Scottish Public Pensions Agency
Buidheann Peinnseanan
Poblach na h-Alba

Minute number 4A ARC /23

Meeting	Audit and Risk Committee
Meeting date	11 December 2023
Meeting time	16.00-16.30
Meeting location	MS Teams

Members in attendance	Helen Mackenzie	Chair
	Clare Scott	Member
	Ian Forbes	Member
Other attendees	David Robb	Chief Executive, SPPA
	John Burns	Chief Finance Officer, SPPA
	Clare Moffat	Governance Manager, SPPA
	Stuart Nugent	Senior Audit Manager, Audit Scotland
	Carole Grant	Audit Director, Audit Scotland
	Mohammed Kashiaf Hanif	Financial Accountant, SPPA
	Dougie Shepherd	Senior Internal Audit Manager, DIAA
	Alan Paterson	Risk & Control Officer, SPPA
	David James Reay	Internal Audit Manager, DIAA
Apologies	Frances Graham	Chief Operating Officer, SPPA
Minute taker		Minutes taken from recording

1. Welcome and apologies

1.1   The Chair welcomed all attendees.

1.2   No apologies were noted.

1.3   Ian Forbes (IF) noted a new interest; he is working on a temporary contract with the Scottish Fiscal Commission. This is not considered to be a conflict of interest.

2. 2022-23 audit of the NHS & Teachers Schemes' Annual Report and Accounts

2.1   Carole Grant (CG) presented on the NHS & Teachers Schemes' Annual Report and Accounts, and noted:
- Audit Scotland are proposing unmodified audit opinions for both pension schemes, detailed in appendix A & B of covering letters, and also that appendix C & D contain the requested assurances that we are looking at from management.
- Auditing standards require specific confirmations of any instances of actual or suspected fraud, subsequent events that may have occurred since the day of the financial statement or material non-compliance with laws and regulations. None were noted by the Committee.
- The robustness of the audit process is highlighted by compliance with the FRC's ethical standards, and Audit Scotland has not undertaken any non-audit related services.
- Recommendations noted in the report as due in December 2023 will be moved to June 2024.
- Significant matters arising from the audit relate to the year-end overspend position and an adjustment of £23M to the NHS scheme.
- In terms of audit work on risks, there was nothing brought to the committee's attention.
- Overall financial management is sound and consistent with internal audit reports and Audit Scotland's own reporting.

2.2   The committee discussed:
- Risks and mitigations in relation to the move to Oracle
- Costs of the Scottish Government fair pay calculations

Action 1223.01
Audit and Risk Committee to consider risks relating to Oracle Fusion implementation at a future meeting.
Owner: Corporate Governance, Clare Moffat
Deadline: 18 July 2024

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3.   2022-23 Annual Report and Accounts – NHS and Scottish Teachers' Pension Schemes
3.1   Kashiaf Hanif presented the Annual Report and Accounts for the NHS and Teachers' schemes, noting:

- The impact of staff turnover on the production of financial statements
- The overspend being an accounting adjustment rather than a cash overspend
- A correction in relation to an error from the previous year
- The engagement of a third-party design team to improve readability

4.   Recommendations to Management Advisory Board
4.1   The Chair thanked everyone involved in the production of the Scheme Annual Reports and Accounts. The committee commended the Annual Reports and Accounts to the Management Advisory Board, noting that these, on the whole, were a fair, balanced and understandable representation of the business conducted. The committee recommended to the Management Advisory Board that the Accountable Officer sign off the accounts.

5.   Any other business
5.1   The Chair highlighted the need for the committee to consider business continuity in terms of cyber security, and recommended covering this at the next meeting of the Audit and Risk Committee.

Action 1223.02
Audit and Risk Committee to discuss the risk of cyber security and how it impacts business continuity at a future meeting.
Owner: Corporate Governance, Clare Moffat
Deadline: 16 July 2024

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6.   Date of next meeting

6.1   The next meeting will be held on 16 January 2024.

Version Control		
		Version number
Date draft completed	12 January 2024	1.0
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