provide Non-Executive Members with further information on supplier performance assurance arrangements.	MW	Open
4.	Arrange an Internal Fraud awareness session for the new Non-Executive Members.	DW (2)	Open
5.	Non-Executive Members will be provided with a session on the Social Security Scotland Risk Framework.	DP	Open

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6.	DP to explore whether Social Security Scotland can provide all Social Security Scotland Non-Executive Members with laptops to support their role. IB to review laptop arrangements for Core Scottish Government Non-Executive Members.	DP and IB	Open