

Audit and Assurance Committee

Date of Meeting	Tuesday 17 September 2019
Time	10:30 – 14:00
Location	Meeting Room 4.7, Dundee House

Attendees

Present:

Non- Executives:

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 (by telephone)

Social Security Scotland:

David Wallace (DW)	Accountable Officer, Chief Executive
Maureen Rooney (MR)	Head of Governance and Strategy
James Wallace (JW)	Deputy Director of Finance and Corporate Services
Nicola Bennett (NB)	Deputy Head of Finance
Chris Boyland (CB)	Strategy, Policy and Assurance Lead
Nicola McBain (NM)	Corporate Assurance Manager
Meg Fowler (MF)	Fraud and Error Lead

Audit Scotland:

Mark Taylor (MT)	Audit Director
Fiona Ivison (FI)	Senior Auditor

Internal Audit Directorate, Scottish Government:

Iain Burns (IB)	Senior Audit Manager (Internal Audit Directorate)
Louise Spencer (LS)	Internal Audit Manager

Also Attending:

Julie Clark (JC)	Business Resilience Manager (item 9)
Chris Kinnear (CK)	Data Protection and Information Governance Lead (item 9)



Ewan Patterson (EP) Corporate Assurance Assistant (item 10)

Secretariat

Andrew Parker (AP) Governance and Business Support Officer

Laura Hollister (LH) Corporate Assurance Manager



1. Welcome and Conflicts of Interest

- 1.1. The Chair welcomed everyone to the meeting. RF noted that this would be MRs last meeting, thanked her for her contribution to the Committee's work and wished her well in her new role.
- 1.2. The Chair reported that the Committee members had met with internal and external auditors in private and that there were no matters raised which would not be covered by other agenda items.
- 1.3. No conflicts of interest were noted.

2. Minutes of Previous Meeting and Action Tracker

- 2.1. Previous minutes and actions were discussed. RF confirmed they have been published on the Social Security Scotland website.
- 2.2. Minutes and actions were approved without further comment.

3. 2018-19 Annual Report and Accounts

- 3.1. JW gave an update on the 2018-19 Annual Report and Accounts. The Committee and Executive Advisory Body have seen and made comments on a number of earlier drafts. There are some minor amendments to be further incorporated. The updated version would be signed by DW subject to AAC approval.
- 3.2. RF noted that the AAC should align the 2020 Audit and Assurance Committee date for Annual Report and Accounts consideration to the Scottish Government timetable on its consolidated accounts.
- 3.3. It was noted that the Agency should ensure that there is a process of monitoring the actions we have committed to in the Annual Report. It was advised that some of these should also be in individual team business plans.
- 3.4. RF noted there is an opportunity in year 2 to use more graphics within the Report to make this easier to understand. CB advised that the intention is to produce an abbreviated more easy to read version of the report and JW assured the committee that this will not be published without Audit Scotland agreement.
- 3.5. There was a query if the rationale provided for the for Best Start Grant expenditure being over budget was sufficient. Following comment it was agreed to add in comments that this was using the forecast set by the Fiscal Commission.

Action	LH	To ensure that the 2020 meetings schedule takes into account the Scottish Government's publishing of their consolidated accounts .
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Action	JW	Final comments from Committee to be included within Annual Report and Accounts.
Action	JW	Update the Audit and Assurance Committee on the reasoning for the number of Carer's Allowance Supplement payments being higher than Carer's Allowance.

4. Audit Scotland Annual Audit

- 4.1. MT spoke to the Reports - Annual Audit Report and the draft Section 22 Report 2018-19 audit of Social Security Scotland. DH queried the wording in the Annual Audit Report in relation to the qualification and MT noted that more context and detail was provided in the other report.
- 4.2. MT asked for the minutes to record his sincere thanks to everyone within the Agency and Audit Scotland who worked together on the Accounts and Report.
- 4.3. RF noted the proposed qualified audit opinion in relation to the regularity of Carers Allowance expenditure due to the absence of information from the DWP on the level of fraud and error in those payments. He said that he had been kept up to date with the extensive discussions with the auditors about regularity and agreed that this was an appropriate outcome.
- 4.4. RF queried whether it would have been possible to request any information on the level of fraud and error through the National Audit Office. MT said that it was not.
- 4.5. Differing views were noted on concerns that details of the Agency's Fraud and Error team were disclosed in the Report which could lead to fraudulent misuse. MT did not share this concern and felt that it was important to be clear in terms of resourcing, and the report did acknowledge that the team would increase over time.
- 4.6. Due to the rescheduled dates of Committee meetings the Executive Advisory Body referred the recommendation for the Accountable Officer to sign the Annual Report and Accounts to the Audit and Assurance Committee. The Audit and Assurance Committee recommended that the Accountable Officer signs the Accounts for 2018-19.

