

# SSSC

## **Audit Needs Assessment and Strategic Plan 2020 to 2023**

**Internal Audit Report No: 2021/03**

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# Section 1 - Introduction

- 1.1 We have been appointed as Internal Auditors of the Scottish Social Services Council ('SSSC') for the period from 1 April 2020 to 31 March 2023, with the option to extend for a further two 12-month periods.
- 1.2 Internal audit primarily provides an independent and objective opinion to Council on risk management, control and governance, by measuring and evaluating their effectiveness in achieving the SSSC's agreed objectives. In addition, internal audit's findings and recommendations are beneficial to line management in the audited areas. Risk management, control and governance comprise the policies, procedures and operations established to ensure the achievement of objectives, the appropriate assessment of risk, the reliability of internal and external reporting and accountability processes, compliance with applicable laws and regulations, and compliance with the behavioural and ethical standards set for the SSSC. Internal audit also provides an independent and objective consultancy service specifically to assist line management to improve SSSC's risk management, control and governance.
- 1.3 The purpose of this document is to present for consideration by the Audit and Assurance Committee the Audit Needs Assessment (ANA) and the Strategic Plan for the period 2020 to 2023. Once this has been approved a separate Annual Plan for 2020/21 will be prepared and will be presented to a subsequent meeting of the Audit and Assurance Committee for formal approval.
- 1.4 The consideration of the audit needs for the financial years 2020/21 to 2022/23 has been informed by the strategic risk register; the Strategic Plan 2020 to 2023; the Annual Strategic Delivery Plan 2020/21 and through discussion with senior management. One to one interviews were conducted with each member of the Executive Management Team (EMT) and these discussions informed the preparation of the Audit Needs Assessment and the Strategic Plan shown in Sections 2 and 3 below. It should be noted that the 2020/21 reviews of Equality and Diversity and Risk management were agreed with senior management prior to the commencement of the ANA exercise and the assignment plans for these reviews were presented to the May 2020 meeting of the Audit and Assurance Committee.
- 1.5 The assessment covered the main areas where the SSSC is exposed to risk that can be managed through internal control, and which therefore should be considered for examination by internal audit. The assessment took no account of the resources available to carry out the work although the resulting Strategic Plan has taken this into consideration.
- 1.6 Following identification of the key controls and associated risks we assessed the different areas of risk using the following criteria:
  - Risk Impact
  - Risk Likelihood
  - Present Controls
- 1.7 Where an area of risk is covered by SSSC's own Strategic Risk Register we based the assessment of impact, likelihood and priority on the existing assessment. From the combination of results of these three criteria, the work required to test controls in place and their operation was assessed. The frequency of testing was also considered taking into account previous internal audit coverage and current developments in policies and procedures.

- 1.8 The Strategic Plan is included in Section 4, below, and covers the normal three-year internal audit cycle. Audit days have been allocated to the categories identified by the Audit Needs Assessment process set out in Section 3 to give a rolling programme of work. Where relevant, these have been further split into sub-categories.
- 1.9 There is usually an expectation by external auditors that some element of review is included in the internal audit programme in relation to core financial systems. This has been taken into consideration in formulating the Strategic Plan which will provide the framework for internal audit activity for the next three years.
- 1.10 The Strategic Plan does not specifically address Value for Money projects. However, VFM is an integral part of all audit and is always considered during any audit work that we are undertaking.



