

Meeting	Audit and Risk Committee
Meeting date	21 June 2022
Meeting time	10:00 am – 1:00 pm
Meeting location	MS Teams

Members in attendance	Helen Mackenzie	Chair
	Clare Scott	Member
	Ian Forbes	Member
Chief Executive Officer	David Robb	Chief Executive Officer, SPPA
Other attendees	Angus Brown	Senior Auditor, Audit Scotland
	Garry Cossar	Head of Colleague Experience, SPPA
	Gemma Diamond	Audit Director, Audit Scotland
	Craig Gardiner	Head of Operations, SPPA
	Hannah Grout	Risk and Assurance Manager, SPPA
	Phil Heywood	Interim IT Programme Director, SPPA (item 10)
	Stuart MacArthur	Governance Manager, SPPA
	Josh McCreary	Internal Audit Manager, DIAA
	Karen Morley	Head of Finance, Procurement and Risk, SPPA
	Tom Reid	Audit Manager, Audit Scotland
	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 Clare Scott's (CS) first meeting as a member of the Audit and Risk Committee; she has also joined the Management Advisory Board. The Chair warmly welcomed her on behalf of the committee.

2. Declaration of interests

- 2.1 CS reported that she has provided a list of interests to the Governance Team, and asked the committee to note that she would continue to serve as the Chair of the Teachers' Pension Board whilst recruitment was underway for a new Chair. There were no other 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.

4. Actions

- 4.1 The following actions were closed:
ARC 1221.03
ARC 0322.01
ARC 0322.03
ARC 0322.04
ARC 0322.05
- 4.2 The Committee noted updates to actions, including the following:
ARC 0122.09: To remain open, and for Executive Team to consider how to incorporate into the Risk Register the limited assurance audit opinion.

- ARC 0322.02: To remain open – a heading to be included in future Risk Management Reports – ‘Strategic Horizon Risks’ at which point the item would be closed.
- ARC 0322.03: Closed; further actions arising listed below.
- ARC 0322.05: Closed; Fixed permanent structure in place, with three of the four Executive Team members now permanent in role; Deputy Chief Executive agreed with governance and constitutional arrangements being confirmed; Leadership Group established and formalised with deputies in place; Workforce Plan in place; People Transformation Lead being appointed; further actions arising listed below.
- ARC 0322.06: To remain open – follow-ups to be brought to each meeting of ARC.

ARC 0622.01 Karen Morley to share with the committee, at the time the minutes are circulated, the GAD letter regarding the recent data reconciliation exercise.
Completion date: 13 July 2022

ARC 0622.02 Karen Morley to include further detail regarding the GAD process as part of the paper on the NHS and Teachers’ 2021-22 Scheme Accounts, alongside the assumptions letter.
Completion date: the 2022 meeting at which the Scheme Accounts are considered.

ARC 0622.03 Reflect people transformation, leadership and workforce issues and actions in the Risk Register with additional commentary, even if scores do not change. (Garry Cossar)
Completion date: 29 September 2022

ARC 0622.04 Include one to two paragraphs in the Risk Management Update paper at the next meeting in relation to the staff risk (SLT 4) and what actions/controls are in place and being implemented. (Garry Cossar/Hannah Grout)
Completion date: 29 September 2022

5. Risk Deep Dive

- 5.1 A risk deep dive on Counter-Fraud was held on 14 June 2022. The committee noted that a review by Internal Audit of internal controls was planned for later in 2022 and this may cover risks in this area, and that an external Fraud Risk Assessment Review had recently been commissioned. The committee noted the current gaps in policy and control measures, however acknowledge that management had reported a strong focus on developing counter fraud and internal controls in the agency now.
- 5.2 It was noted that the dates for deep dives can be flexible if needed to accommodate for staff availability and appropriate timing for content. Employer data and the risks of collusion were key themes that were discussed during the deep dive session.

ARC 0622.05 Committee to agree the scope for deep dives in future. (Marnie Davis Wood/Hannah Grout)
Completion date: December 2022

6. Audit and Risk Committee Annual Report

- 6.1 The Chair noted that the Annual Report had been completed and agreed out of session and that a copy would be forwarded to CS. The report would be put forward to the Management Advisory Board at the July meeting.

