Scottish Public Pensions Agency
Buidheann Peinnseanan Poblach na h-Alba

Meeting	Audit and Risk Committee
Meeting Date	6 October 2026
Meeting time	10:00-13:00
Meeting location	Hybrid – Tweedbank / MS Teams

Members in attendance	Mark Tarry	Chair
	Alan Wright	Member
	Kevin McLeod	Member
Other attendees	Stephen Pathirana	Chief Executive Officer, SPPA
	Kate Thomson-McDermott	Deputy Chief Executive Officer, SPPA
		Chief Operating Officer, SPPA (item 8)
		Head of Strategy and Governance, SPPA
		Chief Finance Officer, SPPA (until item 5 and item 6)
		Governance, Risk and Assurance Manager, SPPA
		Financial Controller, SPPA (until item 5 and 6)
		Senior Financial Accountant, SPPA (until item 6)
		Senior Audit Manager, Audit Scotland
		Senior Internal Audit Manager, DIAA
		Lead Senior Internal Audit Manager, DIAA
		Systems Thinking Senior Manager, SPPA (Item 8)
		Corporate Governance Manager, SPPA

		MAB Member (Observing)
Apologies		SPPA Head of Business Transformation
		DIAA Internal Audit Manager
Secretariat		Governance and Business Planning Delivery Lead, SPPA

1 Governance Matters

1.1 The Chair welcomed all to the meeting, thanking those in the room for making the journey to Tweedbank, and welcomed observer from Management Advisor Board. Apologies noted

1.2 The Chair invited members to declare any new interests. Kevin McLeod advised that he had recently joined the Audit and Risk Committee Board of Yorkshire Housing Group and would provide an updated Declaration of Interest to the Governance Team.

2 SPPA CEO Opening Remarks

2.1 The committee noted the CEO's opening remarks, including:

- increasing demand for pension services and associated operational pressures
- uncertainty surrounding the Scottish Government Spending Review and resource settlement
- progress in delivery of the Remedy programme, alongside revised timescales for completion
- strengthened assurance arrangements to support delivery of the remaining programme activity
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3 Minutes and Actions

3.1 The Committee noted the minutes from the meeting on 2 June 2026 as being approved.

3.2 Open actions within action tracker were reviewed:

Action 2025-26-32 – Contractor governance and value for money controls

The DCEO introduced a paper, providing an overview of the enhanced contractor governance framework and associated value for money controls now embedded within the Agency.

The Committee welcomed the strengthened governance arrangements and noted the increased focus on workforce planning, assurance and contract management, including the requirement to consider exit strategies prior to engagement.

The Committee agreed that the action could be closed subject to SPPA including information provided in Annex C: Contractors Summary to Finance updates of all ARC meetings to enable ongoing monitoring of contractor governance arrangements. SPPA agreed this would be added to the agenda planner.

3.3 Action 2025-26-30 – Benefits Realisation

The Committee received the first draft of the Benefits Realisation Framework and welcomed its alignment with wider Scottish Government expectations. Members noted the intention to embed

benefits realisation across the Agency's project management approach and within development of the Corporate Plan 2027-32, strengthening the link between strategic objectives, investment decisions and measurable outcomes.

The Committee was satisfied with progress and agreed to close the action, subject to ongoing updates through the Agency's budget monitoring and review cycle, with regular reporting included in the forward agenda planner.

3.4 The Committee approved closure of all other actions

4 Internal Audit

4.1 DIAA confirmed planning underway for the remaining audits within the annual plan, including Finance Business Continuity which is progressing with Ernest Young.

4.2 Members welcomed the Strategic Insight Paper and emphasised the importance of applying wider Internal Audit learning across SPPA's governance, programme and contract management activities. The DCEO confirmed arrangements were in place to disseminate information.

4.3 The Committee acknowledged the refreshed Scottish Government Audit and Assurance Committee Handbook and noted that actions arising from its review had been incorporated into the forward work programme.

4.4 DIAA confirmed the fieldwork for the Counter Fraud review had concluded and final report had been issued with a Reasonable Assurance. Internal Audit highlighted enhancements to fraud detection arrangements.

