

Meeting	Audit and Risk Committee
Meeting date	1 April 2025
Meeting time	10:00 – 13:00
Meeting location	Hybrid – Tweedbank / MS Teams

Members in attendance	Clare Scott	Chair
	Mark Tarry	Member
	Kevin McLeod	Member
Other attendees	Stephen Pathirana	Chief Executive Officer, SPPA
	Chris Nairns	Chief Operating Officer, SPPA
	Debbie Trafford	Head of People, SPPA
	Frances Graham	Chief Transformation Officer, SPPA
	John Burns	Chief Financial Officer, SPPA
	Stuart MacArthur	Head of Strategic Governance, SPPA
		Governance, Risk and Assurance Manager, SPPA
		Senior Audit Manager, Audit Scotland
		Senior Internal Audit Manager, Department Internal Audit Assurance (DIAA)
		Internal Audit Manager, DIAA
		Corporate Governance Manager, SPPA
		Programme Director, SPPA
Observers		Procurement and Contracts Officer, SPPA
Apologies		Audit Director, Audit Scotland
		Risk and Control Officer, SPPA
	Iain Coltman	Head of Policy, SPPA
Minute taker		Governance Delivery Lead, SPPA

1. Governance matters

- 1.1 Apologies were noted for SPPA Risk and Control Officer, Audit Scotland Audit Director and SPPA Head of Policy.
- 1.2 There were no changes to Committee members' Registers of Interests nor were there any declarations of interest in the business to be conducted.

2. Minutes and actions

- 2.1 The Committee agreed that the latest version, incorporating updated action numbers, of the minutes of the 29 January 2025 meeting were a true and correct record.
- 2.2 The following actions and recommendations were closed:
 - ARC 0124.05 - SPPA to consider whether financial benefits realisation of PPP should be discussed as part of the MAB strategic discussion or in a stand-alone discussion with ARC committee members. **Benefits realisation will be incorporated into action 20250129.08.**
 - ARC 20241107.03R – SPPA to consider whether a shared services agreement with local finance professionals could reduce the risk of issues with the ARA process in future.
 - 20250129.01 - Audit colleagues to stop embedding documents for reference in papers going forward. Content to be circulated prior to meetings or to be included as annexes.
 - 20250129.02 - SPPA to circulate draft action plan created from ARA lessons learnt session (before MAB meeting on 11 Feb if possible)
 - 20250129.07 - Board pack from 29 January 2025 meeting to be updated to reflect errors in finance section
 - 20250129.10 - SPPA to circulate work on NFI anomalies to ARC

members

- 20250129.01R - SPPA to use the Audit Scotland checklist to decide on content for ARA

2.3 The following actions remain open:

- ARC 20241107.04R - SPPA to review how inherent risks relating to Fraud are captured via the risk register, and if this can be improved.
- ARC 20241107.06 – Chair to speak with ARC members and advise SPPA on future content contained within Finance Report.
- 20250129.03 - SPPA to reflect on ARC feedback to refine audit plan for 2025/6. Final plan to be circulated to ARC members.
- 20250129.04 - Internal audit to share further detail on horizon scanning (used to pull together the draft audit plan for 2025/6) with ARC members. The Committee noted the Horizon scanning document was circulated by internal audit but felt this was high level and fairly rudimentary. Committee enquired about horizon scanning within SPPA and suggested the agreed development of assurance mapping should help with future focus for internal audit.
- 20250129.05 - SPPA to develop pension fund assurance mapping
- 20250129.06 - SPPA to include details of potential opportunities for additional income/savings in the presentation of the budget in future.
- 20250129.08 - SPPA to provide formal project updates
- 20250129.09 - SPPA to arrange a deep dive session on business transformation
- 20250129.11 - SPPA to provide an update on internal audit actions in packs going forward, specifically overdue actions. Detail is not required but assurance that senior management are reviewing and progressing actions.

3. Opening Remarks

3.1 SPPA Chief Executive Officer noted:

- The main priority for the agency is progressing the Remedy project and communicating effectively with the regulator and stakeholders around Remedy progress, now the official deadline has passed.
- A robust plan has been put in place to deliver the Annual Report and Accounts promptly.
- Recruitment in the finance department is underway.
- The Executive Team risk register has been updated and the assurance process is improving.

4. Business Transformation

4.1 SPPA Chief Transformation Officer provided an update on:

- Strategy
- Staffing
- Context of closure of Platform Procurement Project
- How projects will be managed going forward
- Route to digitisation

4.2 Projects are in the initial setup stage currently, with work focusing on documentation, resourcing and planning. As projects move out of the scoping phase and into the official project space, SPPA are keen for Committee feedback. The Committee requested clarity on overall project governance in order to ensure full oversight of all projects, including Remedy, and SPPA confirmed there is intent for an overarching project board to be configured that will oversee the operational transformation as a whole, who will highlight sequencing and dependencies across projects for future planning.

