

Meeting	Audit and Risk Committee
Meeting date	26 November 2025
Meeting time	13:00 – 16:00
Meeting location	Hybrid – Tweedbank / MS Teams

Members in attendance	Mark Tarry	Chair
	Alan Wright	Member
	Kevin McLeod	Member
Other attendees		Chief Executive Officer, SPPA
		Deputy Chief Executive Officer, SPPA
		Head of People, SPPA
		Chief Operating Officer, SPPA
		Chief Financial Officer, SPPA
		Head of Strategy and Governance, SPPA
		Governance, Risk and Assurance Manager, SPPA
		Head of Business Transformation, SPPA
		Senior Audit Manager, Audit Scotland
		Head of IT, SPPA
		Audit Director, Audit Scotland
		Senior Internal Audit Manager, Department Internal Audit Assurance (DIAA)
Observers		Senior Risk Lead, SPPA
		Risk Lead, SPPA
		Strategy and Business Planning Manager, SPPA
Apologies		Chief Transformation Officer, SPPA

	Gary Gibb	Audit Manager, DIAA
Minute taker		Corporate Governance Manager, SPPA

1. Governance matters

1.1 Chair welcomed all attendees and noted SPPA's new Head of IT Service Management joined the meeting. There were no changes to the Committee members' Registers of Interests nor declarations of interest in the business to be conducted.

2. Minutes and actions

2.1 The Committee had previously approved the minutes of the 29 July 2025 meeting as a true and correct record.

2.2 The Chair outlined recent engagement with SPPA to manage and progress outstanding actions, with a new format to focus on open activities.

2.3 SPPA noted the Committee's comments:

- That the committee agreed the prioritisation of actions relating to counter fraud and the corresponding de-prioritisation of actions on assurance mapping and asked for a revised timeline for development of assurance mapping to be presented at the next ARC meeting. [ARC20250129.05 - updated]
- advice to utilise all available capacity from DIAA; to undertake the maximum number of reviews each year and/or dive deeper into topics (e.g. fraud review). SPPA and DIAA confirmed 2026-27 audit planning will begin in January 2026 and DIAA's inter-fraud support will be utilised to evaluate SPPA's fraud risk assessment in early 2026.

2.4 The Committee agreed to close the following:

- Actions 20250129.06, 2025-26.04, 2025-26.19, 20250129.11, 2025-26.10, 20250129.03, 20250129.09, 2025-26.20, 2025-26.17, 2025-26.15, 2025-26.09, 2025-26.21, 2025-26.01, 2025-26.02.
- Recommendations 2025-26.06R and 2025-26.05R

3. Opening Remarks

3.1 SPPA CEO welcomed ARC Chair to first meeting in new role and provided an update on his view of the organisation's improvement journey. The CEO reflected he was encouraged

by the speed and quality of the Agency's response to the fraud incident, highlighting that SPPA quickly identified underlying areas for improvement. The CEO reflected on members longstanding concern over the culture within SPPA towards fraud and reflected that the identification of fraud and the response was hopefully a sign of the culture starting to change to one that more fully recognised the potential for and need to proactively prevent fraud within the organisation.

- 3.2 The Committee recognised the work the Agency had done and supported the Agency's response to the incident, confirming it was swift and appropriate, for discussion at agenda item 5.

4. Annual Report and Accounts

- 4.1 SPPA DCEO invited Audit Scotland colleagues to provide an update on position of Annual Reports and Accounts (ARAs) and the Auditor General's decision to prepare a section 22 report on SPPA's delivery of Remedy. SPPA DCEO outlined the ARAs are now in final stages and the timeline for delivery.
- 4.2 Senior Audit Manager, Audit Scotland (AS) provided a status update on ARA process to date:
- two sets of revised accounts with AS – Agency and Teachers – with NHS scheme expected from SPPA very soon
 - most significant areas were covered at clearance meeting on 6 November 2025 and no modifications were expected
 - there were no current significant issues which would impact the opinion; therefore Audit report will be available for ARC review meeting on 9 December 2025 (although report may not be available for issue within usual Committee timeframes). Following the meeting on 9 December 2025, the accounts will be signed off and audit concluded.
- 4.3 AS provided a brief overview of the annual audit report and SPPA confirmed all matters arising and a written summary of significant areas of issue would be shared with ARC after the meeting [propose to close ARC 2025-26.18, and new action].
- 4.4 It was noted that the accounts would have been able to have been laid before statutory deadline of 31 December 2025, had there not been the Section 22 report (which must be laid with the accounts).
- 4.5 SPPA confirmed a lessons learned workshop would be scheduled in early 2026 to review the 2024-25 process and

identify improvements.

