

Meeting	Audit and Risk Committee
Meeting date	20 March 2023
Meeting time	9:00 – 10:00
Meeting location	MS Teams

Members in attendance	Helen Mackenzie	Chair
	Clare Scott	Member
	Ian Forbes	Member
Other attendees	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
	Stuart MacArthur	Corporate Governance Manager, SPPA
	Karen Morley	Head of Finance, Procurement and Risk, SPPA
	Stuart Nugent	Senior Audit Manager, Audit Scotland
	Dougie Shepherd	Senior Internal Audit Manager, DIAA
	Apologies	Josh McCreary
Frances Graham		Chief Operating Officer, SPPA
Minute taker	Marnie Davis Wood	Governance Delivery Lead, SPPA

1. Welcome and apologies

1.1 Apologies were received from Frances Graham and Josh McCreary.

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.

2.2 Annual Report on the 2021-22 audit of the NHS and Scottish Teachers' Pension Scheme Annual Report and Accounts

2.3 Gemma Diamond (GD) presented Audit Scotland's report on the NHS Pension Scheme (Scotland) (NHSPSS) and Scottish Teachers' Pension Scheme (STPS) Annual Report and Accounts, confirming an unmodified opinion on both with no unadjusted errors. GD acknowledged the significant amount of work that teams from SPPA and Audit Scotland had undertaken to get to this position.

2.4 GD noted that the SPPA was a significant outlier in the Scottish Government, having finalised the audit so late in the year, and highlighted the significant focussed effort that would need to be made in order to meet the proposed the timeline for the 2022-23 audit. She noted SPPA's commitment to making this improvement.

2.5 Stuart Nugent (SN) highlighted the following significant findings from the audit report, in addition to the three brought to ARC in December in relation to the Agency Annual Report and Accounts:

- Demographic assumptions for NHSPSS – inconsistencies identified by GAD and recommended changes made.
- Cash in transit balance in STPS – error identified and accounts correctly adjusted

2.6 SN reported to the committee the following recommendations contained in the audit report:

- Urgently secure additional capacity in the SPPA finance team
- Retain evidence of appropriate management checks regarding reconciliations, changing suppliers' details, significant payments and for people leaving the organisation
- Finalise review of counter fraud policy; regular fraud reports submitted to ARC
- Continue to develop a financial strategy
- Continue to develop workforce planning
- Embed and enhance improvements to the 2021/22 performance report
- Prioritise filling the post of Chief Operating Officer and continuously review strategic capacity for major change programmes.

2.7 The committee discussed:

- Changes that had needed to be made to the performance report ahead of publication to ensure it was compliant and accountability for this report in relation to the Financial Reporting Manual requirements
- Confidence in the plans and timelines for the 2022-23 process and the potential risks to successfully meeting the deadlines proposed
- The internal audit review that had been commissioned to identify the lessons learned from the 2021-22 process
- Evidencing financial controls across the Agency, outwith the Finance Team
- Reconciliation of member data with GAD
- The wording on the main judgment about the SPPA finance team being 'under-resourced', clarifying that significant efforts had been made to resource the team and that the posts exist, however, the issue had been recruiting to the roles
- The importance of setting realistic timetables to benefit from planning around capacity in the Audit Scotland team.
- Early notification to Audit Scotland of any slippage in the timetable should this occur.

2.8 It was agreed that the wording of the agreed management action for Issue 2: Financial Controls (Appendix 1, p.28) should change from 'Internal audit of financial controls to be completed by October 2023' to 'Phase 1 of an internal audit of financial controls to be completed by October 2023'.

Action 0323.01: Audit Scotland to change the wording of the agreed management action for Issue 2: Financial Controls (Appendix 1, p.28), from 'Internal audit of financial controls to be completed by October 2023' to 'Phase 1 of an internal audit of financial controls to be completed by October 2023'.

Completion date: 21 March 2022
Owner: Stuart Nugent

2.9 The committee confirmed that no further cases of fraud had been brought to the committee's attention.

3. NHS and Scottish Teachers' Pension Scheme Annual Report and Accounts

3.1 The committee discussed comments from committee members provided on a version in the latter stage of drafting and how these would be taken into consideration in the preparation of the 2022-23 Annual Report and Accounts.

Action 0323.02:

Karen Morley to circulate the timetable for the 2022-23 audit of the Annual Report and Accounts to committee members.

Completion date: 29 March 2023

Owner: Karen Morley

- 3.2 The committee formally noted the completion of the audit and inclusion of the independent auditor's report. The committee recommended to the Management Advisory Board that the Accountable Officer/Chief Executive Officer should sign the Annual Report and Accounts in order to lay them before Parliament on 23 March 2023.

4. Date of next meeting

- 4.1 The next meeting will be held on 29 March 2023.

Version Control		
		Version number
Date minutes sent to chair	30 March 2023	0.1
Date approved by chair	7 April 2023	0.2
Date approved by board/committee	27 June 2023	1.0
Date of publication	31 July 2023	1.0