The Committee welcomed evidence of continued improvement in the Agency's counter fraud arrangements and noted the positive direction of travel since previous audit reviews

4.5 Committee discussed the effectiveness of user access controls and received assurance that a recent review of system permissions and access rights had been completed. The Committee noted planned enhancements to strengthen access governance and control arrangements, and recommended SPPA refresh the appropriate Joiners, Movers and Leavers policy accordingly.

Recommendation 2026-27.08: Joiners/Movers/Leavers Policy and Access Rights

The Committee recommended SPPA refresh the Joiners, Movers and Leavers policy and associated control framework to strengthen governance over user access management, ensuring clear management accountability and the timely review, amendment and removal of access rights throughout the employee lifecycle. When available, the policy should be shared with ARC for awareness.

Owner: Chief People Officer

4.6 Committee noted that the audit had identified a number of areas of good practice, providing positive assurance over the effectiveness of existing control frameworks.

4.7 Committee sought assurance that SPPA would continue to monitor and strengthen risk in this area, and it was agreed SPPA would update ARC after the annual fraud risk assessment was concluded.

Action 2026-27.09: Fraud Risk Assessment

SPPA to present the outcome of the annual fraud risk assessment to the Committee when it is refreshed in 2027, including identified risks, planned mitigations and evidence of ongoing actions to strengthen the Agency's fraud control environment.

Owner: Governance, Risk and Assurance Manager

5 Annual Report and Accounts

SPPA ARA 2025/26

5.1 Committee noted progress in the preparation of the Annual Report and Accounts, with the final version expected shortly.

Accounting Policy – Asset Impairment

5.2 Progress noted in strengthening asset register governance arrangements. Members were advised that a proactive approach continues to be taken to asset management, with improvements embedded to address issues identified in previous years.

NHS and Teacher Scheme ARA 2025/26

5.3 Positive progress was reported in the preparation and audit of the NHS and Teachers' Pension Scheme accounts, with remaining activity focused on incorporating updated actuarial valuations from GAD.

5.4 Audit Scotland reported that the accounts preparation and audit process had operated more smoothly than in previous years, reflecting improvements made by SPPA and strengthened financial controls.

5.5 Discussion was held on controls relating to the Epicor system. Members noted that additional monitoring and review activities introduced during the year had strengthened the control environment.

Action 2026-27.10: Lesson Learned – ARA process
SPPA to organise a joint post year end lessons learned review following completion of the account process to identify opportunities for continuous improvement. Propose date early 2027
Owner: Governance and Risk Manager

6 Finance

Ministerial Submission and Financial Strategy 2027-31

6.1 The Committee received an update on SPPA's workforce and resource planning submission to Scottish Government in response to forecast funding pressures and increasing statutory delivery requirements.

6.2 Members noted the potential of income generation which continues to be explored as a longer-term strategic option.

6.3 Members noted that any funding shortfall may require SPPA to reassess delivery priorities and timescales, with associated implications for organisational risk and statutory commitments.

ISAE 3402 Oracle Cloud Share Service

6.4 The Committee noted the limited assurance opinion relating to user access controls within the Scottish Government Oracle Cloud shared service environment. Management confirmed that SPPA had completed its required user access review and had identified no

significant concerns. The Committee received assurance that regular access reviews were being undertaken and that compensating controls remained in place to support the integrity of SPPA's financial reporting.

6.5 The Committee discussed the wider implications of the Scottish Government findings and sought further assurance on the management actions being taken. It was agreed that officers would seek details of the host Audit and Risk Committee's consideration of the report, together with the associated management action plan, and report back to the Committee.

Action 2026-27.11: Oracle Shared Services User Access Control
The Committee requested SPPA obtain the minutes of the SG Audit and Assurance Committee meeting where the ISAE 3402 Type 2 report and associated management action plan relating to the Oracle Shared Services user access control findings was discussed, for the Committee to review and discuss any implications for SPPA.
Owner: Head of Strategy and Governance

Overseas Payments

6.6 The Committee received an update on the overseas payments control issue. Members noted that reconciliation activity was nearing completion, that no evidence of financial loss or irregularity had been identified to date and that historical transactions would be reviewed by EY (scope of work currently under discussion).

