# Audit and Risk Committee Meeting Minutes
# 8 May 2026 09:30 – 11:15
# Via Video Conference

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

**Attendees**
Stuart Kenny - Director, Deloitte LLP
Louise Carmichael - Scottish Government Directorate for Internal Audit and Assurance
John Ireland - Chief Executive
Michael Davidson - Head of Devolved Taxes and Social Security
Vicky Avila - Analyst (Item 4 - Risk)
Susie Warden - Head of Strategy, Governance and Corporate Services
James White - Governance Manager, secretariat

**Apologies**
Professor Graeme Roy - Chair, Scottish Fiscal Commission – observer
Tauseeq Amjad – Assistant Audit Manager, Deloitte LLP
Claire Murdoch - Head of Fiscal Sustainability and Public Funding
David Stone - Head of Economy and Income Tax

## 1. Welcome and Introduction

Justine Riccomini 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 6 February 2026 were agreed as an accurate record, and the action log was noted.

## 2. Chair's Update

Justine Riccomini noted the Chair's paper. She suggested that the timing of meetings should be reviewed to ensure that papers can be issued in sufficient time, recognising time pressures for both John Ireland and Susie Warden. Stuart Kenny commented that for papers provided by Deloitte, the only exception might be the ISA 260 report which summarises the findings of the annual audit, as this was not finalised until late in the audit process. This needed to be as complete as possible to allow the Annual Report and Accounts to be approved by the Governance Board, on the recommendation of the Audit and Risk Committee.

**Action Point 1 – the schedule of the remaining meetings in 2026-27 would be reviewed by the Chief Executive and Secretariat.**

## 3. Deloitte LLP

Stuart Kenny confirmed that Deloitte LLP had started wider scope work and that they were working through the key documents. Requests are being uploaded to Deloitte Connect. Lessons had been learned from last year's audit field work and this year fieldwork would be split, to allow more time for evidence to be collected from shared service partners. Samples would be requested in first week of June, with the main audit fieldwork taking place from 20 July. The current plan is for the Annual Report and Accounts to be signed in September 2026.

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

Lousie Carmichael apologised for the late delivery of the papers.

***Progress Update*** – audit work for 2025-26 has been completed. Work was ongoing to finalise and agree by correspondence the Audit Plan for 2026-27. The SGDIAA internal system was being updated, however, that is focussed on the back-end processes and would not impact on the work undertaken for the Scottish Fiscal Commission.

***Annual Assurance Review*** – the review had given a substantial assurance for the Commission. The version of the paper circulated to the Committee had shown the wrong outcome at paragraph 1.1, which would be corrected when the finalised version of the report is circulated.

***Financial Management Review*** – Louise Carmichael noted that the outcome of the review was positive with a reasonable assurance. Medium level recommendations included ensuring that as full review of monthly reconciliations was undertaken by management.

In relation to the Framework Document Susie Warden highlighted that engagement with SG about the OECD's recommendation on SFC funding was ongoing with Scottish Government, but a conclusion wouldn't be reached until the new Administration was in place after the Parliamentary election.

***SGDIAA External Quality Assessment*** – Grant Thornton UK LLP, who had undertaken the external review, had concluded that SGDIAA showed a good level of compliance against the Global Internal Audit Standards (GIAS) conforming with 37 out of 52 standards. It was reported that the priority actions largely related to new and expanded GIAS requirements.

Louise Carmichael highlighted challenge points arising from SGDIAA's core work, includes on governance of Artificial Intelligence (AI), which has been included for the information of the Committee as there may be lessons that could be learned for the Commission. Michael Davidson confirmed that he was working on a paper about AI for consideration by Commissioners in June.

**Action Point 2 – SGDIAA would correct the Annual Assurance Review for 2025-26 (changing 'reasonable' to 'substantial assurance' in paragraph 1.1 of their report) and circulate to members of the Committee.**

**5. Risk**

***Risk Cards***

John Ireland highlighted that the risk cards were written before the outcome of the election. The Committee confirmed the risk scores as:

| | Likelihood | Impact |
|---|---|---|
| Partners | 3 | 3 |
| Corporate Systems | 4 | 4 |
| Staffing | 4 | 3 |
| Independence | 3 | 3 |
| Reputation | 2 | 3 |

***Operational Risk***

John Ireland explained that the paper on operational risk was to give more visibility of what we do and how we handle risk in our analytical work in order to give the Committee assurance about how operational risks are being managed. Currently operational risk is expressed in the risk cards through the potential impact it could have, for example on reputation.

