

**RISK AND ASSURANCE COMMITTEE**  
**COMATAIDH CHUNNART AGUS SGRÙDAIDH**

**DRAFT MINUTE OF THE MEETING HELD ON 06 NOVEMBER 2025 AT 0900 AT AN LÒCHRAN, INVERNESS CAMPUS, AND BY TELECONFERENCE**

**PRESENT (ONLINE):** Allan Clow (*Chair*)  
Ailsa Raeburn  
Keith Nicholson

**IN ATTENDANCE (AN LÒCHRAN):**

Stuart Black	Chief Executive
Sandra Dunbar	Director of Corporate Services
Louise Macmillan	Head of Audit and Assurance
Andrew Jenkins	Head of Financial Services (Item 3.1-3.3, Item 4.3-4.4)
Chris Roberts	Head of Communications (Item 3.1-3.3)
[Name redacted for data protection]	Business Improvement Manager (Item 4.2)
Sylvia Beswick	Head of Procurement (Item 4.5)
Janie Sheridan	Head of Business Transformation (Item 4.6)

**IN ATTENDANCE (ONLINE):**

Pauline Gillen	Audit Director, Audit Scotland
Kyle McAulay	Senior Audit Manager, Audit Scotland
Kara Differ	Senior Auditor, Audit Scotland
Andrew Carton	Team Leader, Scottish Government
Peter Dennis	Construction Project Manager (Item 2.1)
David Oxley	Director of Strategic Projects (Item 2.2)
[Name redacted for data protection]	Benbecula Finance Manager (Item 4.3)
[Name redacted for data protection]	Executive Assistant

**1 STANDING ITEMS**  
**CUSPAIREAN COTHROMACH**

**1.1 Welcome and apologies**

The Chair welcomed everyone to the meeting, noting no apologies had been received. The Chair noted that he had been appointed to the position of Chair of the Risk and Assurance Committee following the appointment of Angus Campbell as HIE Board Chair which necessitated him stepping down as Committee Chair. It was also confirmed that Board member, David Wilson, will commence his appointment to the Committee from 07 November 2025.

**1.2 Declarations of interest**

There were no declarations of interest. The following transparency statements were provided.

Item	Committee / staff member	Transparency statement
2.2	David Oxley	Director, Wave Energy Scotland
4.6	Keith Nicholson	Director of Cyber Security Scotland, which provides consultancy services to HIE

### 1.3 To approve minute of the Risk and Assurance Committee meeting held on 18 September 2025

The minute of the meeting held on 18 September 2025 was approved with no amendments.

### 1.4 Matters arising from the Risk and Assurance Committee meeting of 18 September 2025

All issues from the 18 September 2025 meeting had been addressed and relevant information shared with the members. *[Sentences removed due to commercial sensitivity]*.

### 1.5 Matters arising from the HIE Board meeting held on 28 October 2025

The Chair highlighted two matters arising from the recent board meeting: *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity]* and Best Value Copilot updates, both of which will be addressed under Item 4.6 of the agenda.

## 2 CURRENT AND EMERGING ISSUES CÙISEAN LÀITHEIL

### 2.1 Cairngorm update

*Peter Dennis joined the meeting.*

The Construction Project Manager provided an update on the Cairngorm project, detailing defect resolution, ongoing contractual discussions, stakeholder engagement and future inspection regimes. It was noted that work was continuing on a programme to address final defects *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity]*. The completion certificate had been extended to the end of May 2026.

The Director of Corporate Services stated that, following the Parliamentary Audit Committee (PAC) appearance in September 2025, the PAC is scheduled to visit Cairngorm Mountain to meet HIE and Cairngorm Mountain (Scotland) Limited (CMSL) on 17 November 2025 and will hold a meeting with stakeholders in Aviemore on 18 November 2025.

*[Paragraph removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity]*.

The Committee discussed whether there were any unresolved concerns from the local community and stakeholders regarding Cairngorm. The Construction Project Manager confirmed that the new Chief Executive of CMSL has made a positive difference and was engaging in ongoing conversations with both the community and stakeholders. The Director of Corporate Services updated that Board recruitment for CMSL will take place week commencing 10 November 2025.

The Committee queried the final CMSL outturn for 2024/25 and the Director of Corporate Services confirmed that an authorised overspend for the 2024/25 financial year was approved by the Scottish Government and had been reflected in the HIE accounts. *[Sentence removed in the interests of the*

*effective conduct of public affairs, and due to commercial sensitivity*].

The Construction Project Manager provided an update on the inspection and monitoring arrangements, noting that *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity]*.