# Audit Needs Assessment

- 2.1 There are a variety of strategic, operational, financial and regulatory risks faced by any organisation. There are also risks that are specific to individual institutions, and which vary over time. All these risks need to be managed effectively since they cannot be eliminated entirely.
- 2.2 The purpose of an Audit Needs Assessment is to identify these risks and assess the audit coverage required to give Council assurance that the control environments operated are effective in reducing the risks to an acceptable level.
- 2.3 Information from interviewees and various documents that we have reviewed identified the following issues as being the main strategic, operational, financial and regulatory issues facing SSSC at this time:
  - Creating and delivering the workforce development products which meet stakeholder needs in terms of content and impact;
  - Maintaining a robust regulation framework, which improves standards and builds trust in service users across the various elements of the regulated workforce;
  - Delivery of the new Strategic Plan against a backdrop of disruption and potential financial pressures arising from the COVID-19 pandemic;
  - Putting in place a reward framework, including pay and grading, that will meet current and future organisational requirements;
  - Developing digital capability, including the need for digital leadership to deliver key ICT infrastructure projects;
  - Further developing cyber security and data protection arrangements to meet legislative and government expectations;
  - Maintaining positive stakeholder engagement;
  - Ensuring that the shared service arrangements are being delivered in line with the agreed specification;
  - Workforce planning and succession planning in order to meet current and future need;
  - Ensuring the social services workforce has parity of esteem with the health workforce;
  - Further refining performance management reporting to assist with monitoring success;
  - Maintaining financial sustainability and robust financial control; and
  - Evidencing effective consideration of equality, diversity and inclusion in decision-making processes.
- 2.4 It is important to note that one of the biggest challenges ahead for everyone involved in the delivery of social care is the need for a full scale review of social care and this will have a significant impact on the work of the SSSC.
- 2.5 The nature of some risks is such that they do not lend themselves to examination and testing by internal audit. These have therefore been excluded from the Strategic Plan.
- 2.6 Where it is appropriate for internal audit to conduct work in a specific identified risk area then these have been identified and prioritised in the Strategic Plan with reference to the resources allocated by the SSSC to internal audit.
- 2.7 Risks associated with these, and other issues, do not exist in isolation but are inter-dependent. We will therefore ensure that audit projects are linked where necessary, and results from relevant previous projects will be taken into consideration at the detailed planning stage of each project.

2.8 The audit universe for the Audit Needs Assessment has been determined using the latest iteration of the Strategic Risk Register and have been cross referred to the relevant risk (or risks) where appropriate. Other relevant key issues, where internal audit can provide assurance around the controls in place to mitigate risk, have also been included.

Audit area/ risk	SSSC risk ref link	Other assurance sources	Previous IA coverage	Indicative timing
<b>Reputation</b>				
Publicity and Communications	Risk 5	<ul style="list-style-type: none"> <li>• Website in place with tailored content</li> <li>• Publication library online</li> <li>• Social media guidance produced</li> <li>• Daily update to sector via website on COVID-19 response</li> </ul>	-	-
Health, Safety and Wellbeing (incl. COVID response)	Risk 9	<ul style="list-style-type: none"> <li>• Daily monitoring of Scottish Government guidance.</li> <li>• 24 hour move to home working to protect staff interests</li> <li>• Daily COVID planning meetings to identify and implement actions</li> <li>• Daily consistent messaging to staff</li> <li>• Changes to the register and fitness to practise to support increased capacity in the sector</li> <li>• Changes to student places to support increased capacity to the sector</li> <li>• Development of hub for recruitment into social care</li> <li>• Daily update to sector via website</li> </ul>	-	-

Audit area/ risk	SSSC risk ref	Other assurance sources	Previous IA coverage	Indicative timing
<b>Operations</b>				
Regulation - system fails to meet the needs of users	Risk 1	<ul style="list-style-type: none"> <li>• Rules and frameworks in place to ensure legal compliance, fairness and consistency.</li> <li>• Digital systems to manage processes and casework</li> <li>• Resource modelling for calculating our staff base.</li> <li>• Quality assurance and audit process in place for staff and panel decision making.</li> <li>• Publicising hearing outcomes and decisions.</li> <li>• Improved triage system implemented</li> <li>• Additional investigator staff recruited.</li> <li>• Use of external legal presenter services.</li> <li>• Use of overtime to provide additional</li> </ul>	2019/20 – Fitness to Practice	2020/21 – Focus on resource model and broader use beyond registration
Workforce development function - fails to support the workforce and employers to achieve the right standards and qualifications to gain and maintain registration	Risk 2	<ul style="list-style-type: none"> <li>• Quarterly SSSC workforce intelligence report</li> <li>• Publish data on training provision across Scotland.</li> <li>• Work with Skills Development Scotland, SDS and SG re capacity and resources required for qualification.</li> <li>• Developed career pathways resources.</li> <li>• Working with the College sector.</li> </ul>	Care Workforce Development – 2016/17	2021/22 - with specific focus on partnership working