ARC 0622.06 Audit and Risk Committee Annual Report to be sent to Clare Scott. (Marnie Davis Wood)
Completion date: June 2022

7. Risk Management Report

- 7.1 Hannah Grout (HG) introduced the paper, noting:
- The Risk Register is in a stage of transition in line with the new business plan priorities.
 - A number of risks are currently scoring high and this is likely to continue in the next iteration.
- 7.2 The committee discussed
- Sense checking the seemingly static risk scoring with other papers considered at the meeting and issues raised in the papers; noting a disconnect particularly in the score for the Pensions Platform Programme
 - The integration of the data quality issue in the risk management approach
 - A recommendation to develop further clarity on control statements for processes
 - The impact of the recent system incident on the potential for meeting Customer Service KPIs
 - The appropriate level for ownership of key risks
 - The considerable progress and improvement on closing internal audit recommendations, particularly historical recommendations.

Action ARC 0622.07 CS to meet with HG for a Risk Management briefing. (Hannah Grout)
Completion date: September 2022

8. Internal audit

- 8.1 Josh McCreary presented the progress report, updating the committee on the following:
- 2021-22 Internal Audit Plan has been completed and 2022-23 Plan has commenced
 - Cyber Security Governance assurance review fieldwork is underway
 - Initial scoping has commenced for Governance, Leadership and Culture advisory review and Internal Controls in High Risk Areas assurance review
 - Scoping will commence this week for Risk Management advisory review.
- 8.2 An update on integrated assurance activity for the Pensions Platform Programme was also received. A health check had also been conducted on the McCloud Remedy Project.
- 8.3 A follow-up had been conducted on the Corporate Governance review and six of the eight recommendations/actions had been closed; these closed actions were all high and the two remaining are medium. The committee discussed the plans for reporting on The Pensions Regulator Code of Practice.
- 8.4 Internal Audit reported that the annual assurance opinion for 2021-2022 would be limited and that the final report would be circulated subsequent to the meeting. The rationale for this was discussed, including the two assurance reviews completed, the progress made since these reviews, risks in relation to the PPP, and outstanding audit recommendations. The committee discussed potential implications of this opinion, noting that there was an integrated approach to oversight that took into consideration the progress being demonstrated.
- 8.5 The committee noted that there was now a rigorous process around recommendations being signed off as complete, which provided additional assurance.

Action ARC 0722.08 Internal Audit to circulate the final report on the 2021-22 Annual Assurance Opinion (Josh McCreary)
Completion date: July 2022

9. Agency Annual Report and Accounts

- 9.1 Karen Morley presented a verbal update on the Agency Annual Report and Accounts, noting that
- There was work to be done on the Governance Statement following the delivery of the Audit Opinion
 - A full set of Financial Statements had been completed, including supporting notes and working papers, using a new improved process built from the ground up
 - The drafting process for the narrative had been challenging due to staff absence and capacity.
- 9.2 The timetable for submission was discussed.

Action ARC 0622.09 Karen Morley to circulate the draft Agency Annual Report and Accounts to the Committee including a deadline for comments at the time it is submitted to Audit Scotland for review.
Completion date: July 2022

10. Pension Platform Programme Update

- 10.1 Phil Heywood introduced the paper, noting that at the time of writing the report, the overall status had not yet been determined due to the changes agreed at the Programme Board meeting. The committee noted that recognising the business readiness challenges, the CEO and Senior Responsible Officer, has instructed the programme team to complete the procurement evaluation as planned; to pause and refocus the assurance review in June and to assess the options for the timing of contract award and implementation.
- 10.2 The committee discussed:
- The scope of the business readiness assessment in relation to the different resourcing requirements for each tenderer
 - The procurement process having delivered a deeper understanding of the work required from SPPA to complete a successful migration
 - The necessity to protect BAU, which has increased demand, and implement McCloud with a fixed timeline and consequent impact on the Programme.

11. Any other business

- 11.1 None

12. Date of next meeting

- 12.1 The next meeting will be held on 3 October 2022.

Version Control		
		Version number
Date minutes sent to chair	1 July 2022	0.2
Date approved by chair for circulation to MAB	4 July 2022	0.3
Date approved by board/committee	3 October 2022	1.0
Date of publication	3 October 2022	1.0