

Audit and Risk Committee (ARC) Minute of Meeting 10 February 2026 1030hrs Meadowbank House, Edinburgh	
Chair	Dónall Curtin, Audit and Risk Committee Member
Present	Martin Ettles, Audit and Risk Committee Member James Gumble, Audit and Risk Committee Member Tabatha McCree-Cox, Audit and Risk Committee Member
In attendance	Director of Policy and Corporate Services and Accountable Officer (CK) Head of Risk and Information Governance (AR) Head of Enterprise Risk Management (AK) Information Governance Manager (AS) Head of Finance (JF) Senior Enterprise Risk Officer (BH) – <i>observer</i> Senior Internal Audit Manager (DR), Scottish Government Directorate for Internal Audit and Assurance (SGDIAA) Internal Audit Manager (LB), Scottish Government Directorate for Internal Audit and Assurance (SGDIAA) Internal Auditor (BH), Scottish Government Directorate for Internal Audit and Assurance (SGDIAA) – <i>observer</i> External Audit Director (LC), Deloitte Head of External Communications and Engagement (JG) – <i>item 6.2</i> Director for Customer and Business Development (DB) – <i>item 10.1</i> Head of Customer Experience (IM) – <i>item 10.1</i> Head of Business Development (ND) <i>item 10.1</i>
Apologies	Chief Finance Officer (HB) Senior Internal Audit Manager (KM), Scottish Government Directorate for Internal Audit and Assurance (SGDIAA)
Secretariat	Senior Executive Assistant to the Director of Policy and Corporate Services and Accountable Officer (BG)

1. Introduction, apologies, and chair's matters

1.1 The Chair welcomed everyone to the meeting and noted the apologies and guest attendees as above.

2. Declaration of interests

2.1 No new interests were declared.

3. Minute of meetings and outstanding actions

3.1 The minute of the meeting held on 11 November 2025 was accepted as a true record of the discussions held.

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3.2.1 The Committee reviewed the outstanding action log and agreed that the following actions are complete and should be closed:

6840, 7003

3.2.2 The Committee noted the updates for the following action and agreed this should remain open:

6942, 6943

3.2.3 The Committee discussed the following actions and agreed:

Action 6584 – The Head of Risk and Information Governance provided a verbal update on Artificial Intelligence (AI) and governance, covering AI policy, security standard, guidance documentation and highlighted that mandatory e-learning for all colleagues has been approved and scheduled for a February 2026 launch. The Committee also noted that the AI Champions network has been established, Co-Pilot training will be rolled out, and business cases are in development, with potential 2026-27 budget allocation. The Committee acknowledged that the AI strategy is tabled on the ARC deep dive schedule for 2027, however the Committee expressed a preference to have visibility of the strategy should it become available before then. The Committee agreed that this action should remain open on the action log to allow for future updates.

4. Matters arising not covered elsewhere on the agenda.

4.1 None.

5. ARC Effectiveness Review Outcomes

5.1 The Committee noted the outcomes of the ARC effectiveness review conducted in November 2025. It was further noted that the Chair has an ongoing action to consider potential areas for ARC improvement and members were encouraged to continue submitting suggestions for improvements throughout the year to ensure the Committee's ongoing development and effectiveness.

5.2. The Chair will consult with members regarding their availability to attend the Audit Committee Chairs Network, recognising the value of this forum in sharing best practice and providing updates on relevant developments.

6. Internal Audit

6.1 Audit & Risk Committee Progress Report 2025-26

6.1.1. The Committee formally welcomed the newly appointed Senior Internal Audit Manager to the meeting and is looking forward to establishing a productive working relationship in the future. The Senior Internal Audit Manager introduced the ARC progress report 2024-25 and provided an oral overview of key messages. The paper was taken as read.

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6.1.2. The Committee noted that colleagues within the directorate have completed a thematic analysis on cyber security and resilience, consolidating recommendations from the cyber security resilience audits conducted over the past year and a half. The Senior Internal Audit Manager offered to circulate a summary paper outlining the key themes for ARC review and feedback, should members be interested.

6.1.3. The Senior Internal Auditor is also able to share the Accounts Commission report concerning the cyber-attack on Western Isles Council, which will serve to highlight key lessons learned.

6.1.4. The Senior Internal Audit Manager stated that Internal Audit works with several clients who are either developing AI strategies or have incorporated AI into their annual audit plans. He offered to facilitate introductions to relevant contacts should RoS require support when developing its own strategy.

6.1.5. The Committee was content to note the progress report and expressed its appreciation to the former Senior Internal Audit Manager for their valuable contributions and support throughout the past several years.