- 4.6 AS advised the Auditor General's decision to prepare a section 22 report was primarily regarding SPPA's performance on Remedy. Indicative publication date for the statutory report is 5 February 2026, with a draft version to be sent to SPPA before Christmas 2025 (per clearance process, to allow SPPA to comment on factual accuracy points within the report).
- 4.7 SPPA should expect the content of the section 22 report to be similar in content to the annual audit report, to be shared by 9 December 2025, and formal notification of the Auditor General's decision will be sent to SPPA CEO later today.
- 4.8 The Committee queried the timing of the decision to prepare a section 22 report, being so close to planned laying of accounts and given significant improvements in process and delivery of Remedy in last 12 months, without significant notice being provided to the Agency
- 4.9 AS confirmed Auditor General's independence and highlighted section 22 decisions are usually communicated towards the end of the accounts process.

Action 2025-26.23: 2025- close action 2025-26.18 and new action for SPPA to share Audit Scotland summary of matters arising from clearance meeting

Action 2025-26.24: SPPA to schedule 2024-25 ARA lessons learned with ARC ahead of next ARC meeting.

5. Risk

- 5.1 SPPA Risk and Governance Manager presented SPPA Executive Risk Register, highlighting a risk moving to the issues log and a proposed new risk (not yet been ratified by ET due to timing of risk review).
- 5.2 The Committee suggested two risks had materialised and could be moved to issues log. SPPA agreed to consider this as part of ET review. The Committee also provided advice on wording around ongoing live risks and suggested SPPA include wording to reflect the risk status after mitigations have been made.
- 5.3 Further, there was a discussion about whether risks should remain on the risk register once they had materialised into

issues, it was agreed that they could remain on both risk registers and issues logs and that both should be shared with ARC. It was agreed SPPA would share the revised ET risk register and SPPA issues log with ARC after the review meeting.

- 5.4 SPPA provided a brief summary on whistleblowing process, including current SG policy, level of current awareness in SPPA and activity to strengthen process to improve accessibility of multiple available routes for staff to raise any issues.
- 5.5 The group discussed tracking of any concerns or issues being raised by colleagues, and SPPA confirmed a new central route on SPPA intranet would capture all items raised in future. ARC requested these central stats be included in the reportable events section of future risk reports, when available, but at least once or twice per year.
- 5.6 SPPA Head of People summarised a historic incident of whistleblowing, and application of protection during disclosure.
- 5.7 The Committee discussed the open and partially open audit actions and highlighted focus on cyber security, reiterating request for more information on this high-level risk (per ARC 2025-26.22 and ARC2025-26.07R)
- 5.8 SPPA's Head of IT Service Management outlined work underway, including recent appointment of senior cyber security analyst at SPPA, and confirmed future updates would be provided for ARC.
- 5.9 The Committee noted the regulatory breach reports made since the last meeting.
- 5.10 SPPA provided summary of fraud incidents, which included discussion around:
 - limitations within statutory provisions
 - consideration of contract provisions with medical suppliers
 - internal ability to increase focus on validation and verification of claims, with balance of dignity and respect of claimants
 - live action for ongoing detection of fraud and future monitoring with regular reviews
 - restricted access management to systems and tighter controls
 - introduction of systemic controls, where possible, and completion of assurance work in areas where no systemic controls are available
 - introduction of quality assurance function providing monthly

- checks and additional level of assurance
- wellbeing support in place where colleagues are affected
- 5.11 SPPA outlined the current timeframes on counter fraud work, with support from DIAA.
- 5.12 The Chair thanked the participants for their honest feedback and confirmed the Committee would support all activity. In addition, individual members offered their individual expertise to support SPPA with fraud risk assessments.

Action 2025-26.25: SPPA to share revised ET risk register and SPPA issues log that: (a) include wording in the ET risk register to reflect the risk status after mitigations have been made, and (b) add current risks that have materialised to issues log.

Action 2025-26.26: SPPA to start providing ARC with regular stats on risk and issue reporting from risk champions and new intranet channel once available (min. 1-2 times per year).

