

ANNUAL REPORT TO THE BOARD FROM THE AUDIT AND RISK COMMITTEE

Report by Aileen Brown, Chair of the Audit and Risk Committee

1. SUMMARY

1.1 This report provides the Board with a summary of the Audit and Risk Committee's work during the period 01 April 2025 to 31 March 2026, and highlights the assurance gained from that work in respect of governance, risk management and control within Food Standards Scotland (FSS).

1.2 Over the reporting period, the ARC has received regular assurance from both internal and external audit providers regarding the effectiveness of FSS's internal control framework. While overall assurances remain positive, the Committee has continued to note:

- ongoing challenges for the auditors in meeting the statutory timetable for approval of the Annual Report and Accounts (ARA);
- limited assurance received in respect of microbiological sampling controls; and
- an insufficient assurance rating relating to the Scottish Food Enforcement Liaison Committee (SFELC) audit, reflecting weaknesses in governance arrangements at that time.

1.3 Mitigating actions are in place in all areas and continued progress is being actively reported to the Committee.

1.4 On the basis of the work undertaken during the year, the ARC is satisfied that appropriate assurance arrangements are in place to support the Board and the Accountable Officer in their stewardship responsibilities.

1.5 The Board is invited to:

- Note the work undertaken by the ARC during the period April 2025 to March 2026; and
- Take assurance from the Committee's oversight of FSS's governance, risk management and internal control arrangements.

2. INTRODUCTION

2.1 In accordance with its Terms of Reference, the ARC is required to provide the Board with an Annual Report covering the previous financial year, alongside a separate assurance statement to support the Board's consideration of the FSS Annual Report and Accounts.

2.2 This report summarises the Committee's activities and the assurances derived from its scrutiny during the period 01 April 2025 to 31 March 2026.

3. WORK AND ASSURANCE PROVIDED BY THE COMMITTEE

Committee Meetings and Effectiveness

3.1 The Committee met on four occasions during the reporting period, the 28 May, 03 September, 26 November 2025 and 10 March 2026, with an additional extraordinary meeting held on 16 December 2025 to consider and recommend approval of the 2024-25 Annual Report and Accounts (ARA).

3.2 Private meetings were also held with both internal and external auditors to support independent dialogue.

3.3 An effectiveness review undertaken in November 2025 indicated generally positive feedback on the ARC's operation. However, as in the previous year, concerns were raised regarding the continuing challenges associated with meeting the timetable for approval of the ARA.

External Audit

3.4 Throughout the year the Committee engaged closely with Deloitte in respect of the external audit of the 2024-25 Annual Report and Accounts.

3.5 Audit fieldwork identified two uncorrected misstatements relating to:

- the pension asset ceiling cap (£256,000); and
- disclosure of post year-end expenditure on Property, Plant and Equipment (£101,000).

3.6 Significant delays were experienced in completion of the audit process. Deloitte confirmed that these delays resulted from internal resourcing issues and were not attributable to FSS performance. A joint lessons-learned exercise has subsequently been undertaken to strengthen future year-end processes. A revised timetable has been agreed, with a deadline of 9 December 2026 established for Board approval of the 2025-26 ARA.

Internal Audit – Scottish Government Directorate for Internal Audit and Assurance (SGDIAA)

3.7 Internal audit provision for corporate systems was delivered by SGDIAA.

3.8 During the period the Committee noted:

- Reasonable assurance for Review of Learning and Development ;
- Reasonable assurance for Health and Safety for Field staff;
- Substantial assurance for Data Protection;
- Continuing areas for improvement identified in the SG Corporate Systems audit notwithstanding an overall reasonable assurance opinion;
- Ongoing attention to ensure agreed actions are completed/closed; and
- Excellent updates/bulletins on good practice and developing matters.

3.9 The Committee received the Internal Audit Plan for 2026-27 which will focus on:

- food crime and incident management;
- food surveillance capability; and
- cyber security and resilience (including ODITS).

3.10 ARC agreed these topics appropriately align with FSS strategic risks.

Official Controls Audit

3.11 The Committee continued to oversee delivery of the Official Controls audit programme by the FSS Audit and Assurance function.

