![SPPA Scottish Public Pensions Agency / Buidheann Peinnseanan Poblach na h-Alba]

Minute number ARC 3M/23

Meeting	Audit and Risk Committee
Meeting date	29 March 2023
Meeting time	10:00 – 13:00
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
	Carole Grant	Audit Director, Audit Scotland
	Hannah Grout	Risk and Assurance Manager, SPPA
	David Gunner	Programme Director, SPPA (item 8 only)
	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
	Dougie Shepherd	Senior Internal Audit Manager, DIAA
Minute taker	Marnie Davis Wood	Governance Delivery Lead, SPPA
Observing	Kerry Glass	Corporate Governance Officer, SPPA
Apologies	Michael Duff	Senior Auditor, Audit Scotland
	Frances Graham	Chief Operating Officer, SPPA

1. **Welcome and apologies**
1.1   Apologies were received from Michael Duff and Frances Graham.

2. **Declaration of interests**
2.1   Clare Scott reported that she had taken up some consultancy work with a local government pension fund. There is no conflict of interest in this role. There were no further 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 January 2023 meeting (ARC 1M/23) were a true and correct record.

4. **Actions**
4.1   The following actions were closed:
ARC 0622.02
ARC 1022.01
ARC 0123.01
ARC 0123.04

4.2   Updates were noted on the remaining actions in progress.

5. **Deep Dive – Employer Data Flows**
5.1   A Deep Dive was held on 10 March 2023 on the topic of Employer Data Flows. The committee noted that communications between teams involved in this area could be improved, as they had observed a disconnect between Subject Matter Experts and teams running projects. SPPA had held a debrief following the Deep Dive and improvement actions had been identified.

Action 0323.03

Hannah Grout to include a paragraph in the June 2023 Risk Management Report on Employer Data Flows assurance, following on from the March Deep Dive. Relevant colleagues in Customer Services and Pensions Platform Programme team to provide input on this and HG to co-ordinate.

Owner: Hannah Grout
Deadline: 27 June 2023

6. External audit

6.1 Carole Grant (CG), the new Senior Audit Manager from Audit Scotland, introduced herself to the committee. The committee noted:

- The planning process, including resourcing, being underway for the annual audit plan, including discussion of lessons learned from the 2021-22 process. It was noted that the plan is to be issued within April.
- The commencement of interim audit work.
- The recommendation to notify Audit Scotland early of any delays to providing information.
- The need for effective two-way communication and accountability between SPPA and Audit Scotland to understand ways of working, resourcing, and the impact of leave.
- Assuming that the auditors will want to see evidence for everything that has been used in the preparation of the accounts.
- CG would be completing a read-across review of the 2021-22 accounts and process and would incorporate any feedback into the lessons learned review.

Action 0323.04

Helen Mackenzie to chair a 'lessons learned' workshop in relation to the 2021-22 Annual Report and Accounts process.

Owner: David Robb/Helen Mackenzie
Deadline: 27 June 2023

Action 0323.05

SPPA to report back to Audit and Risk Committee with the results of the review of the 2021-22 Annual Report and Accounts process.

Owner: David Robb
Deadline: 27 June 2023

7. Internal Audit

7.1 Josh McCreary (JM) reported to the committee on the internal audit progress report, including planning for the 2023-24 internal audit cycle. JM highlighted:

- The audit of members' data would be completed in April
- The Annual Internal Audit Plan for 2023-24 had been agreed and would be shared with the committee outside of the meeting.

7.2 The committee discussed the Technology Assurance Health Check for the 2015 Remedy Project, noting that it has moved from amber/red to amber status. Discussion focused on the risks around business readiness and the multi-faceted nature of this project. The committee advised that a report on the McCloud project to future meetings would enable effective monitoring and assurance to take place.

Action 0323.06

Josh McCreary to circulate the confirmed Internal Audit Plan for 2023-24

Owner: Josh McCreary
Deadline: 31 March 2023

Action 0323.07

SPPA to report on the McCloud Remedy project at each Audit and Risk Committee meeting in 2023-24.

Owner: Dave Gunner
Deadline: 27 June 2023

7.3   JM presented the Cyber Security Follow-up Report, noting there were three follow-up actions that had not been fully implemented.

