

<b>Meeting</b>	Audit and Risk Committee
<b>Meeting date</b>	17 January 2023
<b>Meeting time</b>	10:00 – 13:00
<b>Meeting location</b>	MS Teams

<b>Members in attendance</b>	Helen Mackenzie	Chair
	Clare Scott	Member
	Ian Forbes	Member
<b>Other attendees</b>	David Robb	Chief Executive Officer, SPPA
	Garry Cossar	Head of People, Strategy and Communications, SPPA
	Gemma Diamond	Audit Director, Audit Scotland
	Hannah Grout	Risk and Assurance Manager, SPPA
	David Gunner	Programme Director, SPPA
	Stuart MacArthur	Corporate Governance Manager, SPPA
	Josh McCreary	Internal Audit Manager, DIAA
	Karen Morley	Head of Finance, Procurement and Risk, SPPA
	Stuart Nugent	Senior Audit Manager, Audit Scotland
	Jonathan Sharp	Data Protection and Information Governance Manager (for items 9 and 10)
	Dougie Shepherd	Senior Internal Audit Manager, DIAA
<b>Minute taker</b>	Marnie Davis Wood	Governance Delivery Lead, SPPA

## 1. Welcome and apologies

1.1 There were no apologies received for this meeting.

## 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 previous meetings

3.1 The committee agreed that the minutes of the October 2022 meeting (ARC 4M/22) were a true and correct record.

3.2 Amendments were agreed to the December 2022 minutes (ARC 5M/22) as follows:

- Item 2.2, dot point 2 to read *the Audit Scotland findings were accepted and appropriate action taken.*
- Item 2.2, dot point 3 to read *the report was a true and fair view of the progress of the 2021/22 business year.*

## 4. Actions

4.1 The following actions were closed:

ARC 0721.02  
ARC 1022.02  
ARC 1022.03.

4.2 Updates were noted on the remaining actions in progress.

**5. Deep Dive – Pension Liabilities Forecasting**

5.1 A Deep Dive was held on 6 December 2022 and the committee thanked Karen Morley and Phil McKibben for their work on this, noting it was a helpful paper and discussion.

**6. Risk Management Report**

6.1 Hannah Grout (HG) introduced the paper, and advised the committee that work has continued and progressed this quarter on improving business continuity and resilience.

6.2 The committee discussed the following in relation to the Risk Register:

- Value for money risk and how this is described, with the committee considering that there are controls in place and encouraging SPPA to document this accurately
- Documentation of controls, including those relating to ensuring data quality.
- Concern about progress on actions related to the data quality risk – an update on these actions was provided and CS offered to review the data improvement plan.
- The need for continuity between the Pension Boards' Risk Registers and the Agency Risk Register, concern that this is not currently being captured, and how manageable the current approach is.
- Following a discussion about the delay to the Scheme Accounts and the update from Karen Morley that this had been treated as an issue, a recommendation that any issues that are being managed that do not appear as risks on the Register be captured in the narrative part of the Risk Management Report.
- Recognition of the progress that has been made on outstanding audit actions, particularly those that are high priority.

**Action ARC 0123.01** The Risk Management Report to be the final substantive item on the agenda for future meetings.

Owner: Marnie Davis Wood  
Completion date: 29 March 2023

**Action ARC 0123.02** Dave Gunner (DG) to share the Data Improvement Plan with Clare Scott (CS).

Owner: Dave Gunner  
Completion date: 28 February 2023

**Action ARC 0123.03** Committee members to meet with Hannah Grout to discuss the documentation of controls

Owner: Hannah Grout  
Completion date: 29 March 2023

**Action ARC 0123.04** Hannah Grout to include on the internal audit recommendation tracker the number of actions that were not implemented and should have been implemented so the committee can understand which are late and which are still within implementation deadlines.

Owner: Hannah Grout  
Completion date: 29 March 2023

**Action ARC 0123.05** Risk ET4 to be reviewed and edited to reflect current controls, actions and correct accountable officer.

