



Scottish Public  
Pensions Agency  
Buidheann Peinnseanan  
Poblach na h-Alba

# Audit & Risk Committee Annual Report 2024-2025

**Clare Scott**  
**July 2025**

This report was approved by the SPPA Audit and Risk Committee on 29 July 2025.



## Contents

|   |   |
|---|---|
| 1. Introduction .....   | 3 |
| 2. Summary of Committee's activities during 2024-25 .....       | 3 |
| 2.1 Meetings .....  | 3 |
| 2.2 Internal Audit.....   | 4 |
| 2.3 External Audit.....   | 4 |
| 2.4 Finance.....  | 5 |
| 2.5 Risk Management .....                                       | 5 |
| 2.6 Projects including 2015 Remedy & Transformation .....       | 5 |
| 3. Committee Effectiveness .....                                | 6 |
| 4. Statement of Assurance to the SPPA Accountable Officer ..... | 6 |

## 1. Introduction

This annual report is provided by the Audit and Risk Committee to the Chief Executive of the Scottish Public Pension Agency (SPPA) (as Accountable Officer) to inform the Governance Statement included in the annual report of SPPA and those of the NHS and Teachers pension schemes for 2024-25.

The Committee has no authority in its own right, either over the management of risk, control, governance etc or over the operations of those bodies which conduct audit and assurance work in SPPA. It offers opinions or recommendations on the way in which such management is conducted and takes particular care to avoid taking up the executive management function and to maintain its independence.

The work of the Committee is guided by the Scottish Government's 'On Board' [2017] publication and its 'Audit and Assurance Committee Handbook' [2018].

This report summarises the work of the Committee for the financial year 2024-25 when the Committee comprised the following members:

- Helen Mackenzie (member and Chair to July 2024)
- Clare Scott (member for 2024-25 and Chair from August 2024)
- Ian Forbes (Member to April 2024)
- Mark Tarry (member from June 2024)
- Kevin McLeod (member from June 2024)

## 2. Summary of Committee's activities during 2024-25

### 2.1 Meetings

The Committee met four times during the year.

| Date            | H Mackenzie | C Scott  | I Forbes | M Tarry  | K McLeod |
|-----------------|-------------|----------|----------|----------|----------|
| 18 July 2024    | Attended    | Attended | N/A      | Attended | Attended |
| 7 November 2024 | N/A         | Attended | N/A      | Attended | Attended |
| 5 December 2024 | N/A         | Attended | N/A      | Attended | Attended |
| 29 January 2025 | N/A         | Attended | N/A      | Attended | Attended |

Minutes of meetings are available on SPPA's website.

The Committee also met with the internal and external auditors without the presence of SPPA officials ahead of each meeting.

The Committee notes that changes to SPPA's governance have been implemented during the year. At the time of writing, changes to governance documentation, including the Framework and Terms of Reference of the governance bodies (including the Audit and Risk Committee) is in progress.

## 2.2 Internal Audit

The Committee monitored progress against the annual internal audit plan and the following internal audit findings were considered during the year.

| Report Title   | ARC Meeting date | Assurance  | Number of High/Medium Recommendations |
|--|------------------|------------|---------------------------------------|
| Assurance Review: Oracle Fusion Organisational Readiness and Change Management | November 2024    | Reasonable | 2 High<br>3 Medium<br>2 Low           |
| Assurance Review: Finance Governance and Sustainability                        | April 2025       | Reasonable | 2 High<br>5 Medium<br>0 Low           |

\*Advisory reviews were also undertaken throughout the year in the following areas: SPPA Manual Payments, Customer Satisfaction and Cyber Security and Data Security. ARC considered a summary of the outcome of SPPA Manual Payments advisory review in November 2024.

The overall assurance opinion provided by Internal Audit for the year is Reasonable.

The Committee also considered the draft internal audit plan for 2025-26 and the impact of the new Global Internal Audit Standards.

The Committee has:

- Recommended internal audit reports should provide root cause analysis.
- Requested regular updates on overdue audit actions and recommended regular oversight of actions by the executive.
- Welcomed the inclusion of fraud prevention on the internal audit plan for 2024/25.

## 2.3 External Audit

The Committee considered the annual audit report for 2023-24 from SPPA's external auditors, Audit Scotland. The Committee subsequently contributed to SPPA's 'lessons learned' exercise to improve the timeliness and quality of the production and audit of annual reports in the future. The Committee has monitored progress on the agreed actions and at the time of writing, this is ongoing.

The Committee also considered Audit Scotland's Annual Audit Plan for the 2024-25 Annual Reports and Accounts.

## 2.4 Finance



The Committee has monitored forecast spending against budget and has received reports on debt recovery and receipt of employer contributions.

## 2.5 Risk Management

The Committee received regular updates on risk management and SPPA's risk register at regular meetings. Members of the Committee also provided scrutiny and challenge through a deep dive workshop on risk management.

Reported incidents of fraud have also been reported to the Committee during the year.

The Committee has:

- Recommended consistency of risk management across the agency, particularly within projects.
- Recommended the development of assurance mapping.
- Recommended the escalation of fraud risk management.
- Requested visibility of SPPA's determination of risk appetite and the implications for management of risks.

## 2.6 Projects including 2015 Remedy & Transformation

The Committee notes that the 2015 Remedy project has been escalated to be SPPA's biggest risk during the year. The Committee has received updates on the project and notes the involvement of an independent of the Management Advisory Board on the project board.

The Committee has:

- Recommended further focus and review of the way SPPA manages programmes and projects, including the adoption of the Scottish Government's Principles for Programme and Project Management and improved reporting, risk management and analysis of benefits realisation. It is not evident that this is the case and there is no evidence of such.
- Recommended SPPA consider how independent assurance of projects is gained including auditing.

## 3. Committee Effectiveness

Committee members have the opportunity to comment on the effectiveness at each meeting. A more formal review of effectiveness is conducted periodically and the most recent review was completed in recent months. The Committee's review concluded with suggestions for the following improvements:

- Assurance mapping to facilitate planning internal audits and assessing the adequacy of internal audit resource;
- ARC members to assist in reviewing draft terms of reference for individual internal audits;
- Quality and consistency of high level risk and control management information;
- Reporting of fraud risk management and
- Reporting on projects;
- Induction process for new members;
- Capturing of recommendations/actions from meetings and tracking progress;
- Individual/named secretary for ARC to improve communications and ensure accountability;
- Updated governance documentation including Terms of Reference and Agenda Planner;
- An annual review of ARC Terms of Reference (where time allows);
- Timeliness of papers for meetings.

## 4. Statement of Assurance to the SPPA Accountable Officer

Based on the work carried out during the year, the Committee can provide assurance that the governance, risk management and control policies and processes are relevant and, in many areas, sufficient. Work is ongoing to address risks and gaps as identified in audit reports, the minutes of the Committee and this report.

The Committee gives this opinion alongside the assurance provided by the Agency's independent auditors to support the Accountable Officer's statutory duty to sign the governance statement.