Audit area/ risk	SSSC risk ref	Other assurance sources	Previous IA coverage	Indicative timing
<b>Operations (continued)</b>				
Stakeholder engagement - fail to provide value to our stakeholders and demonstrate impact	Risk 5	<ul style="list-style-type: none"> <li>Discovery project for the personalisation of MySSSC underway.</li> <li>Reviewed Involving People with lived experience to a model of joint working with CI Involving People Group.</li> <li>New performance reporting structure agreed</li> <li>Scoping of a best value plan for 2020-2023.</li> </ul>	-	-
Complaints – failure to adequately deal with and learn from complaints.	Risk 5	<ul style="list-style-type: none"> <li>Complaints handling procedure</li> <li>Monitoring of complaints performance</li> </ul>	Complaints handling – 2016/17	-
<b>Staffing issues</b>				
Workforce Planning - fail to develop and support SSSC staff appropriately to ensure a motivated and skilled workforce to achieve strategic outcomes	Risk 6	<ul style="list-style-type: none"> <li>OD consultant commissioned</li> <li>Quick win action plan considered by EMT</li> <li>Head of OD and Employee Development Adviser will commence employment in August 2020</li> </ul>	Workforce planning - 2017/18	-
Organisational development (including succession planning) - Inadequate use of staff development process and inadequate succession planning	Risk 6		-	2022/23



Audit area/ risk	SSSC risk ref	Other assurance sources	Previous IA coverage	Indicative timing
<b>Staffing issues (continued)</b>				
HR data and performance management – failure to effectively utilise HR data on sickness absence, turnover, reasons for absence and overtime levels.	Risk 6	<ul style="list-style-type: none"> <li>• Sickness absence reporting process in place.</li> <li>• KPIs defined and gathered.</li> </ul>	-	2021/22
Payroll – failure to process payroll accurately and timeously.	Risk 7	<ul style="list-style-type: none"> <li>• Financial Strategy for current year plus 6.</li> <li>• 2020 review included alignment to the new strategic plan.</li> <li>• Monthly budget reviewed at directorate and EMT level.</li> <li>• Change programme for integrated reporting of performance, risk and budget monitoring progressing.</li> <li>• Objective based budget planning commenced.</li> <li>• Resource modelling and scenario planning.</li> </ul>	2019/20	2022/23
Travel and expenses – claims for travel and expenses are not legitimate business expenses.	Risk 7	<ul style="list-style-type: none"> <li>• Monthly budget reviewed at directorate and EMT level.</li> <li>• Authorisation process in place for travel and expenses.</li> </ul>	-	-

Audit area/ risk	SSSC risk ref	Other assurance sources	Previous IA coverage	Indicative timing
<b>Estates and Facilities</b>				
Building Maintenance – failure to adequately maintain existing estate.	-	<ul style="list-style-type: none"> <li>Estates Strategy in place with Care Inspectorate</li> </ul>	-	-
Asset management – failure to record and protect assets	-	<ul style="list-style-type: none"> <li>Asset register in place.</li> <li>Fixed assets subject to external audit scrutiny annually.</li> </ul>	-	-
<b>Financial issues</b>				
Budgetary Control – failure to align resources to strategic priorities and to deliver financial sustainability	Risk 7	<ul style="list-style-type: none"> <li>Financial regulations in place.</li> <li>Monitoring of financial performance by management and Council.</li> <li>Prevention of bribery policy and procedures in place.</li> </ul>	Resource determination and allocation – 2019/20	2021/22
General Ledger – failure to maintain accurate and secure core financial systems and records	Risk 7		Financial Systems – 2017/18	-
Procurement and creditors/purchasing – failure to comply with procurement requirements and to process payments in accordance with the financial regulations	Risk 7		Procurement – 2016/17	2022/23
Debtors/Income – failure to accurately invoice, receipt and bank any income due.	Risk 7		Income and receivables – 2019/20	-
Cash & Bank/Treasury Management – failure to maintain effective control over bank accounts and cash flow.	Risk 7		-	-

Audit area/ risk	SSSC risk ref	Other assurance sources	Previous IA coverage	Indicative timing
<b>Financial Issues (continued)</b>				
Fraud prevention, detection and response	Risk 7	See above	-	-
<b>Organisational Issues</b>				
Risk Management – inadequate risk management arrangements are in place and operating effectively	All	<ul style="list-style-type: none"> <li>• Risk Policy in place</li> <li>• Risk management training delivered.</li> <li>• Risk Register reviewed by management, Audit &amp; Assurance Committee and Council.</li> </ul>	-	2020/21
Business Continuity – failure to maintain up to date and effective business continuity plans	Risk 8	<ul style="list-style-type: none"> <li>• Business continuity plans updated</li> <li>• ICT created contingency plan for loss of IT function for new arrangements.</li> </ul>	Business Continuity Planning – 2016/17	-
Corporate Governance Arrangements – failure to maintain effective governance arrangements for NDPBs in order to fulfil external scrutiny and legal requirements	Risk 3	<ul style="list-style-type: none"> <li>• Review of corporate governance to rationalise and streamline structure.</li> <li>• Section 22 report recommendations action plan updated, and progress reported quarterly.</li> <li>• Shared services review ongoing.</li> <li>• Review of records management structure.</li> </ul>	-	2020/21