The Commission had always managed operational risk through, for example model documentation, and discussions of analytical work with Commissioners, SG analysts and SG policy officials. There was also assurance from external scrutiny, for example scrutiny by parliamentary Committees, and the OECD reviews.

There has been a greater focus on operational risk, driven in part by the error made in the 2025 Fiscal Sustainability Report (FSR), which was corrected later in 2025. Risk scoring of models has been introduced as well as more investment in quality assuring model documentation.

Catriona McConnell noted that the paper gave detail on detective controls and asked about preventative controls. John Ireland noted that access controls are in place through the IT system. Both eRDM, the electronic filing system used by the Commission, and SharePoint are used to restrict access to specific individuals.

Catriona McConnell asked whether AI could be used to test outputs to help manage operational risk. Eleanor Ryan commented that at this point AI was not sufficiently mature to undertake quality assurance work without further investment, or taking care with how it could be usefully used.

Catriona McConnell welcomed the transparency about the FSR error. It was noted that the issue was partly timing of quality assurance, rather than absence of it or that quality assurance work had failed to pick up an issue.

Vicky Avila highlighted ongoing work to standardise quality assurance (QA) and achieve best practice. To improve and standardise model documentation, the well-developed model documentation for ADP forecasts had been shared with staff as a template. A week of intensive QA work was taking place where each model is being assessed by a different team. The future aim is to complete two QA rounds each year. Working groups involving the whole Commission have been set up to take this forward. Commissioners will be given feedback on the outcomes from the current QA week once work concludes.

*Risk Deep Dive*

Susie Warden explained that each of the risk areas has a risk appetite which is reconsidered every two years as part of the Risk Framework review. The appetite score is different for each risk, recognising that the tolerance is not the same for each risk area. She also highlighted the structure of the risk cards, noting that the current management of each risk is updated for meeting, whereas the risk descriptions and appetite were reviewed annually. She noted that proximity of risk was not explicitly captured in the current risk management framework. Sarah Pumfrertt and Stuart Kenney noted that some organisations were using proximity scoring in place of likelihood scores.

*Corporate Systems* – this covers internal systems, shared services (IT and HR systems), and the website. For shared services, the asymmetry of the relationship was always a challenge as Commission has less direct influence on how Scottish Government deliver these. As a smaller sized organisation, the issue for the Scottish Fiscal Commission is that the impact has a disproportionate impact, such as delays in recruitment and on-boarding processes. There are some opportunities to work with other bodies to influence the service provided but even then the impact can be limited. This meant at times we carry risks beyond our appetite. There are other options for HR services but these would bring other risks and costs.

Stuart Kenny welcomed the focussed approach to risk management with a limited number of strategic risks. He noted that other bodies have a separate financial sustainability and environment impact risk registers, though these may be less relevant for the Commission. He noted that it was good practice to have regular horizon-scanning to identify future issues.

**Action Point 3 – Secretariat will articulate the risk descriptions in greater detail.**

**Action Point 4 – the Committee will consider operational risk management at least once each year.**

**Action Point 5 – there will rolling programme of deep dives on individual risks, with one deep dive at each meeting. The next meeting will have a deep dive on the independence risk.**

**6. Finance**

*Finance Update Paper*

Susie Warden confirmed a provisional underspend of around £130,000 that reflects anticipated spend which did not materialise. An issue with over-reporting of staff spend had been identified and is being resolved. Work on improving the finance tracker has been taken forward with the support of an analyst which will support improved financial management in 2026-27. Work on securing financial support for the Commission has restarted, including seeking support from other public bodies.

The capital overspend of £67,905, though capital provision is in place for future financial years was reported. Sarah Pumfrett noted that the right steps had been taken by the Commission and that the resource underspend exceeds the capital overspend.

*Pension Loan Payments* – one member of staff who retired, but had not yet received a pension quote, has taken the civil service pension loan which will be repaid within one year.

**7. Corporate Policies**

*Internal Control Checklist* – the Governance Manager noted that the checklist had been reviewed against the latest version published in the Scottish Public Finance Manual. The Committee noted the checklist.

*Self-assessment Checklist* – the Governance Manager confirmed that the checklist had been reviewed against the latest version published in the Scottish Public Finance Manual. Eleanor Ryan commented that the value in such exercises was in being rigorously honest, and in considering the checklist as individuals and as a group.

**Action Point 6 – in future years the Committee members would consider the check list individually as well as a substantive group discussion at the Committee meeting.**

**8. Any other business**

There was no other business.

**9. 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
8 May 2026