# MINUTES

**SCOTTISH COURT SERVICE AUDIT COMMITTEE**
**MEETING:  Monday 12 August 2013 – Parliament House, Edinburgh**

**Members Present:**
>       Debbie Crosbie – Non-Executive Member SCS Board (Chair) (DC)
>       Tony McGrath – Non-Executive Member SCS Board (TM)
>       Elizabeth Carmichael CBE – Non-Executive Member SCS Board (EC)
>       Ian Doig – Non-Executive Member (External) (ID)
>       Angus Mackenzie – Non-Executive Member (External) (AM)

**Also Attended:**
>       Eric McQueen –Chief Executive, SCS (EMcQ)
>       Neil Cook, Chief Finance Officer SCS (NC)
>       Nicola Bennett – Director Finance, SCS (NB)
>       Gary Stewart – Senior Internal Auditor, Scottish Government (GS)
>       Jennifer Inglis-Jones - Audit Manager, Scottish Government (JIJ)
>       Brian Howarth – Assistant Director, Audit Scotland (BH)
>       Esther Scoburgh – Senior Audit Manager, Audit Scotland (ES)
>       Stephen Coulter – Corporate Secretary, SCS (SC) (for item 13 only)
>       Margaret Peattie - Secretariat Business Manager, SCS (Minutes)

**Apologies:**
>       None.

The Chair welcomed everyone to the meeting and introduced Neil Cook who was attending the Committee meeting for the first time.

## 1.      Declaration of Interests

1.1     There were no declarations of interest.

## 2.      Minutes of the Meeting of 10 April 2013

2.1     The minutes of the last meeting were approved.

## 3.      Matters Arising

3.1     There were no matters arising.

3.2     Action points from the last meeting were cleared or updated.

- *Executive to review the level of segregation of duties in HR payroll and report back to the Audit Committee.*  Audit Scotland had been provided with a process map and they were content.

- *Internal Audit to report back to the Committee on their discussions in relation to issues reported to the SEAS management team.*  A meeting would be arranged for Scottish Government and SCS officials to discuss these issues and put an action plan in place to resolve them.  The outcome would be reported to the Committee at the next meeting.

- *Executive to identify a list of systems for which disaster recovery provisions have been put in place and to put in place a schedule for annual disaster recovery testing of core IT systems.* A significant piece of work was being done to review IT systems and infrastructure and the Executive would report to the Committee in November.

## 4.    Internal Audit Update

### Internal Audit Opinion on SCS Accounts 2012/13 (SCS/AC/Aug13/23)

4.1    Internal Audit reported that its overall assurance on the Annual Accounts was "Substantial".

4.2    A draft report from the audit of performance monitoring systems and data was still to be agreed and this review had provided "limited assurance". However, Internal Audit advised that this did not impact on the overall assurance. The audit had focused on service delivery targets and it was noted that less importance was now placed on these by the Executive in measuring performance. The SCS Board had developed a performance management framework which did not rely on service delivery measures. The Executive still used service delivery measures as an overview of operational pressures. It was currently developing a new operational performance scorecard and will assess the validity of the existing service delivery measures as part of this work. The plan would be shared with the Audit Committee prior to the start of the next financial year.

### Internal Audit Plan 2013-14 (SCS/AC/Aug13/24)

4.3    The proposed Audit Plan was discussed and it was agreed that the audit of income monitoring, budgeting and forecasting should be undertaken in 2014-15 to accommodate the audit of the Crown Office and Procurator Fiscal Service shared service. This would be more useful as the two key finance posts would not be filled in September, but recruitment was currently underway.

4.4    The Committee discussed the arrangements for managing shared services and whether the planned review of procurement processes might include consideration how the Executive monitors billing mechanisms for large, high risk contracts. It was noted that SCS had contracts with a relatively small number of suppliers and that detailed review meetings took place to monitor expenditure. It was agreed that the Executive would provide the Committee with a list of the top 10 contracts in place and when each had been reviewed last.