4.3 SPPA are working on fixing issues with Iconnect so NHS and Teachers

data can be implemented. This will allow SPPA to gather monthly data from employers.

- 4.4 The Committee enquired about oversight of project management and governance. SPPA have had regular catch ups with the Digital Assurance Office (DAO) to share project plans. The Remedy and PPP projects have been descoped. Current projects including Dashboard and Engage are classed as enhancements to existing capabilities and are therefore out of scope for digital projects. The Committee noted that the draft internal audit plan for 25/26 included an audit of annual events which would include the relevant project management. However, it was noted that if DAO is not planning to provide assurance on Business Transformation project, the internal audit plan could be extended accordingly. The Committee also enquired about risk management within projects and the involvement of the risk team. SPPA confirmed that the intention is for the risk team to be involved in risk management within projects but this was not yet the case.

Action 2025-26.01

SPPA to consider oversight for projects and discuss with Internal Audit how they may be able to support with assurance

- 4.5 SPPA program director provided the latest update on the project governance. Good progress has been made issuing Remedial Service Statements (RSS) however there are some blockers. SPPA are working closely with the Government Actuary Department (GAD) to ensure calculations are 100% correct. Automation is working as projected. Lessons learned are being used to further progress across schemes. Pension Boards are being notified of any setbacks with issuing statements.

- 4.6 Attendees discussed risks within the project. A 1 hour meeting is held daily to raise any challenges. Specific actions are captured on individual registers whereas the actions captured on the top level summary are more generic. The Committee suggested that the actions could be more specific.
- 4.7 SPPA have shared expected project dates with the regulator, based on moment in time knowledge. The regulator was appreciative of the challenges the Agency faces. SPPA are to provide breach reports to the regulator in mid-April. The Committee requested to see a copy of these breach reports and a timeline of project milestones to address breaches. The Committee commented that whilst they understood that other public sector administrators were also generally behind timescales on Remedy, the regulator is likely to be expecting resolutions within reasonable timescales

Action 2025-26.02

SPPA to share Remedy breach reporting and timeline to address breaches with Committee members

- 4.8 The Committee enquired about the project board meetings and SPPA confirmed the Remedy Project Board meet monthly. Workstream leads attend these meetings, alongside Board members, for understanding. The Committee noted the attendance of a non-executive member of the Management Advisory Board (Norman McNeil) at the recent project board meeting. The Committee also suggested greater clarity of the project board members in papers (as the list of meeting attendees is very long) to ensure clarity of accountability.

Action 2025-26.03

SPPA to make it clear on Remedy Project Board attendance lists who is a member of the Board and who is attending in other capacities

5. Governance

- 5.1 SPPA Head of Strategic Governance provided an update on:
- Review of Framework document
 - Review of Corporate Boards Terms of Reference
 - Review of Corporate Governance Policies
- 5.2 The Framework Document is to be reviewed, in line with the Scottish Government Model Framework Agreement, and updated by early June. The draft will be circulated to the Committee for comment, before submission to The Minister for sign off before summer recess. The Committee requested a timetable for the drafts to be circulated for comment. Terms of Reference for the Management Advisory Board, Audit and Risk Committee and Pension Boards will be reviewed at this stage to ensure consistency with the Framework Document.
- 5.3 Committee meetings are being rescheduled in 2025/26 to ensure the appropriate business is carried out at the right time of the year.

6. External Audit

- 6.1 Senior Audit Manager, Audit Scotland highlighted:
- Changes to the Audit Plan from previous years
 - New risks
 - De-escalated risks
 - Preparatory work for 2025-26, including awards calculations for Teachers and NHS, is on track

- Government accounts are ongoing. Audit Scotland do not have access to the level of detail required for them to carry out audit around transactions with other public bodies. This has been caused by an access issue. The data has been uploaded to the SPPA treasury system but as of yet Audit Scotland have not been able to access this. SPPA Head of Finance is in contact with software controllers to enable access as a matter of priority.

Action 2025-26.04

SPPA to work with colleagues who enable access to treasury system to grant access to Audit Scotland and escalate this issue where necessary

7. Annual Report and Accounts (ARA)

- 7.1 The Committee noted that requests had been made for regular updates on the progress on actions from the 23/24 Accounts lesson learned exercise. Updates have not been provided since the lessons learned meetings and only a very high level update included in the meeting papers. SPPA Risk Manager provided an update on actions and reported that all actions are on track however, the Committee noted that the action list which was handed out at the meeting did not concur with this and a number of actions appear to have not been progressed.
- 7.2 The Committee enquired about resourcing in the Finance team. SPPA Head of Finance noted the finance department are in a better place to prepare for the ARA than in previous years. They are taking a new approach which is more consistent and have more experience of the process within the team.
- 7.3 SPPA are working towards the end of June 2025 to prepare a governance statement. A first draft will be completed end of May 2025 and circulated for comment shortly after. The Committee requested the

timetable be updated to reflect this clearly and to ensure the timetable also includes details of the ARC annual report. The Committee also asked to see the outline of the reduced size of the report. Planning has taken place with Audit Scotland to understand what needs to be included in reporting.