Management advised that internal Operations controls over payment processing had been operating throughout, although governance arrangements over the associated bank accounts had not been appropriately aligned with Finance oversight.

6.7 The Committee discussed the governance and ownership of key financial controls across the Agency. While noting management's explanation that the overseas payments arrangement was anomalous and historical in nature, Members sought further assurance that no other core financial control activities were operating outside appropriate finance governance arrangements. Chief Finance Officer advised that this was the case to the best of his knowledge, but that the matter would remain under continuous review.

Action 2026-27.12: Overseas Payments
SPPA to report back to the Committee on the final overseas payments review, on the steps taken to obtain assurance that all core financial control activities across the Agency are subject to appropriate governance, ownership and finance oversight.
Owner: Chief Financial Officer

HMRC Payment

6.8 The Committee received an update on the HMRC underpayment issue. Management advised that no further information had yet been received from HMRC and that the underlying cause of the underpayment had not yet been identified. An internal investigation remained ongoing, with further work planned between Finance and

Operations to better understand the process and identify opportunities for simplification. The Committee noted that a further update would be provided once the investigation had concluded

Action 2026-27.13: HMRC Underpayment
SPPA to provide a further update to the Committee once additional information has been received from HMRC, including the outcome of investigations, any resulting actions, and assurance on measures implemented to mitigate the risk of recurrence.
Owner: Chief Financial Officer

7 Remedy

7.1 The Committee received an update on the Remedy Programme. It was noted that detailed planning for the final stages of the Police Immediate Choice project had identified further complexities and demonstrated that the previously forecast completion date of 31 December 2026 would not be achieved. Management outlined the work undertaken to reassess delivery assumptions and develop revised programme plans across the remaining schemes.

7.2 The Committee discussed the lessons learned from delivery of the Police Immediate Choice project and how these were being applied to future planning, forecasting and programme governance. Members noted management's increased confidence in the revised planning approach, reflecting the greater understanding now gained of delivery complexity and resource requirements. The Committee agreed to undertake further deep-

dive reviews of the revised delivery plans to provide additional challenge and assurance over the programme.

Action 2026-27.14: Remedy Deep Dive with all schemes
SPPA to schedule separate deep dives with ARC on each scheme; reviewing revised planning assumptions, contingency arrangements and delivery robustness.
Owner: Head of Strategy and Governance

8 Telephony Issue

8.1 The Committee received an update on the telephony disruption. Management advised that a subsequent incident had been resolved more quickly as a result of improvements implemented following the original outage. Investigations into the underlying cause remained ongoing, with work continuing alongside suppliers to identify and implement mitigating actions.

8.2 The Committee noted progress in strengthening resilience and business continuity arrangements, including measures to improve service recovery, telephony resilience and fallback arrangements in the event of future disruptions.

8.3 The Committee discussed lessons learned from the incident, including the effectiveness of supplier management, escalation arrangements and contractual mechanisms. Members sought assurance that actions arising from the review would strengthen service resilience and improve the management of future incidents.

Action 2026-27.15: Business Continuity Testing

SPPA to provide the Committee with report on the postponed Business Continuity exercise, when completed, incorporating lessons learned from the telephony incidents

Owner: Chief People Officer

9 Any Other Business

9.1 The Committee noted the CEO's closing remarks, including thanks to members for their challenge and support and recognition of the work being undertaken across the Agency to address the issues raised during the meeting.

Action 2026-27.16: Annual Risk Planning

SPPA to invite ARC members to be involved in the forthcoming annual risk planning session in early 2027.

Owner: Governance, Risk and Assurance Manager

No other business raised. Meeting closed at 12:40.

Version Control

Date minutes sent to Governance Lead: 14 October 2026
Date minutes sent to DCEO: 19 October 2026
Date minutes sent to Chair: 28 October 2026
Date approved by Chair: 28 October 2026
Date approved by Board/Committee: 4 November 2026