3.12 Audit outcomes during the year included:

- Reasonable assurance: Trichinella Testing;
- Limited assurance: Microbiological Sampling;
- Insufficient assurance: SFELC governance arrangements; and
- Feed audit (2022/23) was closed

3.13 The Committee noted emerging resource constraints impacting delivery of certain audits and timetable slippage in relation to Egg Hygiene and Specified Risk Material (SRM) audits. Management advised that prioritisation was being applied on a risk basis.

3.14 Revised governance arrangements through the SAFER Programme will address matters previously conducted by SFELC - given the timelines for SAFER - meantime it was agreed that management will consider how the SFELC audit could appropriately be closed.

3.15 ARC agreed the 2026-27 programme which will focus on:

- Wine Standards controls;
- Meat Hygiene in Game Handling Establishments; and
- Internal monitoring arrangements.

Annual Report and Accounts and ARC Assurance Statement

3.16 The Committee scrutinised early drafts of the 2024-25 ARA throughout the reporting period. Following receipt of the final external audit opinion in December 2025, the ARC formally agreed its Annual Statement of Assurance in support of Board approval.

3.17 Based on its own scrutiny and assurances provided through internal and external audit review, the Committee was satisfied that FSS maintained an appropriate control environment throughout the reporting period.

Risk Management

3.18 The ARC maintained quarterly oversight of the Strategic Risk Register and related Strategic Issues Register.

3.19 During November 2025, the Committee reviewed the refreshed Risk Management Policy, designed to:

- clarify roles and responsibilities;
- strengthen governance arrangements; and
- align with Scottish Government risk management expectations.

3.20 An updated Risk Appetite Statement was subsequently presented to the Board in December 2025.

Environmental and Health & Safety Reporting

3.21 The Committee reviewed the Annual Environmental Report in November 2025, noting a reduction of over 80 tonnes CO₂e, representing a 22% decrease in total emissions.

3.22 Discussion focused on limitations in current fleet data and the potential impact of hybrid and electric vehicles and flexible working patterns on future reporting accuracy.

3.23 In May 2025, the Committee also reviewed the annual Health, Safety and Environmental performance report, noting one RIDDOR-reportable incident during the reporting period.

Fraud, Losses and Non-competitive Actions

3.24 The Committee received assurance that:

- no cases of fraud were identified during the year;
- debts totalling £4,177 were written off in respect of three inactive businesses; and
- approximately 30% (£829,326 ex VAT) of contracts commenced in 2024-25 involved non-competitive action, largely reflecting the need to maintain operational delivery capacity pending qualification of Trainee Meat Hygiene Inspectors.

Internal Audit Resourcing

3.25 While the number of planned audit assignments undertaken by SGDIAA and the Official Controls function reduced from four to three during the reporting period, the ARC remains satisfied that proportionate internal audit resources were available to support effective assurance provision.

4. MEMBERSHIP AND RESOURCING

4.1 The ARC anticipates meeting four times during 2026-27. No material change in resource requirements is currently anticipated

5. CONCLUSION

5.1 On the basis of the work undertaken during the period 01 April 2025 to 31 March 2026, the Audit and Risk Committee is satisfied that it has:

- discharged its responsibilities in accordance with its Terms of Reference; and
- provided the Board and the Accountable Officer with appropriate assurance regarding the effectiveness of governance, risk management and internal control arrangements within FSS.

5.2 The Committee records its appreciation to colleagues from SGDIAA, Audit Scotland, Deloitte and FSS for their support throughout the year.