Action 2025-26.05

SPPA to provide:

- Monthly updates on the progress of ARA actions and reforecast dates (where applicable)
- Timetable which includes details of the ARC annual report
- Outline of the reduced size of the report

Action 2025-26.06

SPPA to clarify in plan when Committee will view governance statement

8. Internal Audit

8.1 Senior Internal Audit Manager, DIAA, provided an update on:

- Progress report
- Quarterly bulletin
- Financial Governance and Sustainability Report

8.2 The Committee noted that some audit recommendations relating to the Pension Platform Programme and Remedy Project had been in progress for an extended period of time, and due to the length of time they had been open may no longer be relevant. They requested that SPPA review any outstanding actions and agree with internal audit the closing out of actions no longer applicable.

8.3 The Committee noted that changes had been made to Financial

Reporting Standard 102 with regards to audit. They requested that SPPA review the changes and implement action if required.

Action 2025-26.07

SPPA to review outstanding internal audit actions and agree with internal audit the closing out of actions no longer applicable

Action 2025-26.08

SPPA to review changes to [Financial Reporting Standard 102](#) in regard to audit and implement action if required

Action 2025-26.09

Internal Audit to provide further context on root causes in audit reports

- 8.4 Internal Audit are working on a strategy document and charter. This will be presented at the next meeting. Senior Internal Audit Manager, DIAA, requested feedback on the quarterly bulletin from Committee members.

9. Finance

- 9.1 SPPA Head of Finance provided an overview on budgetary monitoring.
- 9.2 The budget for 2025/26 is heavily predicated on the recovery of GAD actuarial charges across 4 schemes and income on charges being increased. Budget looks balanced including contingency sums with changes of circumstances.
- 9.3 The ongoing Remedy project provides some budget uncertainty. SPPA are preparing a multiyear program to forecast expenditure. Regular budget discussions take place with the accountable officer.
- 9.4 SPPA are drafting a paper on the financial model. Ministerial officials

are drafting principles on how arrangements may change. This will be reviewed in a session with the Management Advisory Board.

- 9.5 The SPPA Executive Team are currently reviewing the Debt Management Policy.
- 9.6 The Committee asked for clarification on some service costs data. SPPA Head of Finance provided assurance that anomalies were related to the timing of the reporting and not any issues with contribution rates.

10. Risk Management

- 10.1 An internal audit is being conducted in 2025/26 on counter fraud. Over the coming weeks SPPA are mapping out a list of all processes in which fraud can occur. Engagement with partners in other agencies is being considered. Work is in the preliminary stage to understand hot spots, processes and controls around fraud and assurance. The Committee offered assistance in developing the understanding of fraud risk and counter fraud controls. The Committee asked if counter-fraud risk assessment had been completed and requested updates on counter-fraud risk development to be added to the next agenda.

Action 2025-26.10

SPPA to involve Committee members in counter fraud workshops

Action 2025-26.11

SPPA to provide updates on the counter-fraud risk assessments and development on the next agenda.

- 10.2 SPPA Risk Manager provided an overview on current Executive Team

level risks. The Committee enquired about the initial risk rating and calculations behind scoring risks 'red' on the register. The Committee noted that some actions had remained red for some time, even with mitigations and controls in place, questioning whether the initial assessment process should be reviewed. The Committee recommended the Agency reconsider the appetite for risks, especially those that by their nature the likelihood can only be decreased through a limited number of mitigations.

Recommendation 2025-26.01R

SPPA to review the process for calculating risk ratings on Executive Team Register

10.3 SPPA Head of Strategic Governance gave an overview of the current internal risk management process. SPPA provided an update on the Executive Team's recent review of risk appetite and it was agreed that this would be shared with Committee at the next meeting. KM offered support with reviewing the current risk management process. The Committee requested to observe a risk champion meeting.

Action 2025-26.12

SPPA to circulate risk appetite paper and SG guidance on impact levels to Committee

Action 2025-26.13

Committee members to observe a risk champion meeting

11. Any Other Business

11.1 Next meeting date: 29 July 2025.

11.2 Annual 1-2-1 discussions between Committee members and SPPA CEO are being arranged for May 2025.

12. Effectiveness Review Against Committee's Role

12.1 Positive feedback for the session being largely in person.

12.2 The Committee requested papers be circulated 10 days before meetings going forward, if possible.

12.3 A committee effectiveness review survey will be circulated and analysed before the next meeting to provide feedback on the board's effectiveness.

Version Control

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