

Meeting	Audit and Risk Committee
Meeting date	20 September 2023
Meeting time	10:30 – 13:30
Meeting location	Hybrid: Tweedbank/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
	Frances Graham	Chief Operating Officer, SPPA
	David Gunner	Programme Director, SPPA (itdeceasedems 9 and 10 only)
	Josh McCreary	Internal Audit Manager, DIAA
	Stuart Nugent	Senior Audit Manager, Audit Scotland
	Dougie Shepherd	Senior Internal Audit Manager, DIAA
	Philip McKibben	Financial Controller, SPPA
	Alan Paterson	Risk and Control Officer, SPPA
	Anna Skowron	Finance Manager, SPPA
	Minute taker	Roderick Glass

1. Welcome and introductions

1.1 Apologies were received from Iain Burns, Clare Moffat and Marnie Davis-Wood.

2. Declaration of interests

2.1 There were no changes to Committee members' Registers of Interests nor were there any declarations of interest in the business to be conducted.

3. Minutes of the previous meeting

3.1 The board agreed that the minutes of the 27 June 2023 meeting were a true and correct record. It was noted that Phil McKibben attended the previous meeting although did not appear on the attendee list.

4. Actions

4.1 Actions 0323.08 (High Risk Audit Recommendations) and 0323.10 (Internal Audit Recommendations) were merged and the following actions were closed:

- ARC 0323.09 (Cyber Incident Response Plan)
- ARC 0623.01 (Audit Timetable)
- ARC 0623.03 (Risk Register: Oracle Migration)
- ARC 0623.04 (Internal Audit Assurance Opinion)
- ARC 0623.06 (Internal Audit Plan)

4.2 Updates were noted on the remaining actions in progress, which remain open.

4.3 It was agreed a stand-alone item relating to data would be scheduled at the next meeting, to include updates and discussion on specific risk areas.

Action ARC 0923.01

Establish a stand-alone agenda item relating to data to include updates and discussion on risk areas relating to:

- Data quality and completeness
- Progress with the implementation of the Members Data Audit recommendations
- The Data Implementation Plan (David Gunner)

Completion date: 16 January 2024

- 4.4 Executive confirmed the Chief Financial Officer (CFO) recruitment had concluded and a new CFO will be joining the Agency in late October 2023.

Action ARC 0923.02

David Robb to arrange for ARC members to meet with the new CFO as part of his onboarding induction.

Completion date: November 2023

5. Deep Dive - Cyber Incident Response Plan/Cyber Security

- 5.1 The email summary of the Deep Dive session held on 13 September 2023 is to be circulated to the Committee, along with the minutes of the 20 September 2023 meeting.

- 5.2 Discussion included:

- Issues relating the security of supply chains
- Outcome of the recent IT team review
 - Proposed reshaped team specification, supported by David Gunner and HR.
 - Job matching possibilities will be according to recruitment guidelines and be open and fair recruitment. There is potential to draw from other Scottish Government resources to ensure there are no shortfalls or gaps in IT service provision throughout this process.
 - MI use in accordance with digital modernisation of the organisation.

6. External Audit

- 6.1 The Committee thanked Carole Grant for presenting the report on the audit of the agency's accounts and the timely completion of the audit.

7. Annual Report and Accounts Update

- 7.1 The TAVA team has been disbanded in line with SPPA better ways of working, and colleagues from that area will move over to Finance by February 2024.

- 7.2 HMRC are to conduct a reconciliation exercise prior to returning an overpayment to SPPA. There is no estimated date for this.

The Committee noted concerns over not being informed of the overpayment.

Action ARC 0923.03

Update on overpayment recovery from HMRC to be provided, with details the history of how the overpayment occurred and avoidance steps for the future. (CFO)

Completion date: January 2024

Assurance was given that elements of SPPA organisational change are driven by identified need to improve controls.

- 7.3 Audit Scotland advised a target date of late November is being considered in relation to the December delivery date for the Finance Report.

Assurance was given that adjustments are being fed back to SPPA on a case-by-case basis.

It was confirmed that ARC comments are being considered and a process to incorporate this, including rationale, is being investigated.

8. Internal Audit

- 8.1 DIAA are comfortable with the direction of the 2023-24 Internal Audit Plan. A new approach to audit is being taken which has been a positive development enabling a forward look.
- 8.2 Section 2.2 (Digital Assurance) was highlighted. Since submitting the paper, the action plan was Amber/Red and has now moved to Amber.
- 8.3 The PPP technology assurance in 2023 returned an Amber/Green delivery.
- 8.4 The Committee discussed new ways of working from 26 September 2023, with an interim phase as SPPA brings forward the new dual calculation which will improve processes and remove reliance on manual calculations. The Committee noted this was a better way forward and thanked Frances Graham for prompt addressing of actions.
- 8.5 Rationale for recommendations from the audit not being taken forward will be provided.

