

Audit and Risk Committee Meeting Minutes
19 August 10:05 – 11:00
Via Video Conference



Committee Members

Professor David Ulph - Chair
Professor Francis Breedon
Professor Domenico Lombardi
Sarah Pumfrett - External Member
Catriona McConnell - External Member

Attendees

Professor Graeme Roy - Chair, Scottish Fiscal Commission
John Ireland - Chief Executive
Rebecca Smith - Audit Manager, Deloitte LLP
Louise Carmichael - Scottish Government Directorate for Internal Audit and Assurance
Susie Warden - Head of Strategy, Governance and Corporate Services
James White - Governance Manager, secretariat

Apologies

Stuart Kenny - Associate Partner, Deloitte LLP
Claire Murdoch - Head of Fiscal Sustainability and Public Funding
David Stone - Head of Economy and Income Tax
Michael Davidson - Head of Devolved Taxes and Social Security

1. Welcome and Introduction

David Ulph opened the meeting. Apologies as given above were noted. There were no declarations of any interest in the agenda items.

The minutes of the meeting held on 11 June 2025 were agreed as an accurate record, and the action log was noted.

2. Deloitte LLP

Rebecca Smith gave a brief verbal update, confirming that there was nothing significant to report from the audit fieldwork, which was ongoing but almost complete. Deloitte LLP is on track for the annual report and accounts to be signed off at the Audit and Risk Committee and Governance Board meetings on 23 September.

3. Scottish Government Directorate for Internal Audit and Assurance

Lousie Carmichael confirmed that there was nothing to report since the last meeting on 19 June 2025. Planning for the 2025-26 internal audit work was almost complete. A paper would be provided for the next full meeting of the Committee on 11 November 2025.

4. Risk

Risk Cards

Staffing – The likelihood score had increased to 4, where a number of factors were identified as potentially increasing this risk. Although B3 recruitment had been completed with an appointment being made (and a reserve list created), the Scottish Government is recruiting, which may attract some of the junior analytical staff. Mitigation includes recruitment for 6 month fixed term appointment. Internal resilience continues to be strengthened through staff being able to work on more than one forecasting model, however, Government delays in making policy decisions could lead to extra pressure on staff. Agreement had been reached with Scottish Government to avoid moving staffing during forecasting periods. The Committee agreed the proposed score as likelihood 4, and impact 3.

Corporate Systems – the score has been reduced following appointment of the Business Manager. Although some invoices have been paid late due to staffing pressures this would resolve itself in the next two weeks. Scottish Government pressure on all public bodies to reduce “back office” costs was discussed. The proposals to outsource financial support will help to better manage back office costs, improve resilience, and free time for Corporate Services team to focus on other corporate priorities. It was noted that a longer term objective could be through the creation of a shared service to multiple public bodies. It was confirmed that DG Scottish Exchequer acts as the Commission’s link with the Scottish Government (sometimes referred to as a Fraser Figure¹). The Committee agreed a likelihood of 3, and impact of 4.

Partners – Within the Scottish Government three key Deputy Directors are being moved before the Budget, and Scottish Government is currently advertising for replacements. DG Scottish Exchequer is retiring in early September, and an interim DG Scottish Exchequer is being advertised for 8 months pending longer term replacement and possible restructure. There was concern that the spending review and late tax or social security policy decisions would have timetabling implications, and that having new people in senior Scottish Government roles would make managing such situations more difficult. Relationships with other partners and at more junior levels with Scottish Government are going well. The Committee agreed to increase the score to likelihood 4, and impact 5.

Independence – The Committee discussed the increased requests from SG for operational-level information. The score for independence had remained unchanged with likelihood 2, and impact 3.

Reputation - The score for reputation had remained unchanged with likelihood 1, and impact 2.

The Committee agreed the risk scores as:

	Likelihood	Impact
Staffing	4	3
Partners	4	5
Reputation	1	2
Corporate Systems	3	4
Independence	2	3

¹ Fraser Figure

Managing Transition to New Commissioners

The Committee agree that this would be discussed at the Governance Board meeting on 27 August 2025.

5. Finance

Finance Update Paper

Susie Warden highlighted that the position is much tighter than previous years, and that some of the contingency was being used to manage staff costs, which are vulnerable to changes in hours worked, and staff leaving. There is ongoing uncertainty about building maintenance, though given the level of building work in recent years, significant costs weren't anticipated. The Committee noted the update paper.

Outsourcing Finance Function

Susie Warden confirmed that the Food Standards Scotland Accountable Officer had agreed in principle to provide the finance function for the Commission and work had started with commercial legal advisers on a Service Level Agreement for this. An outline framework has been setup to define responsibilities and accountability, with a proposed start date of 1 October. The Unions will be engaged with about the impact of outsourcing on existing staff.

6. Corporate Policies

Counter Fraud Policy and Response Plan – the Governance Manager reported that this had been finalised and published and was for the information of the Committee.

Information Security Policy Statement – The Governance Manager confirmed that a light touch review had been undertaken. The Committee confirmed that it was content to approve.

Security Breach Management – The Governance Manager confirmed that a light touch review had been undertaken. The Committee confirmed that it was content to approve.

The Governance Manager clarified that the summary corporate policies (tabled at the previous meeting) includes when each policy or document is due to be reviewed.

7. Any other business

There was no other business.

8. Date of Next Meeting

The next Audit and Risk Committee meeting is scheduled for Tuesday, 23 September 2025 to consider the Annual Report and Accounts, with the next regular meeting scheduled for Tuesday, 11 November 2025.

Scottish Fiscal Commission: Strategy, Governance and Corporate Services
19 August 2025