6.2 Stakeholder Engagement Internal Audit Report

6.2.1 The Head of External Communications and Engagement joined the meeting to provide an oral overview on the Stakeholder Engagement Internal Audit Report, and it was noted that a substantial assurance rating was provided.

6.2.2. The Committee discussed the three recommendations identified and noted the Management responses to the two recommendations that were not accepted. The Committee heard that the formal language in the report suggested that Management were strongly opposed to the recommendations, however The Head of External Communications and Engagement clarified that they disagreed with formalising the process of incorporating new stakeholders into the stakeholder map as the stakeholder base is very static and messaging to stakeholders is regularly reviewed. The Committee also noted that formal lessons learned are already in place and embedded in relation to significant work packages, which is why Management disagreed with the recommendation to formalise a lesson learned process for stakeholder engagement across RoS. The Chair emphasised that the Committee has no difficulty with Management deciding not to accept recommendations, provided that the reasons are clearly articulated, and noted that the Management response in this instance did not meet that standard of clarity.

6.2.2.1. The Committee heard that previous Internal Audit Reports have identified the lack of a formalised lessons learned process, despite there being processes in place, suggesting that there may be challenges in demonstrating how to evidence this. The Accountable Officer and the Head of Enterprise Risk Management will consider how to best evidence and formalise the lessons learned process and ensure the utilisation of these lessons is reflected for future Internal Audit Reports.

ACTION - The Accountable Officer and the Head of Enterprise Risk Management will consider how to best evidence and formalise the lessons learned process

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and ensure the utilisation of these lessons is reflected for future Internal Audit Reports.

6.3 Draft Internal Audit Plan 2026/27

6.3.1 The Internal Audit Manager provided an oral overview of the Draft Internal Audit Plan 2026/27. The Committee discussed the draft plan, noting the proposed reviews of Payroll, AI, Post Registration and an advisory on workforce planning.

6.3.2. The Committee noted the key areas of risk and assurance considered in the horizon scanning exercise. The Committee suggested that Internal Audit could consider addressing climate and net zero as a focus for assurance or advisory work in next year's annual audit plan.

6.3.3. The Committee enquired about the feasibility of conducting a light touch review of the Register of Moveable transactions, given that this new service has now been live for over six months. The Committee noted that usage volumes remain very low, however the Accountable Officer will look to take this forward internally.

Action – The Accountable Officer will consider the possibility of carrying out a light touch review of the Register of Moveable Transactions now this has been live for several months.

6.3.4. The Internal Audit Manager thanked the Committee for its feedback and will now finalise and circulate the audit plan.

7. External Audit

7.1 Annual Audit Plan 2025-26

7.1.1 The Committee welcomed the External Audit Director and Engagement lead to their first ARC meeting. The External Audit Director provided an oral overview of the annual audit plan 2025-26 key messages, focussing on the audit scope, approach and timetable. The paper was taken as read.

7.1.2. The Committee discussed the strategic workforce plan and queried whether Deloitte might consider carrying out a light touch review of the demographics of the workforce, given the risks associated with a rising number of retirements within the RoS workforce, for example. The External Audit Director clarified that this is not included in the standard audit plan but will consider whether Deloitte could conduct a light touch review to ensure all areas are being managed appropriately. The Committee noted that Internal Audit and previous deep dives have also covered strategic workforce planning.

7.1.3. The Committee acknowledged that, following recent changes within the UK Government Internal Audit Agency, HM Treasury is now placing greater emphasis on assurance rather than solely on the provision of evidence, as part of efforts to improve efficiency in assurance levels. The External Audit Director confirmed that the working group is actively monitoring these developments and will update the Committee in due course.

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7.1.4. The Committee thanked the External Audit Director for the paper and helpful update.

8. RoS Assurance Framework

8.1 The Head of Enterprise Risk Management provided an oral overview of the assurance framework update key messages. Members support for the proposed 2026/27 deep dive schedule was sought together with any feedback on the perceived value and assurance provided by these, which are designed to complement the internal audit schedule.

8.2. The Committee discussed the proposed new financial impact thresholds and sought clarification regarding how the new thresholds were determined. The Committee noted that the thresholds had been established following a review of various categories of criteria with the intention of ensuring comparability with each other and also considering areas such as annual income and benchmarking against other organisations.

8.2.1. The Committee agreed that there should be consideration into fluidity when looking at the financial impact thresholds and there should be a view to reviewing them on a more frequent basis. It was further noted that HM treasury has issued guidance in this area, which could provide useful direction regarding best practice and language.

8.3. The Committee discussed the proposed deep dive list for 2026/27 and considered these sensible. The Committee welcomed the deep dive 'open slot' on the schedule which will allow for flexibility to respond to emerging topics or risks.

