

**DRAFT Minutes of the Audit and Risk Committee Meeting held on Monday 26 January 2026, 14:00 – 15:30 via Microsoft Teams**

**DRAFT SUBJECT TO APPROVAL AT THE 23 MARCH 2026 COMMITTEE MEETING**

**Audit and Risk Committee:**

Marie Fallon (MF), Chair  
Neil Oakley (NO)  
Morag Sheppard (MS)  
Chris Spray (CS)

**Internal Audit (IA)**

Iain Burns (IB), Lead Senior Internal Audit Manager

**External Audit, Deloitte LLP (EA)**

Simba Jana (SJ), Director, Deloitte LLP

**Attendees:**

**ESS Team:**

Mark Roberts (MR), Chief Executive  
Rebecca Liu (RL), Financial Accountant  
Rebecca Peppiette (RP), Head of Corporate Services and Communications  
Calum Ross (CR), In-house Solicitor  
Alisdair Stapley (AS), Governance Lead  
Kirsty Laing (KL), Business Support Officer (Minutes)

**Apologies:**

Kate Moffat (KM), Lead Senior Internal Audit Manager  
Marketa Andrews (MA), Internal Audit Manager  
Rashid Zaman (RZ), Manager, Deloitte LLP

<b>1. Private session</b>	<p>The members of the Audit and Risk Committee ('the Committee'), internal audit and external audit attended a private session.</p>
<b>2. Welcome</b>	<p>The Chair welcomed the Committee members and attendees to the formal meeting.</p> <p>There were apologies from RZ. EA noted RZ will no longer attend the Committee and confirmed a new EA team representative for future meeting attendance. The Committee thanked RZ for his past contribution.</p>

	<p>There were also apologies from KM and MA with the Chair noting the attendance of IB in their place.</p>
<b>3.</b>	<p><b>Minutes and matters arising</b></p> <p>The minutes of the previous meeting on 24 November 2025 were approved.</p> <p>The running list of matters arising and audit tracker were provided for the Committee's information.</p> <p>In discussion, the Committee:</p> <ul style="list-style-type: none"><li>• noted ESS' meeting with EA to reflect on the 2025/26 annual external audit process, and plan for 2026/27</li><li>• discussed the additional EA audit fee and ways to mitigate additional fees in future</li><li>• highlighted IA's cyber thematic review report which will be shared at the next Committee meeting</li><li>• noted the update from IA regarding the Public Service Reform (PSR) gateway review</li><li>• agreed that the cyber risk register will constitute a standing item while the register is still formative</li></ul> <p><b>Action:</b> IA to share the outcome of the Public Service Reform (PSR) gateway review with the Committee.</p> <p><b>Action:</b> IA to share the cyber thematic review report at the next Committee meeting.</p> <p><b>Action:</b> RP to present the cyber risk register as a standing item and update background policy and procedure information to reflect this change in process.</p>
<b>4.</b>	<p><b>Finance</b></p> <p>RP provided an update on expenditure against the 2025/26 budget for information.</p> <p>RP presented the draft ESS budget for 2026/27, referencing the Scottish Government's 2026/27 draft budget published in January 2026.</p>

RP outlined the proposed budget plan to support ESS' new duties, noting the careful consideration given to recruitment timelines and the onboarding process.

In discussion, the Committee:

- considered the proposed recruitment process for the new duties, discussing the pre-emptive measures in place to mitigate the risk of delays
- noted the proposed new organisational structure and the recommended ways of ensuring cross-departmental flexibility
- highlighted the importance of tracking any potential underspend in the 2026/27 budget

The Committee approved the core budget along with the budget for the new duties. The posts recommended were approved in principle, subject to further discussion by the Board in a private session before final approval.

**Action:** RP to bring a quarterly update on new duties recruitment, alongside any associated budget updates, to the Committee.

**5. Any other business**

The Committee thanked attendees for the work associated with both the 2025/26 and 2026/27 finance requirements.

**Marie Fallon**  
**Chair, Audit and Risk Committee**  
**Environmental Standards Scotland**  
**[DATE]**