Audit and Risk Committee Meeting Minutes
11 August 2026 09:30 – 11:30
Via Video Conference

Committee Members
Justine Riccomini - Chair
Dr Eleanor Ryan - Commissioner
Catriona McConnell - External Member
Sarah Pumfrett - External Member

Attendees
Stuart Kenny - Director, Deloitte LLP
Louise Carmichael - Scottish Government Directorate for Internal Audit and Assurance
Paul Coper - Scottish Government Directorate for Internal Audit and Assurance
John Ireland - Chief Executive
Claire Murdoch - Head of Fiscal Sustainability and Public Funding
James White - Governance Manager, secretariat

Apologies
Professor Graeme Roy - Chair, Scottish Fiscal Commission – observer
Tauseeq Amjad – Assistant Audit Manager, Deloitte LLP
Michael Davidson - Head of Devolved Taxes and Social Security
Susie Warden - Head of Strategy, Governance and Corporate Services
David Stone - Head of Economy and Income Tax

1. Welcome and Introduction

Justine Riccomini opened the meeting and welcomed Paul Cooper who was attending the Committee for the first time as the SGDIAA Audit Manager. Apologies as given above were noted. There were no declarations of any interest in the agenda items.

The minutes of the meeting held on 8 May 2026 were agreed as an accurate record, and the action log was noted.

2. Chair's Update

Justine Riccomini highlighted the paper which summarised the discussions at the Governance Board held on 24 June 2026. This included:

- adding the full text of each of the three Scottish Government assurance statements (IT, HR and Finance) into the annual report and accounts
- as Chair of the Audit and Risk Committee, Justine Riccomini would write to the responsible Scottish Government Director-General expressing the SFC's concerns about the risks posed to our work (including the ability of Scottish Government civil servants to provide us with timely inputs into our forecasts) and to ask about the Scottish Government's plans to mitigate these risks
- the Audit and Risk Committee would be asked to take responsibility for providing assurance that appropriate controls were in place to manage operational risks. John Ireland was asked to provide a paper for the next Governance Board on how the Board could take responsibility for oversight of the operational risks faced by the Commission

- it was agreed that IT provision would be discussed at a future Audit and Risk Committee. Susie Warden would provide a background paper outlining the risks and possible mitigations including moving to the Scottish Parliament's IT network, moving to a UK Government network or establishing our own network. It was recognised that these options were unlikely to be feasible but should be considered. A paper will be provided to the next substantive meeting of the Committee.

Stuart Kenny suggested working in tandem with other public bodies to engage with Scottish Government. It was noted that a relatively small number of bodies use shared services to the same extent as SFC, though the Public Bodies Delivery Group plan to contact Scottish Government to raise concerns about shared services.

Louise Carmichael highlighted that SGDIAA had provided a limited assurance assessment for 2025-26 on Scottish Government Corporate Services.

The Committee agreed that the certificates of assurance and the issues identified in them were of concern, and that the supplementary assurance letter in relation to IT would be shared with the Committee for information.

Meeting Schedule – it was suggested that a longer gap between Audit and Risk Committee meetings and Governance Board would be helpful, ensuring that sufficient time is given for papers to be issued a week in advance. It was agreed that the proposed dates would be reviewed and agreed with the Committee by correspondence. External members of the Committee were invited share with Secretariate their availability.

Action Point 1 – agreed to review dates and agree by correspondence.

3. Deloitte LLP

Stuart Kenny reported that good progress had been made with the majority of testing completed, and work is being taken forward to finalise the audit review. The ISAE 3402 reports from Ernst Young LLP about Scottish Government controls on the corporate systems would be reviewed for any control weaknesses or anything that might impact on by Deloitte LLP's assurance assessment.

There are still issues with the provision of the pension disclosures from Capita, and it was understood that they should be available soon though there was no timescale for this. Until the disclosures are received the audit work cannot be completed. There are a number of checks which Deloitte LLP will need to complete such as the opening balance for each disclosure. This has an impact on when the annual report and accounts can be approved and signed.

It was agreed that a back up plan could be signing qualified accounts, highlighting hat this was a result of the lack of pension disclosure. However, that may cause further complexities in the subsequent year's annual report and accounts. Stuart Kenney confirmed that the deadline is 30 September 2026, however, it could be delayed allowing unqualified accounts to be finalised. Deloitte LLP is working with Audit Scotland to address this.

John Ireland highlighted that problems with the salary interface between employing bodies and Capita has been a factor in delaying pension disclosures. It was agreed that SFC would also engage with Audit Scotland about the impact of the delayed pension disclosures on the annual report and accounts.

It was also noted that in light of John Ireland's forthcoming retirement and Claire Murdoch's appointment as Chief Executive, there may be changes to the disclosures in the annual report and accounts to reflect the change in Accountable Officer. The key factor is to ensure that there is a formal handover of duties from John Ireland to Claire Murdoch and that colleagues in Scottish Government are engaged with to ensure that Claire Murdoch is given Accountable Officer status.

4. Scottish Government Directorate for Internal Audit and Assurance (SGDIAA)

Lousie Carmichael highlighted the progress paper as well as supplementary information and reports, including information on work across the Scottish Government including the management of grants, and contracts.