6. Finance

- 6.1 SPPA provided summary of budget monitoring for current financial year, management accounts, and the financial strategy for 2025-30 which looked beyond the annual cycle of the budgetary process.
- 6.2 SPPA CEO confirmed the early draft future funding model proposition shared within strategy report was a possible future approach, as part of PSR agenda, and advised this potential approach remained under development by SPPA senior team.
- 6.3 The group discussed the need for both MAB and ARC to regularly review the finance strategy, as live document, in line with SPPA's refreshed five-year business plan with updated visions and to ensure reports provided contain clear advice to Ministers on options available.
- 6.4 The Committee recommended SPPA develop a way to present financial information which excludes Remedy and Pensions Dashboard so efficiencies were clearly outlined (update ARC 2025-26.03R and reframe as an action)
- 6.5 The Chief Finance Officer then presented a summary of 2026-27 budget process, with DCEO highlighting SPPA had undertaken a further review of underlying assumptions which led to a revised bid to SG, which should mean – if request met by SG – that even with the planned 4% efficiency targets,

SPPA should have sufficient budget in the next FY.

- 6.6 The Committee discussed SPPA's requirement to resolve accounting for tax liabilities to HMRC. AS confirmed this would not affect the 2024-25 accounts and SPPA confirmed no members were affected by this.

Action 2025-26.27: SPPA to put in place processes for MAB and ARC to regularly review finance strategy and other significant corporate documents

7. Internal Audit

- 7.1 DIAA provided update on:
- Progress with 2026/27 audit plan, the input expected from ARC and SPPA executive on this, with a draft to be tabled and agreed at the next ARC meeting on 24 February 2026.
 - DIAA's draft report on Contract Service Management now with SPPA for management comment. This draft includes one high recommendation and will be shared when management responses are finalised
 - Counter fraud review underway
- 7.2 The Committee was advised that DIAA was undergoing external quality assessment (EQA), per five-year audit standards cycle, which includes compliance with new global internal audit standards which came into effect in January 2025.
- 7.3 DIAA highlighted that cyber security was outlined as highest risk within IAA's Risk in Focus paper.
- 7.4 The Committee asked about SG Risk Management Structure which DIAA confirmed exists, but its use is not mandatory to arm's length bodies.

Action 2025-26.28: SPPA and DIAA to prepare outline internal audit plan for 26/27 for consideration at next ARC meeting

Action 2025-26.29: SPPA to share the DIAA Contract Service Management report with ARC, once management responses have been finalised

8. Business transformation

- 8.1 The Chair reminded the Committee that he now sits on the Business Transformation Programme Board and asked the SPPA Programme Director to provide ARC with high-level

executive update, highlighting any issues, with a particular focus on governance.

8.2 SPPA outlined key points from paper were:

- work towards development of dashboards was underway
- Terms of Reference had been revised and would be reviewed in six months
- Regular board meetings, with consistent approach across both portfolios (Remedy and Non-Remedy)
- Appointment of PMO Manager (Non-Remedy) with further appointments of two PMO Managers (Remedy) in early 2026
- Detailed set of practical resources provided by DAO to support approach to assurance
- Development of existing staff following recent skills audit, including DDAT professional development and alignment with associated disciplines

8.3 ARC supported the revised approach – to be piloted with future project on telephony - including development of business cases, target benefits realisation, improved capability and capacity through appointments and staff training, and encouraged alignment with SG main programme management framework.

8.4 When asked how reports should be framed going forward, ARC suggested further discussion offline with the programme to agree dashboard summaries to provide executive-level overview of the programmes without replicating information.

8.5 SPPA CEO shared experience of other Executive Agency governance meetings, which included high quality, concise reports requiring less discussion and fewer attendees.

8.6 The Committee highlighted the presentation of the Remedy pack; noting remedy choice volumes and challenges of sharing clear communications which explain complex issues across multiple scenarios and commented on the useful timeline.

Update Action 20250129.08 to add that SPPA will arrange further discussions with ARC members to agree content for dashboard summaries to provide executive-level overview of the programmes to be presented at future ARC meetings

9. Any Other Business

9.1 No further items were raised.

9.2 The Chair closed the meeting at 15:27.

Version Control

Date minutes sent to SMacA & HG: 4 December 2025

Date minutes sent to KTM: 4 December 2025

Date minutes sent to Chair: 19 December 2025

Date approved by Chair: 19 December 2025

Date approved by Board/Committee: 30 December 2025

Date of Publication: 05 February 2025