Audit area/ risk	SSSC risk ref	Other assurance sources	Previous IA coverage	Indicative timing
<b>Operational Issues (continued)</b>				
Compliance with legislation - failure to comply with legislative requirements	Risk 3	<ul style="list-style-type: none"> <li>Review of corporate governance to rationalise and streamline structure.</li> <li>Section 22 report recommendations action plan updated, and progress reported quarterly.</li> <li>Shared services review ongoing.</li> <li>Review of records management structure.</li> </ul>	-	2021/22
Corporate Planning – failure to develop a cohesive corporate planning framework	Risk 3	<ul style="list-style-type: none"> <li>Strategic Plan 2020 to 2023 published in 2020</li> </ul>	Operation planning – 2019/20 Strategic Planning – 2019/20	-
Performance management and KPIs – failure to maintain effective performance management arrangements	Risk 5	<ul style="list-style-type: none"> <li>Performance management framework in place</li> </ul>	Performance Indicators – 2019/20	2021/22
Partnership working – failure to develop and maintain effective partnership arrangements in order to deliver strategic outcomes	Risk 2	<ul style="list-style-type: none"> <li>Work with Skills Development Scotland the Scottish Qualifications Authority and Scottish Government in relation to developing the capacity and resources required for the workforce to gain a qualification.</li> </ul>	-	-

Audit area/ risk	SSSC risk ref	Other assurance sources	Previous IA coverage	Indicative timing
<b>Operational Issues (continued)</b>				
Equality and Diversity	Risk 3	<ul style="list-style-type: none"> <li>• Publication of the mainstreaming and Gender Pay Gap reporting in line with the requirements of the Equality Act 2010 (Specific Duties) (Scotland) and within statutory reporting for the Scottish Sector Workforce Report and also the Mental Health Officer (MHO) in Scotland Report.</li> <li>• Use of standard Equality Impact Assessments (EQIAs) are a mandatory requirement in relation to the completion (or updating) of all</li> </ul>	-	2020/21
Change Management	Risk 3	<ul style="list-style-type: none"> <li>• Programme Management Office (PMO) in place.</li> <li>• Business process re-engineering.</li> </ul>	-	2020/21 – BPR on business process reengineering

Audit area/ risk	SSSC risk ref	Other assurance sources	Previous IA coverage	Indicative timing
<b>Information and IT</b>				
ICT data access and cyber security - Failure to meet Scottish Government expectations around cyber security.	Risks 1 and 4	<ul style="list-style-type: none"> <li>• Review of ICT Staff skills underway.</li> <li>• Business case approval for continued digital developments.</li> <li>• Permanent Head of Digital now in post.</li> <li>• Digital Strategy Delivery plan reviewed at Digital Sponsor Group.</li> <li>• Cyber essentials plus accreditation achieved.</li> <li>• Follow COBIT and NCSC guidance.</li> </ul>	ICT Healthcheck – 2019/20	2020/21 – ICT data access  2021/22 – Cyber security
Data Protection – failure to comply with data protection legislation	Risk 3	<ul style="list-style-type: none"> <li>• Data Protection Officer appointed</li> <li>• Data protection and privacy notice in place</li> <li>• Retention schedule maintained and published.</li> </ul>	-	2021/22
Digital Transformation – failure to effectively implement digital transformation projects in a way which meets all stakeholder needs.	Risk 4	<ul style="list-style-type: none"> <li>• External consultancy input re programme management.</li> <li>• Action plan re S22 report monitored.</li> </ul>	-	2021/22

Audit area/ risk	SSSC risk ref	Other assurance sources	Previous IA coverage	Indicative timing
<b>Information and IT (continued)</b>				
IT Strategy – failure to develop an IT strategy embraces new technological capability and which is aligned to the strategic Plan and other supporting plans/strategies.	Risk 4	<ul style="list-style-type: none"> <li>IT Strategy in place (which expires in 2020).</li> </ul>	ICT Healthcheck – 2019/20	2022/23



