

Meeting	Audit and Risk Committee
Meeting date	08 January 2026
Meeting time	10:30-12:30
Meeting location	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
		Chief Financial Officer, SPPA
		Financial Controller, SPPA
		Head of Strategy and Governance, SPPA
		Audit Director, Audit Scotland
		Senior Audit Manager, Audit Scotland
		Head of IT, SPPA
Observers		Senior Internal Audit Manager, Department Internal Audit Assurance (DIAA)
		Governance, Risk and Assurance Manager, SPPA
		Senior Risk Lead, SPPA
		Risk Lead, SPPA
Apologies		Strategy and Business Planning Manager, SPPA
		Chief Transformation Officer, SPPA
		Head of People and Place, SPPA
Minutes		Audit Manager, DIAA
		Corporate Governance Manager, SPPA

1. Governance matters

- 1.1 Chair welcomed all attendees and noted apologies.
- 1.2 The committee noted were no changes to the members' Registers of Interests and no declarations of interest in the business to be conducted.

2. Audit of 2024-25 annual report and accounts

- 2.1 The SPPA Deputy Chief Executive Officer (DCEO) highlighted significant progress in process compared to the previous year, noting further improvements planned through scheduled lessons learned workshops, supported by the Committee.
- 2.2 The Chair noted that, despite the Committee's close monitoring of the ARA process throughout the year, the November 2025 notification that a Section 22 report was being prepared was unexpected.
- 2.3 Audit Scotland outlined the proposed audit opinions for each set of accounts - covering the financial statements, regularity, and other prescribed matters - and confirmed that all opinions were unqualified with no modifications.
- 2.4 It was noted the draft independent auditor reports and written representation letters included in the meeting papers were expected to be signed next week.
- 2.5 Audit Scotland reported several significant findings during the audit, including required narrative and financial adjustments, all of which had now been corrected. While acknowledging some improvement from the prior year, the auditors highlighted that substantial issues in the preparation of the accounts persisted, resulting in delays and increased audit fees.
- 2.6 The report included new and follow-up recommendations and summarised key issues:
 - recurring problems with Police and Fire balances;
 - discrepancies in the fixed asset register and missing controls over indexation and impairment reviews;
 - incorrect capitalisation of staff time for intangible assets;
 - various payables and receivables issues associated with the new system;
 - errors in NHS and Teachers' templates due to outdated coding structures.
- 2.7 SPPA accepted all recommendations and advised that all

audit recommendations could be implemented within the coming year.

- 2.8 SPPA also highlighted the accounts and audit process was more challenging than expected, citing limited time after last year's audit closure, resource pressures, and the mid-year transition to Oracle, and outlined steps being taken to strengthen monthly reconciliations, improve financial controls, adjust team responsibilities, and address issues arising from legacy systems and templates. These actions should mean the same issue should not recur next year.
- 2.9 The Chair reflected on two areas:
- the high volume of audit adjustments relating to basic financial controls, which may require the Audit & Risk Committee to have greater visibility of management controls in future; and
 - prior year audit recommendations that had not been fully implemented despite previous assurance that they had been closed.
- 2.10 SPPA reiterated that the late finalisation of 2023/24 accounts contributed to challenges in implementing recommendations ahead of the next audit cycle and highlighted that lessons learned work was underway. SPPA emphasised earlier closure of accounts will be important to avoid recurring issues.
- 2.11 Audit Scotland confirmed the outstanding financial items which had been discussed earlier in the week had been resolved. They also noted that some recommendations naturally take a full year to evidence through the next subsequent audit process and encouraged ongoing dialogue to ensure clarity and prevent repeat findings next year.
- 2.12 The Chair noted the significant effort from all involved in the audit process and expressed the Committee's thanks.
- 2.13 The Committee commended the Agency, NHS and STPS Annual Reports and Accounts noting that they were, overall, a fair, balanced and understandable representation of the business conducted. The Committee recommended the Accountable Officer sign off the accounts.
- 2.14 The Committee discussed governance arrangements. The Chair confirmed that the cycle of four formal meetings per year were adequate, with one of the meetings being dedicated to the Annual Report and Accounts. The Chair also noted that ARC now have more opportunities throughout the year to support and advise SPPA through multiple regular touch

points and welcomed these opportunities.

3. Any Other Business

- 3.1 The Committee approved the closure of action 2025-26.23 – noting matters arising had been shared with the Committee.
- 3.2 No further items were raised.
- 3.3 The Chair closed the meeting at 11:25.

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