9. 2015 Remedy

- 9.1 The Remedy project is showing Amber.
- 9.2 The Committee discussed Remedy options and rationale linked with initial steps being taken by the agency to deliver on its legal obligations therein.
- Based on key dependencies relating to Remedy deferred choice, the legacy award will be provided initially for NHS and Teachers schemes.
 - The Pension Award Calculator sheet has been successfully tested and will be used to generate the default legacy award.
 - Pension Boards have accepted the process as a sensible approach. Dual choice will still be provided to this group later as a priority cohort.
 - Assurance was given that calculations are made in a controlled environment.

It was noted that the Committee hoped Heywood would be further forward with calculations. SPPA confirmed:

- Contingencies were in place to protect our members.
- A move to using our own standalone calculator will be ready for implementation by April 2024.
- There are four options available relating to Immediate Choice, although a decision on which to utilise had not yet been made.

The Committee discussed potential for a performance dashboard and expectations of an influx in call volumes.

- 9.3 To address any increase in call volumes, the IVR message will be updated, directing customers with FAQs to the website.
- 9.4 It was noted there was an increase in call volumes due to NHS Partial Retirements however there was not modeller ready for this, as several legislative changes had occurred simultaneously.

10. PPP

10.1 SPPA confirmed the smooth cloud migration for Police and Firefighters. NHS and Teachers will require additional time for the migration to take place as volumes are higher. A different approach will be taken for those schemes.

10.2 There were no budget-related issues.

11. Fraud

11.1 No cases of fraud were reported.

12. Risk Management

12.1 Risk Management Report

The Committee discussed Risk ET13 (People/Capacity) and ET3 (People/Capability).

Action ARC 0923.04

Risk management lead and executive team to revisit Risk Register target scores.

Completion date: January 2024

- The Risk Champions group is developing a new approach to informing Risk registers.
- Capability has caught up. Forward movement has slowed due to Remedy challenges relating to resourcing.
- The skills audit is progressing, although slowed due to Remedy implications. The aim is to continue to close the skills gap and increase capability.

Action ARC 0923.05

Risk management lead to create a framework document which outlines the differentiation between a risk and an issue and provide this to the Committee

Completion date: January 2024

Action ARC 0923.06

In future, Risk Management Report Risk should include documentation detailing the route to achieved, in order to provide clarity on what is required to close off risks. Plans to be shared with the Committee detailing intended or current steps to close risks

Completion date: January 2024

12.3 NFI (National Fraud Initiative)

Approach to risk assessment regarding deceased pensioners with pensions still in payment is due to be finalised in January after the completion of the investigation.

Numbers relating to overseas pensioners are inconsistent based on pensions paid into overseas or UK based bank accounts. Heywood will carry out an offshore monthly sweep based on customer age to support the process.

More information on preventative and detective measures will be provided in due course.

Action ARC 0923.07

Frances Graham to investigate the risk of deceased pensioners with pensions still in payment and circulate clarified findings to the Committee

Completion date: January 2024

Action ARC 00923.08

Frances Graham and Clare Scott to discuss the detail of what an offshore monthly sweep will cover.

Completion date: January 2024

Action ARC 0923.09

Frances Graham will review the NFI matches and share a process map which shows how we manage these cases and will also seek to determine how NHS England and Wales handle these types of cases.

Completion date: January 2024

Horizon Scanning

The Scottish Government is conducting a 2-year projection budget process.

There are significant differences in allocation. Lesley Fraser and the Executive team recently carried out a budget deep dive in relation to this as the agency is currently running at risk for the current and subsequent years.

Finance colleagues will review the numbers to ascertain if we may need to consider rolling back on any plans for next year.

The Executive team confirmed spend consideration included enhanced recruitment controls and a review of contractor, in addition to a range of measures to generate additional income.

The Committee were advised that a CEM benchmarking session is scheduled to take place soon; preliminary information suggests low quality high costs which will be incorporated within submission of transformation projects.

Action ARC 0923.10

Garry Cossar will provide further information on Scottish Government Shared Services before the end of the financial year.

Completion date: April 2024

13. Forward Look

13.1 David Robb advised that with the onboarding of the new Chief Financial Officer, Risk will move over to People, Strategy and Communications to enable the new CFO to focus solely on Finance.

14. Any other business

14.1 The Committee was reminded that the next meeting will be face to face.

15. Date of next meeting

The next meeting will be held on 16 January 2024.

Version Control		
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