8.4. The Committee discussed the 'Finance System transformation and financial controls design' deep dive and proposed that it may be beneficial to consult the National Audit Office (NAO) guidance as this could offer valuable insights regarding transformation processes and highlight considerations to help inform this deep dive.

8.4.1. It was suggested that HR elements of the integration space should be reflected in the 'Finance System transformation and financial controls design' deep dive, noting the key dependencies on HR data and as addressing Finance in isolation may pose additional risks.

8.5. The Committee was content to note the update and supported the deep dive schedule as written.

9. Annual Review of Key Policies

9.1. The Accountable Officer introduced the annual review of key policies and invited ARC feedback following their annual review by EMT and relevant colleagues.

9.2. The Committee considered the reviewed policies and was happy to endorse them all as written.

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9.3. The Committee noted the suspected instances of internal fraud, as outlined in the annual review of fraud paper, and sought clarification regarding any lessons learned or necessary changes in response to possible deficiencies in manual processes lacking appropriate controls. The Committee noted that the instances had been detected quickly, indicating that there was no inherent issue with the processes, however the Accountable Officer will consult with HR colleagues to gather further details and circulate any identified lessons learned to the Committee for its information.

Action – The Accountable Officer to consult with HR to gather further information on the two suspected instances of internal fraud outlined in the annual review of fraud paper and circulate any potential lessons learned to the Committee for its information.

10. Other Forms of Assurance

10.1 Business Development/RoS Ventures

10.1.1 The Director for Customer and Business Development joined the meeting, and together with Head of Customer Experience and Head of Business Development, provided an oral overview of the Business Development and RoS Ventures update, which focused on the progress of RoS Ventures commercial activities throughout the last year and provided a forward look at maturity plans. The update paper was taken as read.

10.1.2. The Committee heard that there will be fuller discussion on the progress of RoS Ventures commercial activities at the ARC/Board long term planning workshop scheduled to take place in May.

10.2. The Committee emphasised the significance of exploring potential partnerships beyond the organisation, recognising that such collaborations could support the effective delivery of RoS activities and contribute to long-term sustainability. Furthermore, it was acknowledged that forming partnerships may offer advantages in terms of risk mitigation and from a cost perspective.

10.3. The Committee sought clarification on how to best frame the future direction of RoS Ventures in a manner that would be easily understood and inquired about strategies to maximise the use of data. However, the Committee noted that these matters will be addressed in greater detail at the upcoming long term planning workshop.

10.4. The Committee noted that a service catalogue has been developed detailing all RoS Ventures products and services and requested visibility of this at a convenient time.

10.5. The Committee thanked the Director for Customer and Business Development, the Head of Customer Experience and the Head of Business Development for the helpful update and looks forward to discussing RoS Ventures further in May.

11. Outstanding Recommendations Log

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11.1 The Committee reviewed the outstanding recommendations log (ORL) and was content to note that the following are on track for completion by the agreed dates:

181, 182, 183, 185, 187

11.2 The Committee was content to close the following recommendations as proposed:

184, 186

11.3 The Committee noted that there were no actions for discussion.

11.4 The Committee highlighted difficulties in accessing the ORL, as members are unable to launch this using excel. The Senior Executive Assistant to the Director of Policy and Corporate Services and Accountable Officer will consider an improved format for presenting this information for future meeting papers.

12. Items for Noting

12.1 The Committee noted the following items:

- 1) Q3 Finance Update
- 2) Performance Report
- 3) RoS Board Minute – 9/10 September 2025
- 4) Risk Management & Business Continuity Policies Review
- 5) Cyber Governance Code of Practice

12.2. The Committee noted item 3 (RoS Board Minute – 9/10 September 2025) and enquired whether the Director of People and Operational Services had any update on the one concern raised regarding potential mistreatment reported in the internal employee survey. The Committee was advised that the matter is still under review; however initial feedback indicates that the issue relates to general management practices rather than inappropriate conduct. The Director of People and Operational Services will provide a further update in due course.

12.3. The Committee received a short update regarding the SVP lease renewal as referenced in item 1 (Q3 Finance Update) and noted that progress is ongoing, however certain challenges remain to be addressed.

13. Items for Information

13.1 The Committee noted the following information items:

- 1) Q2 2025/26 Privacy Risk – Compliance & Assurance Report
- 2) Q2 2025/26 Employment Legislation Update
- 3) PPG Forthcoming Matters Tracker

14. Any other competent business

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14.1 No other business was raised for discussion.

15. Items for Escalation to RoS Board

15.1 None.

16. Meeting close

16.1 The meeting closed at 1316hrs.

16.2. The next business meeting will be held on:

12 May 2026

1030hrs

St Vincent Plaza, Glasgow

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