Owner: Hannah Grout  
Completion date: 29 March 2023

## **7. Internal Audit**

- 7.1 Josh McCreary presented the progress report, updating the committee on the following:
- The follow-up on the Capability and Capacity Review was complete
  - Advisory work on Risk Management Arrangements has been drafted and shared with management
  - Fieldwork has commenced on the Members' Data Review, the last audit of the current year
  - The Red/Amber output of the Digital Assurance Office integrated assurance report.
- 7.2 The committee discussed:
- There remains some Internal Audit resource that has yet to be used or allocated
  - Resilience in staffing during the winter period
  - The scale and themes of current vacancies and how the Agency is increasing resilience.
- 7.3 The committee noted the follow-up report on the Capability and Capacity Review and noted progress on recruitment of the Chief Operating Officer. It was noted that the Staff Survey results had been released and a report had been prepared for the Management Advisory Board's January meeting. The committee discussed the Scottish Government-wide challenges around recruitment, particularly in the Finance skills set and the consequent risk this presents to the Agency.

## **8. External audit**

- 8.1 The committee received an update on the external audit position from Gemma Diamond (GD), noting that:
- The timetable for the delivery of the Scheme Annual Report and Accounts had not yet been finalised but the audit was progressing
  - 2021-22 was the final year of the current audit round, meaning that team members will change for the 2022-23 year – this is GD's final year as the Appointed Auditor. Stuart Nugent had come on board as the Senior Audit Manager for the latter part of the 2021-22 audits so would provide continuity into the 2022-23 year and beyond.

## **9. Cyber Security Report**

- 9.1 Jonathan Sharp (JS) presented the annual Cyber Security Report to the committee, highlighting:
- Phishing awareness initiatives
  - Progress against the audit actions, with some delays due to resourcing
  - The alignment of the Cyber Incident Response Plan with the newly refreshed Agency Incident Management Process.

The committee discussed:

- Opportunities arising from the Pension Platform Programme in relation to reducing cyber security risk
- Cyber security risks in relation to data sharing agreements with employers, particularly small employers
- The overlap between fraud risk and cyber security risk in relation to pension scams, and a caution that The Pension Regulator's regulatory work in relation to pension scams largely relates to funded schemes

- The Agency's membership of the National Cyber Security Centre's partnership for government agencies.

## 10. Information Commissioner's Office (ICO) Data Protection Audit

10.1 JS reported that the opportunity had arisen to have the Agency's approach to Data Protection audited by the ICO and had volunteered for this. It had been a useful piece of work; there are a number of actions arising, however, the audit resulted in one 'high' and one 'reasonable' level of assurance. The committee discussed:

- Risk arising from the key dependency in the information governance team
- The need to continue embedding the existing policies in documented processes/workflows and practice across the Agency, including for contingent workers.

## 11. Pension Platform Programme Update

11.1 DG provided an update to the committee on the Pension Platform Programme, highlighting:

- Workshops underway to define functional requirements
- Upcoming proof of concept to fully test the platform and ensure a transition with no disruption.

11.2 The committee discussed:

- The importance of communication with stakeholders to convey the transformational nature of the new engagement with the contractor.
- Adjusting performance indicators and service level agreements where necessary to align with current priorities.

## 12. Any other business

12.1 A question was raised about the Finance Report and the current position where this is only included on Management Advisory Board agenda. The Chair and David Robb confirmed that this change had been decided when the standing agenda had been reviewed in 2022 to avoid a duplication of the discussion. It was noted that further feedback on agenda items could be included in the upcoming Board Self-Assessment exercise and that the reintroduction of this item could be considered at this point.

**Action ARC 0123.06** Corporate Governance Team to include in the Board Self-Assessment questionnaire a question about the location of the Finance Report in the MAB agenda only.

Owner: Marnie Davis Wood

Completion date: 31 January 2023

12.2 Following a question, it was confirmed that the SPPA would be responding to The Pension Regulator's Governance and Administration Survey, which was due to be issued from 23 January 2023.

## 13. Date of next meeting

13.1 The next meeting will be held on 29 March 2023.

Version Control		
		Version number
Date minutes sent to chair	24 January 2023	0.1
Date approved by chair	24 January 2023	0.2
Date approved by board/committee	29 March 2023	0.4
Date of publication	18 April 2023	1.0