The Committee noted the update.

*Peter Dennis left the meeting.*

## **2.2 WES Update**

*David Oxley joined the meeting.*

The Director of Strategic Projects provided an update on Wave Energy Scotland (WES), *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity]*. *[Sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity]*.

*[Paragraph removed in the interests of the effective conduct of public affairs]*.

The Director of Strategic Projects outlined that the Horizon Europe programme presented a medium-term funding opportunity, with clarity expected in 12–18 months. The WES Board will be strengthened *[part of sentence removed due to commercial sensitivity]* and further independent commercialisation expertise was under consideration.

The Committee noted the update.

*David Oxley left the meeting.*

## **3 ACCOUNTS RELATED STUTHAN CUNNTASACHAIL**

*Chris Roberts and Andrew Jenkins joined the meeting.*

### **3.1 Audit Scotland Annual Report for 2024/25:**

**3.1a Covering letter, including proposed independent auditor's report and management letter of representation**

**3.1b Draft annual audit report**

The Audit Scotland Audit Director summarised the completion of the 2024-25 audit of HIE's annual report and accounts and highlighted no uncorrected misstatements above the reporting threshold. Nine significant findings were reported, the majority being mostly technical or classification adjustments. Only two required an adjustment to the accounts. She emphasised the need for more time to be allocated by HIE during the accounts preparation timetable to improve management review and reduce minor errors.

The most notable adjustment was an additional impairment for loan carrying value, reflecting a prudent approach by HIE to investment risk. Two control improvements were identified relating to the new finance system implementation, with recommendations for management to address these for next year. Wider dimension areas were discussed, with positive comments on financial management and budgeting and a recommendation made relating to disaster recovery/business continuity policy updates and testing.

The Chair thanked the Audit Director for her update and noted that he found the report positive, with most issues being minor, and positive progress had been made in addressing previous recommendations. The Director of Corporate Services added that ongoing and planned improvements were in place for

disaster recovery and cyber security testing.

The Committee supported the report and its appendices.

### **3.2 HIE annual report and accounts 2024/25**

The Head of Communications and the Head of Financial Services explained the reconciliation between the draft unaudited accounts reviewed by the Committee at September's meeting and the final version, noting five financial adjustments, all agreed with Audit Scotland. The adjustments resulted in a final authorised overspend on HIE's revenue outturn of £753k, which had been agreed with the Scottish Government. It was also noted that CMSL accounts had now been finalised.

The Head of Communications reported that most changes to the annual report were minor and had been amended following discussion and agreement with Audit Scotland. The sustainability report in particular had been updated to ensure full compliance with the reporting guidelines.

The Director of Corporate Services added that a lessons learned exercise from the annual report and accounts process would be undertaken to ensure improvement opportunities were identified.

The Committee noted the amendments to the annual report and accounts and, as there were no further amendments, agreed that these should now be finalised.

### **3.3 Proposed final certificate of assurance for 2024/25**

The Head of Audit and Assurance presented a proposed final certificate of assurance, noting an interim certificate had been provided in June, and confirmed no significant control issues to report after the accounts process. She highlighted some strengthened points in the updated document and sought agreement from the Committee to submit it to the Scottish Government Sponsor Team.

The Committee asked about the focus on current activity relating to the funicular versus ongoing revenue expenditure for Cairngorm. The Director of Corporate Services clarified that both funicular remediation and ongoing revenue budget risks relating to Cairngorm were referenced in the certificate. *[Sentence removed in the interests of the effective conduct of public affairs].*

The Committee agreed with the updated certificate of assurance and supported its submission to the Scottish Government.

*Chris Roberts and Andrew Jenkins left the meeting.*

## **4 PLANNED ACTIVITY GNÌOMHACHDAN PLANAICHTE**

### **4.1 Assurance plan progress report 01 August to 30 September**

The Head of Audit and Assurance gave an update on the assurance plan's progress for the year to date and on actual activity in August and September, highlighting ongoing reviews, resource allocation, and the integration of external assurance mechanisms. She reported that the assurance plan was progressing well, with most planned activities which were due to have commenced being underway except for one EIS report delayed due to timing. This now had a draft scope with EIS partners for agreement.

The Committee raised a question regarding resourcing and future options. The Head of Audit and Assurance explained that not all assurance is provided through the internal audit team, with other assurance sought as outlined in the integrated assurance approach. The internal audit team sought to optimise all sources of assurance to ensure effective use of resources and no duplication of effort. This included liaising with Audit Scotland on its work and participating in a procurement being led by Scottish

Enterprise for the EIS partnership.