Aileen Brown
Chair, Audit and Risk Committee
May 2026

Annex A – Membership of the FSS Audit and Risk Committee April 2025 to March 2026

Members:

Aileen Brown (Chair)
 Carol Evans
 Phillip Couser
 Kate Richards

Attendance:

Member	Attendance	Number of Meetings 2025-26
Aileen Brown (Chair)	5	5 (extraordinary ARC held 16 December)
Carol Evans	5	
Paula Charlesworth	5	
Kate Richards	4/5	

Regular Attendees:

Executive

Geoff Ogle, Chief Executive and Accountable Officer
 Ian McWatt, Deputy Chief Executive
 Marion McArthur, Head of Audit Assurance
 Garry McEwan, Head of Governance & Infrastructure
 Natalie Greenland, Head of Corporate Support

Christine Hill, Head of Private Office
 Joanne Smith, Board Secretary

Scottish Government Internal Audit and Assurance Directorate

Dougie Shepherd, Senior Internal Audit Manager
 Gary Gibb, Internal Audit Manager
 Thomas Neate, Internal Auditor – attended May 2025
 Iain Burns, Lead Senior Internal Audit Manager – attended March 2026 meeting

Deloitte

Sandy Denholm, Manager
 Sarah McGavin, Partner Deloitte – attended November 2025
 Michelle Hopton – attended March 2026

Occasional Attendees:

Executive

Anna Skowron, Head of Finance & HR
 Stephen O'Neill, Health & Safety Advisor
 Ryan Bruce, Incidents Manager
 Tigan Daspan, Head of IT Service Management
 Malgorzata Warchol, Finance Business Partner
 Ruth Dewar, BMPU Manager
 Swapna Yama, Finance Manager
 Jack Wilson, Finance Manager

Annex B – Audit and Risk Committee Forward Plan

Agenda Format – Headings as per below Titles of papers in full on Agenda								
	ARC Forward Programme – Agenda Items	05/06/2024	04/09/2024	27/11/2024	10/03/2025	28/05/2025	03/09/2025	26/11/2025
1	Private Meetings							
1.1	Private meeting between ARC Members & SG DIAA		11:30 – 11:50					
1.2	Private meeting between ARC Members & Deloitte		11:50 – 12:10					
1.3	Private meeting between ARC Members & FSS Head of Audit and Assurance		12:10 – 12:30					
2	Miscellaneous Standing Agenda Items							
2.1	Minutes and Action log tracker							
2.2	Executive oral update or report by exception (topical issues)							
2.3	Review ARC forward programme							
2.4	Any Other Business							
2.5	Meeting Review							
2.6	Executive and ARC closed session							
2.7	ARC members closed session							
3	Risk							
3.1	Risk Management (Risk Register) report (including, Strategic, ELT, Risk Registers and Deep Dives)							
3.2	Prepare for Board's annual discussion on risk (oral)							
4	Other Matters							
4.1	Audit Implementation Management Report – <i>this item has now been incorporated into another report</i>							
4.2	Health and Safety Report: any significant non-compliance (Annual – May)							
4.3	Environment Report – (Annual November)							
4.4	Annual Cyber Security Brief and accompanying report							
4.5	Cases of Fraud and Significant Losses (incl NFI) and Single Tender Actions Paper							
4.6	Governance Report (Accountable Officer) (this is part of the ARA and not a standalone item)							
4.7	Review ARC Effectiveness & ARC Terms of Reference (Annual)							
4.8	Review of draft audited Annual Report and Accounts							
4.9	Preparation of Annual Report from Chair of ARC							
4.10	ARC Statement of Assurance							
5	Internal Audit							
5.1	Internal Audit Progress Report (SGDIAA)							
5.2	Official Controls Audit Programme – Progress Update (for current year) (FSS)							
5.3	Internal Audit reports (as available) (SGDIAA)							
5.4	Official Controls Audit reports (as available) (FSS)							
5.5	Internal Audit Plan for following year discussion (SGDIAA)							
5.6	Official Controls Audit Plan for following year for discussion (FSS)							
5.7	Annual Assurance Report (SGDIAA)							
5.8	Annual Report and Statement (FSS)							
5.9	Annual Assurance Mapping Report (FSS) (<i>this may be incorporated as part of the Risk Register Report</i>)							
5.10	Official Controls Map							
6	External Audit – Deloitte							
6.1	External Audit Plan (Deloitte)							
6.2	External Audit Progress / Management Report							
6.3	Annual Audit Report and audit opinion for financial year just finished							
6.4	If required, consider the External Audit Management letter for the previous financial year and the response, including implementation of any recommendations							