7.4   The committee requested and received an update from SPPA on the high risk recommendation that had not been implemented in relation to on-call availability of the IT team. It was noted that:
- A review was underway of the IT team that, once implemented, would address cover arrangements
- Management did not consider that the fact this hadn't yet been completed meant that SPPA would not be in a position to respond to a cyber-attack if one were to occur, as this was one part of a broader cyber response
- Work is underway to build capability and infrastructure in relation to the IT team

7.5   The committee requested that SPPA review whether progress with outstanding audit recommendations are being accurately reflected in the Risk Management Report, as there had been an error in the paper for this meeting i.e. the high-risk recommendation that had not been implemented did not appear in the Risk Management Report.

Action 0323.08

Cyber Incident Response Plan to be finalised and provided to Executive Team.

Owner: Andy McAllister
Deadline: 27 June 2023

8.   Pensions Platform Programme Update
8.1   Dave Gunner presented a report on the Pension Platform Programme, highlighting:
- Completion of the Proof of Concept
- Work underway on clarification of functional requirements.

8.2   The committee discussed:
- Tolerance in the project plan for a minor delay in signing the contract on 31 March, to allow time to clarify the above
- Payment being dependent on the supplier's delivery of requirements within the contract
- Relationships and dependencies between the Pensions Platform Programme and the 2015 Remedy project, particularly in relation to resourcing.

8.3   The committee raised the issue of data improvement and DG presented a summary of work currently underway in this area. Analysis/discovery phase was currently underway

and the next step will be rectifying shortcomings in quality with a focus on the data being provided by employers in the NHS and Teachers' schemes.

9.   UK Spring Budget – Pension Changes
9.1   The committee noted a report on the pension changes that had come through in the UK Government's Spring Budget. The committee discussed future changes that may happen if a change occurs after a general election and implications for IT system changes noting that SPPA is working out the implications currently.

10.   Risk Management Report
10.1   Hannah Grout (HG) presented the Risk Management report, highlighting:
- Actions arising from the agreement of the annual audit plan
- Recruitment underway to increase the capacity of the risk team
- Review of the storage of audit actions
- Executive Team Issues Log has been included in this paper
- No significant movement in risk scores in the Executive Team Risk Register.

Action 0323.09
SPPA to review the process by which high-risk audit recommendations are monitored, implemented and reported on for follow-up reviews and how these are reflected in the risk register and reporting to ARC. SPPA to provide the detail of internal audit recommendations monitoring and tracking to Audit and Risk Committee via Knowledge Hub as a supporting paper ahead of the next committee meeting.

Owner: Hannah Grout
Deadline: 27 June 2023

10.2   The committee discussed the identification and documentation of controls, noting that the current items highlighted in the risk register are improvement actions not control measures. It was noted that a workshop is to be held with committee members on controls to provide support and share experience with the SPPA team. The committee expressed concern about the maturity of the risk registers in terms of identification and articulation of controls. It also noted that the SPPA did not have a clear view on what the risk appetite is for each area of risk.

10.3   The committee highlighted that risk management should inform business planning and decision making and discussed the need for prioritising the work of the risk team accordingly. It was noted that the 'lessons learned' review for the Annual Report and Accounts process would present an opportunity to review how risk management practices are implemented in a live scenario.

10.4   The committee requested and received an update on the high recommendation in relation to the skills matrix development and the capability risk. Garry Cossar reported:
- A skills audit had been completed across Customer Service and this will be rolled out across the agency.
- HG responded to a question from the committee, summarising the five actions arising from the recent Risk Management advisory review.

Action 0323.10

Helen Mackenzie and committee members to consider how the committee can explore the top risks effectively, in a structured way, as part of committee meetings.

Owner: Helen Mackenzie
Deadline: 27 June 2023

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11.   Any other business

11.1   The committee discussed future Deep Dive topics.

Action 0323.11

Corporate Governance Team to work with Executive Team and Hannah Grout to review the plans for Risk Deep Dives for the 2023-24 year, including scoping, topics, accountability and colleague involvement.

Owner: Stuart Macarthur
Deadline: 27 June 2023

11.2   The committee noted that there was a new First Minister in place and there may be changes in ministerial appointments in relation to the Agency.

12.   Date of next meeting

12.1   The next meeting will be held on 27 June 2023.

Version Control		
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