*[Name redacted for data protection] joined the meeting.*

*[Paragraph removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

The Committee noted the report.

#### **4.2 Risk Register, October 2025**

The Business Improvement Manager presented the current risk register, which is unchanged from the recent Board meeting, *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

The Committee asked about a high-profile incident referenced in one risk. The Business Improvement Manager agreed to review this further and provide an update.

It was noted that the Board had previously highlighted that multiple risks were scored at the highest level (25) and if this was realistic. The Business Improvement Manager confirmed that a review and rescoring exercise was underway to better differentiate and prioritise risks in future updates.

The Committee noted the risk register update.

*[Name redacted for data protection] left the meeting.*

#### **4.3 Public Services Reform Act annual report for 2024/25**

*Andrew Jenkins and [Name redacted for data protection] joined the meeting.*

The Head of Financial Services and the Benbecula Finance Manager presented the draft of HIE's Public Services Reform Act annual disclosure for 2024/25.

The report included disclosures on public relations, overseas travel, hospitality, consultancy spend, payments over £25,000, and high remuneration, covering five entities. It was noted that final approval was delegated to the Chief Executive and the final version will be published on HIE's website. In response to the Committees questions the Head of Financial Services clarified that the public relations figure encompasses the entire marketing teams spend, including salaries and website costs, not just traditional PR activities.

The Committee welcomed the report and noted the final version would be agreed with the HIE Chief Executive prior to publication.

*[Name redacted for data protection] left the meeting.*

#### **4.4 Future annual report and accounts timetable**

The Head of Financial Services introduced a proposal to bring forward the annual report and accounts process, aiming for earlier completion and alignment with other enterprise agencies. It was noted that this approach was subject to detailed discussions with Audit Scotland. The Audit Scotland Audit Director added context on historical timelines and explained the future audit tender process, clarifying that the decision on the appointed HIE auditor rests with the Auditor General and Accounts Commission.

*Keith Nicholson left the meeting due to connection issues.*

The Committee raised whether a shorter audit period could result in risk by limiting flexibility in addressing post-balance sheet events. The Director of Corporate Services responded that a longer annual report and accounts period could increase risk exposure, and the proposed changes aim to mitigate this.

The Committee agreed that HIE should continue discussions with Audit Scotland to finalise the timetable, with a more substantive paper to be brought to a future meeting,

*Andrew Jenkins left the meeting.*

#### **4.5 Procurement Approach**

*Sylvia Beswick joined the meeting.*

The Head of Procurement outlined HIE's procurement processes, summarising the various procurement procedures based on value and legislative requirements, highlighting the use of different evaluation methodologies and the importance of community benefits and Fair Work practices.

In response to Committee questions on best practice and how procurement can deliver community wealth building, the Head of Procurement described efforts to involve local suppliers and collaborate with councils to share best practice, including tracking subcontractor spend to support local economies. The Committee queried the balance between price and quality in tender evaluations and benchmarking against other public sector bodies. The Head of Procurement explained that HIE typically uses a 40-60 or 50-50 price-quality split and employs an average price methodology to avoid lowest-price pitfalls.

The Head of Procurement highlighted improvements in contract management and strategic procurement planning, including the development of roadmaps and enhanced quality assurance with third-party agents, to drive efficiencies and ensure service quality.

The Committee noted the approach.

*Sylvia Beswick left the meeting.*

**4.6** *[Item removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity].*

#### **4.7 RAC development programme (verbal)**

The Director of Corporate Services highlighted two upcoming development sessions: one on information systems strategy *[part of sentence removed in the interests of the effective conduct of public affairs, and due to commercial sensitivity]*, and another on the budget environment, with additional training on the Standards Commission Code of Conduct to be scheduled for Board members.

The Head of Audit and Assurance proposed circulating a checklist for current and former committee members to gather feedback on committee effectiveness, in line with the requirements of the Audit Committee Handbook, with results to be reported at the March meeting. The Committee agreed to the proposal. It was also noted that an induction session will be scheduled with Mr Wilson who was joining the Committee.

#### **4.8 Any other business**

The Chair added that a meeting will be arranged with the Director of Corporate Services and the Head of Business Transformation to receive any further comments one of the Committee members may have following his departure from the meeting due to connection issues.

**Date of next meeting:**

The next meeting of the Risk and Assurance Committee is due to take place on 17 March 2026.

*[Name redacted for data protection]*  
Executive Assistant  
06 November 2025

APPROVED