The SGDIAA Draft plan for 2026-27 has been tabled for approval at today's meeting. Future activities include review of risk and operating environment, working with SMT and Commissioner. Proposals include looking at data management in its widest sense, including data governance, and what information assets are held which might identify areas for future work. John Ireland noted that data quality issues were analytical and considered as part of the risk management process, where data quality features as a component. Eleanor Ryan suggested that a light touch form of assurance mapping across the SFC including its operational analytical work would be beneficial.

The Committee confirmed that it was content to approve the Work Plan for 2026-27.

5. Review of Scottish Government Certificates of Assurance

The main concern is the report produced by Ernst Young LLP. Stuart Kenny commented that this is a controls report which had identified some weaknesses such as user access controls. Deloitte LLP need to review the reports to understand the issues, and assess what impact this may have on the auditors assessment of Scottish fiscal Commission.

Stuart Kenny confirmed that Deloitte LLP had applied a fully substantive approach to its audit work which had not identified control weaknesses within the Scottish Fiscal Commission. There is an opportunity for the Commission to review the report to inform its engagement with Scottish Government on providing further assurance.

It was agreed that Sarah Pumfrett and Catriona McConnell would review the ISAE 3402 reports from Ernst Young LLP to identify appropriate follow up action for the Commission.

Action Point 2 - Sarah Pumfrett and Catriona McConnell would review the ISAE 3402 reports from Ernst Young LLP to identify appropriate follow up action for the Commission.

6. Risk

John Ireland confirmed that the risk descriptors have been expanded as requested at the previous meeting of the Audit and Risk Committee.

Corporate Risk had increased to a red score recognising the need to restructure the team to enhance the finance capacity of the corporate team. It also recognised the impact of the retirement of Chief Executive and Governance Manager and appointment of a new Chief Executive and Accountable Officer. After discussion the Committee agreed to change the score to likelihood 5, and impact 4.

Staffing Risk score hadn't changed as staffing is overall improving with the increase in analytical staff following recent recruitment.

Partners Risk the appointment of a new chair for OBR was a positive, however. There were concerns about the ability of HMRC to provide income tax information in sufficient time for the next SEFF later this year.

Independence Risk Deep Dive John Ireland highlighted that this is linked to reputation, but independence has a greater focus on things what might inhibit the independent operation of the Commission. It was noted that Scottish Government has promoted and valued the independence of SFC seeing it as the hallmark of a mature administration.

There is nothing to suggest that the perception of SFC's independence was in question, though as part of the Public Service Reform is leading to consideration of the opportunity for merging bodies, however, that would be subject to due Parliamentary scrutiny and approval.

Louise Carmichael confirmed that SGDIAA not undertaken any work on the independence of the Commission, though this has been considered as part of the regular risk discussions.

Catriona McConnell noted the focus on threats to independence and asked what could used to support the Commission's independence. Eleanor Ryan suggested the Commission's track record of publications on both forecasting and fiscal sustainability demonstrate that independence in action.

John Ireland highlighted an approach from a think tank last year when there was a concern that Scottish Fiscal Commission was too close to the Scottish Government. Engagement with the think tank had allowed a better understanding of the Commission's role and functions.

7. Finance

Finance Update Paper

John Ireland reported that the key point was the level of projected underspend, driven by delays in recruitment and start dates of new starts. Spend on staff training and bringing forward the laptop refresh programme was as a result of the need to manage the underspend. It was proposed to keep under review vacancy assumptions. Eleanor

Ryan commented that the focus should be on producing accurate expenditure forecasts, and to be transparent with Scottish Government with significant underspend amounts.

Sarah Pumfrett asked if the staffing levels right for the work that we need to cover. John Ireland confirmed that overall we are not short of staff when fully staffed, though newer staff may still be developing their knowledge and understanding before they can contribute fully. He noted that using fixed term appointments had been a useful tool in identifying good staff, though recent changes to employment laws means that these appointments are now restricted to around five months. The Commission has used summer interns through the Economic Futures programme to take forward discrete pieces of work. The option of expanding that to include student placements was limited because of the need for the student to complete their education, and recognising the development needs of existing staff.

John Ireland reported that it was planned to have the interim outcome of the accommodation review available within the next month, noting that the Scottish Government's review of its own estate may have implications for longer term use of Governor's House.

8. Corporate Policies

Register of Interests – the Governance Manager noted that the most recent version of the Register of Interests had been included with the papers for information, reminding Commissioners and external members to notify changes to the register within one month of the change, as required by the Commission's Standing Orders.

9. Any other business

External Members of the Committee – Justine Riccomini noted that the appointments of both Sarah Pumpfrett and Catriona McConnell are due to end next May and thought needs to be given to succession planning, including exploring having staggered appointment lengths.

It was agreed that this is a matter for the Governance Board to decide.

10. Date of Next Meeting

The next Audit and Risk Committee meeting is to be rescheduled in light of the discussions about timings at today's meeting.

Scottish Fiscal Commission: Strategy, Governance and Corporate Services
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