

Meeting	Audit and Risk Committee
Meeting date	24 March 2022
Meeting time	10:30 am – 12:30 pm
Meeting location	MS Teams

Members in attendance	Helen Mackenzie	Chair
	Liz Holmes	Member
	Ian Forbes	Member
Other attendees	Angus Brown	Senior Auditor, Audit Scotland
	Garry Cossar	Head of Colleague Experience, SPPA
	Gemma Diamond	Audit Scotland
	Craig Gardiner	Head of Operations, SPPA (Interim)
	Hannah Grout	Risk and Assurance Manager, SPPA
	Phil Heywood	Interim IT Programme Director, SPPA (item 8)
	Stuart MacArthur	Governance Manager, SPPA
	Josh McCreary	Internal Audit Manager, DIAA
	Karen Morley	Head of Finance, Procurement and Risk, SPPA
	David Reay	Internal Audit Manager, DIAA
	Tom Reid	Audit Scotland
	David Robb	Chief Executive, SPPA
	Dougie Shepherd	Senior Internal Audit Manager, DIAA
Minute taker	Marnie Davis Wood	Governance Delivery Lead, SPPA

1. Welcome and apologies

- 1.1 There were no apologies to note. The Committee noted that it was Liz Holmes' final meeting as she was stepping down from her role after six years. The Chair spoke of the skill set LH brought to the Committee and the significant contribution that she had made to the work of the Agency. The Committee and attendees thanked her wholeheartedly.

2. Declaration of interests

- 2.1 There were no changes to Committee members' Register of Interests nor were there any declarations of interest in the business to be conducted.

3. Minutes of the previous meeting

- 3.1 The Committee **agreed** that the minutes of the previous meeting were a true and correct record.
- 3.2 The Chair noted that Committee members had met with SPPA colleagues on 8 March 2022 for the Risk Deep Dive on the McCloud Remedy and thanked those in attendance at that meeting for a useful and informative discussion on the process and risks. The Committee reflected on the scale of the project and consider that management should report back at appropriate times.

4. Actions

- 4.1 The following actions were closed:
- ARC 0721.03
 - ARC 1221.02
 - ARC 0122.01
 - ARC 0122.02
 - ARC 0122.03
 - ARC 0122.04
 - ARC 0122.05
 - ARC 0122.07
 - ARC 0122.08

ARC 0122.10

4.2 The Committee noted updates to the remaining actions.

5. Risk Management Report

5.1 Hannah Grout (HG) introduced the paper, noting:

- The additional column to show movement in corporate risks
- Feedback was sought on the format of the paper without the heat map
- Plans for the annual refresh of the risk register, confirming that it would be built from the bottom up and rollovers, i.e. the replication without review and update, would not be allowed. The potential fraud cases noted in the report.

Action ARC 0322.01: Heat map to be included in the paper in the future (HG).

5.2 The Committee noted that the paper did not cover the strategic context and horizon risks, and that it would benefit from these being included in a short summary on environmental and contextual matters.

Action ARC 0322.02: Risk Management Report to include a paragraph summarising environment/contextual matters, including strategic context and horizon risks (HG).

5.3 Confirmation was requested and received that the Agency receives control statements from Scottish Government for the shared services that are provided. Two recent potential fraud cases were discussed and the Committee noted the Executive Team's response and that policies are being revised in line with what has been learned.

5.4 The Committee requested and received an update on the Audit Scotland recommendation relating to evidencing reconciliations between the pension administration system and payroll. Karen Morley reported to the Committee that the Finance Team was clarifying the hand-offs between different teams and evidencing to Audit Scotland at the year end.

5.5 The Committee noted that there had been positive progress on the Internal Audit recommendations and consolidation of the External Audit recommendations and thanked the teams for work on these.

6. External Audit

6.1 Gemma Diamond (GD) updated members on Audit Scotland's work, noting that

- The Annual Audit Plan for 2021/22 had been provided to the Committee
- A timetable has been proposed for the accounts, aiming for end September for Agency and end October for Scheme accounts.

