



The Scottish Parliament
Pàrlamaid na h-Alba

**Public Audit and Post-legislative
Scrutiny Committee**

Room T3.60

The Scottish Parliament

EDINBURGH

EH99 1SP

David Wallace
Chief Executive
Social Security Scotland

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By email only

29 October 2019

Dear Mr Wallace,

The 2018/19 audit of Social Security Scotland

[At its meeting on 10 October](#), the Public Audit and Post-legislative Scrutiny Committee took evidence from the Auditor General for Scotland on the section 22 report, [The 2018/19 audit of Social Security Scotland](#). Following the evidence session, the Committee agreed to write to Social Security Scotland seeking its response to a number of issues raised in the report.

The agency's approach to managing error and fraud

In her evidence to the Committee, the Auditor General noted that error and fraud is inherent in a social security system and that any system had to balance people's ability to access the money that they are entitled to with protecting public money.¹ A key message of the report is that—

“The agency's approach and processes for managing error and fraud are at an early stage of development. It has established core processes and policies but there is much more to be done.”

The report identifies a number of areas which require further development and in relation to which the Committee is seeking further information and clarification.

¹ <http://www.parliament.scot/parliamentarybusiness/report.aspx?r=12324&mode=pdf>

Carrying out investigations

The report notes that, for various reasons, full arrangements are not yet in place to allow the agency to undertake investigation activity in the way it aims to. **The Committee seeks clarification on—**

- **the expected timescale for when the regulations and code of practice on investigations will be in place; and**
- **the action being taken by the agency to understand and manage the risks arising from not yet being able to undertake investigation activity in the way it had planned.**

Initial system design

The report notes that the agency has identified some operational weaknesses in its core case management system which raised the risk of error and fraud in how some specific processes operated. The report further notes, however, that work to improve and adapt current functions of the system will need to be balanced with the work required to develop the system to administer the remaining benefits. **The Committee seeks clarification on the action being taken by the agency to address the risk of error and fraud in core digital systems and how this activity is being balanced with work to develop the systems for the remaining benefits.**

Determining residency

The report notes that there is no clear guidance on how the overall residency requirements are translated into specific decision rules. The report further states that: “The agency needs to make sure that it fully understands any implications and risks for how it is determining residency, and that people are aware of how the rules are being applied”. **The Committee seeks confirmation that—**

- **guidance is being developed on residency requirements both for individuals considering making a claim and for officials making determinations and the timescales for finalising such guidance; and**
- **any risks arising from the agency’s approach to determining residency are fully understood.**

Supporting evidence

The report notes that, to support ease of access, less stringent evidence requirements have been adopted by the agency than required by other organisations. The report states that: “The agency needs to understand any impact of its evidence standards on error and fraud and consider its ability to respond”. **The Committee seeks information about the action the agency is taking to ensure that it understands any impact of its evidence standards on error and fraud.**

Monitoring error and fraud

The report notes that the agency does not yet have an approach to estimating error and fraud levels for the benefits it delivers and for those it will become responsible for over the next few years. The report further states that “The agency needs to develop

its understanding of how the underlying levels of error and fraud within the DWP estimates affect the Scottish benefits and factor this into its own estimates of error and fraud for the Scottish system". **The Committee seeks information on—**

- **the action being taken by the agency to develop its approach to estimating fraud and error levels and its understanding of how the underlying levels of error and fraud within the DWP estimates affect the Scottish benefits;**
- **its plans to publish and monitor its estimates.**

Error and fraud team

The report refers to the agency's error and fraud team, which currently has 17 FTE officers. The Committee understands that the agency plans to increase this to 47 FTE by the end of March 2020 and to 190 FTE when fully established. This is clearly a significant increase in the number of staff. **Given the recruitment challenges that both the Scottish Government programme and the agency have faced to date, the Committee seeks assurances that the agency is confident that it can recruit the required number of officers with the necessary skills and experience**

Carer's Allowance Supplement scan

Paragraph 8 in Exhibit 5 in the [Social Security Scotland annual audit report](#) indicates that the most recent scan received from DWP for April 2019 (which highlights Scottish residents who are in receipt of Carer's Allowance at the eligible date) identified some people who were entitled to Carer's Allowance Supplement (CAS) at both April 2018 and October 2018, but had not received payment at these dates. **While the Committee understands that all amounts have now been paid, it seeks clarification on how often this situation arises and the steps that the agency is taking to ensure that claimants entitled to such benefits are paid timeously.**

I would be grateful for a response **by 14 November**.

A copy of this letter is being sent to the Convener of the Social Security Committee.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jenny Marra', with a long horizontal line extending to the right.

Jenny Marra MSP
Convener of the Committee