## Section 3 - Strategic Plan 2020 to 2023

### Audit Methodology

- 3.1 Prior to commencement of the work each year the Strategic Plan will be reviewed in advance of the production of the Annual Plan. The Annual Plan will give more detail of the risks to be covered and the work to be carried out in each area. The process will include discussion with management, the SSSC's external auditors and the Audit and Assurance Committee as appropriate.
- 3.2 Once the Annual Plan has been agreed, an audit timetable will be set, and detailed planning will be carried out for each area.

In all cases the audit work involves:

- Identification of the expected controls.
- Review of systems to identify actual controls.
- Consideration of established Best Practice in the area.
- Testing of controls to ensure they are operating effectively.
- Where necessary, substantive testing in systems where control weaknesses have been identified to give assurances that the system has dealt appropriately with transactions.
- Consideration of VFM issues where appropriate.
- Discussion of findings and our likely recommendations with the relevant managers and staff involved with the systems. Recommendations will be graded to help management prioritise their importance.
- Issue of a draft report to confirm factual accuracy and obtain official management responses for inclusion in the final report.
- Issue of a final report that summarises audit objectives, work carried out, the implications of the findings for internal control, and an action plan with areas for improvement. The action plan will allocate responsibility for the implementation and give a timeframe for completion.
- Follow-up of action plans in future years.



			Planned	Planned	Planned
	Category	Priority	20/21	21/22	22/23
			Days	Days	Days
<b>Reputation</b>					
<i>Publicity and Communications</i>	Gov	M			
<i>Health, Safety and Wellbeing (COVID-19 response)</i>	Gov	H			
<b>Operations</b>					
<i>Regulation (BPR on resource model)</i>	Perf	H	5		
<i>Workforce development function</i>	Perf	M		5	
<i>Stakeholder engagement</i>	Perf	M			
<i>Complaints</i>	Perf	M			
<b>Staffing Issues</b>					
<i>Workforce Planning</i>	Perf	M			
<i>Organisational development (including succession planning)</i>	Perf	M			5
<i>HR data and performance management</i>	Perf	M		4	
<i>Payroll</i>	Fin	M			4
<i>Travel and expenses</i>	Fin	L			
<b>Estates and Facilities</b>					
<i>Building maintenance</i>	Fin/Perf	L			
<i>Asset management</i>	Perf	L			
<b>Financial Issues</b>					
<i>Budgetary control</i>	Fin	M		4	
<i>General ledger</i>	Fin	L			
<i>Procurement and creditors / purchasing</i>	Fin	M			5
<i>Debtors/ Income</i>	Fin	L			
<i>Cash &amp; Bank / Treasury management</i>	Fin	L			
<i>Fraud prevention, detection and response</i>	Fin/Gov	M			
<b>Organisational Issues</b>					
<i>Risk Management</i>	Perf	M	5		
<i>Business Continuity</i>	Perf	M			
<i>Corporate Governance</i>	Gov	M	5		
<i>Compliance with legislation</i>	Gov	M		5	
<i>Corporate Planning</i>	Perf	M			
<i>Performance reporting / KPIs</i>	Perf	M		5	
<i>Partnership Working</i>	Gov/Perf	M			
<i>Equality and Diversity</i>	Gov	M	5		
<i>Change Management (BPR on business process reengineering)</i>	Perf	M	5		

	Category	Priority	Planned 20/21 Days	Planned 21/22 Days	Planned 22/23 Days
<b>Information and IT</b>					
<i>ICT data access and cyber security</i>	Perf	M	3	4	
<i>Data protection</i>	Gov	M		5	
<i>Digital transformation</i>	Perf	M		5	
<i>IT strategy</i>	Perf	M			5
<b>Other Audit Activities</b>					
Management and Planning )			4	4	4
External audit )					
Attendance at Audit & Assurance Committee )					
Follow-up reviews		Various	2	2	2
Audit Needs Assessment			3		
<b>Total</b>			<b>37</b>	<b>43</b>	<b>25</b>
			====	====	====

**Key**

BPR = Business Process Review

Category: Gov – Governance; Perf – Performance; Fin – Financial

Priority: H – High; M – Medium; L – Low

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