5. Annual Report

- 5.1. Updated copy of the Audit and Assurance Committee Annual Report was presented. DH asked and it was agreed that an Annex would be added outlining key business for the year and induction process.

Action	NM	Additional Annex to be added as detailed above.
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6. Finance Update

- 6.1. NB presented the July 2019 results.
- 6.2. There was a question on the accuracy of benefit payments forecasting. It was noted that this will continue to improve over time and the Agency has set up a group (including analytical colleagues) to look at this in more detail. Future reports would include benefit expenditure projections.
- 6.3. There was also a question on recruitment underspend. It was noted that, because of the additional staff to be recruited for Scottish Child Payment implementation, this would be absorbed.

7. Error and Fraud Q1 Update

- 7.1. MF gave an update on Fraud and Error. The Committee were pleased with the report and it was agreed that further information on recovery to be contained within future reports.

Action	MF	MF to include in future reports a statistic showing the overpayments in relation to total payments.
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8. Risk Management Update

- 8.1. CB gave an update on risk management.
- 8.2. A deep dive on an individual risk will be added to the agenda for the next Audit and Assurance Committee.
- 8.3. Risk awareness sessions will be held both with new recruits during induction and existing staff.
- 8.4. RF queried risk R029 (IF there is no formal Business Continuity Plan THEN any incident that requires its invocation will fail RESULTING in loss of business, reputational damage and potential legal ramifications to Agency) and requested clarification around the wording of this. CB informed the Committee that a Business Resilience Manager was now in place and the wording of this risk was therefore likely to change.

9. Business Continuity Update

- 9.1. JC gave an update on Business Continuity.
- 9.2. There was a query on the planned Business Continuity Strategy. JC informed the Audit and Assurance Committee that this was in progress and would include detail on raising awareness, staff training and additional Business Continuity roles.

- 9.3. DW noted that security advice is currently provided to the Agency from within the core Scottish Government and Chief Digital Office remit. JC confirmed that she has already liaised with Chief Digital Office and core Scottish Government security teams.
- 9.4. DH suggested linking up with other Executive Agencies who have mature Business Continuity Strategies.

10. Audit Recommendations Update

- 10.1. EP presented his proposal for updating the Audit and Assurance Committee on current progress with audit recommendations.
- 10.2. The Committee agreed that they would like to see both internal and external audit recommendations in one paper.
- 10.3. DH asked that the recommendations marked as completed are signed off at Audit and Assurance Committee before being archived. He also asked for consideration of a 'heat map' of recommendations to help pinpoint if there were particular themes that had clusters of recommendations. Action owners should also be provided in future reports.
- 10.4. EN asked for the recommendation action owner to be added.

Action	EP	Provide Audit and Assurance Committee with a heat map of the recommendations.
Action	EP	Add recommendation action owner to the report.

11. Internal Audit Update

- 11.1. LS updated the committee on current and planned Internal Audit work. The Director General of Economy is now the sponsor for Internal Audit within the Scottish Government.
- 11.2. RF asked about any advisory work planned. IB informed the committee that they are working with the Agency to collate items for advisory work and this will be incorporated into the plan shortly.
- 11.3. DH asked how the Agency's GDPR audit compared with other agencies. IB said it compared favourably at this stage.

12. Review the efficiency of Internal/External Audit

- 12.1. IB confirmed that Internal Audit are very happy with the engagement and access they are given with the Agency.

12.2. A quality service review later in this year will gather feedback from the Agency on satisfaction with Internal Audit service.

12.3. RF asked if there is any duplication between Internal Audit and Audit Scotland. IB stated that discussions take place with Audit Scotland to avoid this.

12.4. The Committee discussed the statement and gave feedback.

13. Any Other Business

13.1. No other business was recorded.

Date of next meeting: Tuesday 19th November 2019