6.2 The Committee discussed the relationship between the Government Actuary's Department (GAD) and the SPPA Policy and Finance teams in relation to the review of assumptions made and methodologies used for the preparation of scheme accounts, given that these could have such a large impact on the numbers. It was noted that each party understood their responsibilities and their reliance on each other's expertise on interpretation and calculation. It was further noted that although there is a level of reliance on GAD, that an appropriate and proportionate review of the assumptions made and methodologies used is undertaken by the SPPA Policy and Finance teams during the preparation of the scheme accounts.

Action ARC 0322.03: Finance to provide an update to the June meeting on the relationship between the Agency and GAD and how the assertions, underlying assumptions and areas of anomaly are reflected in the Scheme accounts (KM).

Action ARC 0322.04: Audit Scotland to circulate the final timelines for the annual Audits to the Committee when these are confirmed (GD).

7. Internal audit

- 7.1 Dave Reay (DRe) presented the progress report, updating the Committee on the following:
- Capability and Capacity Review completed
 - Follow-up reviews for Financial Governance and Contract Management completed
 - Progress updates on recommendations have been received from and discussed with the SPPA team and work on rationalising outstanding recommendations is underway
 - The Memorandum of Understanding between the Department of Internal Audit and Assurance and SPAA is being refreshed
 - Discussions are being held about the provision of integrated assurance and a Digital Assurance Health Check on PPP is planned for July
- 7.2 The Capability and Capacity Review was presented to the Committee, noting:
- Progress in addressing strategic planning, business planning and leadership stability risks
 - Recommendations relating to development of the workforce strategy and planning, factoring in external factors
 - Management Information for key posts
 - Identification of individuals with high potential and single points of failure
 - The overall rating of **insufficient assurance**
- 7.3 The Committee noted that the SPPA Executive Team had welcomed the review, noted the significance of the assurance opinion and was already progressing with the recommendations.
- 7.4 The Committee suggested that the contingency plan for leadership continuity should be addressed sooner than September and the CEO agreed this should be addressed without delay.

Action ARC 0322.05: SPPA to put in place a leadership continuity plan without delay and update the Committee at the June meeting (GC).

- 7.5 Garry Cossar confirmed to the Committee that the Agency was confident that the recommendations would be delivered according to the timelines indicated, following a question in this regard.

Action ARC 0322.06: DIAA to provide ongoing follow-up of recommendations relating to the Capability and Capacity Review, reporting to ARC at each meeting (Josh McCreary)

- 7.6 David Robb reported to the Committee that following the recent SG review of its relationships with public bodies, quarterly performance meetings between the CEO and DG: Corporate, and SPPA Audit and Risk Committee Chair will be taking place. These meetings may also consider significant Audit findings and related actions.
- 7.7 DRe presented the 2022-23 Internal Audit Plan to the Committee, and this was noted.

8. Pension Platform Programme Update

8.1 Phil Heywood introduced the paper, highlighting the following, noting that at the time of writing the report, the status was green. He advised that the status rating has since been updated and is now amber due to the integrated assurance and approval plan being moved to the next Programme Board meeting and a delay to internal recruitment. These issues do not have a material impact on milestones. Further key points included:

- Procurement is progressing well
- External resourcing is progressing well, with appointments in process
- An emerging concern about the volume, depth and frequency of assurance reviews.

8.2 The Committee discussed the assurance process and risks related to internal resourcing.

9. Risk Deep Dive Schedule

9.1 The Committee agreed to the proposed schedule for Risk Deep Dives for the remainder of 2022 and commended these Deep Dives, noting their role in developing relationships between the Committee and management and members' understanding of the work of the Agency.

10. Any other business

10.1 LH thanked her fellow Committee members, Audit teams and Agency staff for her time with the Committee.

11. Date of next meeting

11.1 The next meeting will be held on Thursday 30 June, 2022.

Version Control		
		Version number
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