> **Action: Executive to provide the Committee with a list of the top 10 contracts and when they were reviewed last.**

### Internal Audit Progress Report 2013-14 (SCS/AC/Aug13/25)

4.5    No significant issues were reported and the Committee was content with progress.

### Assurance Map (SCS/AC/Aug13/26)

4.6    The Committee welcomed the development of an assurance map and noted that the draft provided was not yet the completed version. However, in its current state the information provided a good level of assurance and Internal Audit reported that it had found no significant concerns arising from its review. Treasury guidance had provided the basis for assessing what should be included under the corporate oversight category.

4.8    It was agreed that Internal Audit would finalise the assurance map and bring that to the Committee for its next meeting.

## 5. Internal Audit Scorecard

5.1    The Chair would meet with Internal Audit shortly to discuss the development of the scorecard.  Internal Audit would provide a copy of the latest draft and a final draft would be submitted to the Committee for discussion at the November meeting.

***Action:  Internal Audit to provide the Chair with the latest draft of the scorecard to inform their discussion and to submit the final draft to Secretariat by 24 October.***

## 6. External Audit Update (SCS/AC/Aug13/27)

6.1    Audit Scotland reported its opinion on the SCS Annual Report and Accounts for 2012-13.  It was anticipated that they would issue an unqualified auditor's report and that no modifications would be necessary.

6.2    The Committee welcomed the report and congratulated all those involved in achieving this positive outcome at a time of reduced resources and significant change within the organisation.

## 7. Directors' Assurances to the Accountable Officer (SCS/AC/Aug13/28)

7.1    Aside from one area, all assurances were ranked as "Substantial".  Risk management and internal controls within the Judicial Office were shown as "Reasonable" but it was noted that an information asset register was being developed and would be in place shortly.  The Committee would be updated on this at its next meeting.

## 8. Peer Review Outcomes 2012-13: Update (SCS/AC/Aug13/29)

8.1    Following its review of outcomes, the Executive had revised the templates for peer review and management checks and these would be used for audits in 2013-14.  The revised process would itself be reviewed at the end of one year of operation.

8.2    Arrangements for regular reporting of peer review outcomes to the Audit Committee meant that updates would be provided for its meetings in January and April. The core work programme was updated accordingly.

## 9. Draft SCS Annual Report & Accounts 2012-13 (SCS/AC/Aug13/30)

9.1    The near final draft of the Annual Report and Accounts was presented to the Committee and members were invited to comment on it.  The Committee made some further revisions to the narrative and these would be reflected in a revised draft for the SCS Board which would consider it at its meeting on 26 August 2013.

## 10. SCS Audit Committee Annual Report to the SCS Board (SCS/AC/Aug13/31)

10.1    The content of the report was discussed and, subject to a few minor amendments, the Committee agreed that this be presented to the SCS Board to coincide with its consideration of the SCS Annual Report and Accounts 2012-13.

## 11. Formal Approval of the SCS Annual Report & Accounts 2012-13

11.1    **The Committee approved** the SCS Annual Report and Accounts 2012-13. These would now be submitted to the SCS Board for final approval at its meeting later this month.

## 12. Any Other Business

12.1    None.

*Papers for Scrutiny/Exception Reporting Only*

12.2    Three reports were provided for scrutiny/exception reporting only:
- Action Tracker and Regulatory Update
- Financial Loss Report
- Data Loss Report
- Core Work Programme

The content of the reports were noted and no matters were raised.

At this stage, representatives from Internal Audit and Audit Scotland left the meeting.

**13.        Corporate Risk Register - Risk Assessment**

13.1    The Committee reviewed the high level corporate risk "Loss of sensitive or personal data".

13.2    The Committee received a presentation on the risks and existing controls and was content that actions matched those covered by a recent internal audit. It was noted that data loss was likely to continue to be a high risk area given the high volume of personal data handled by the SCS each year.

**14.        Date of Next Meeting**

14.1    Tuesday 5 November 2013 at 11.00 am in Parliament House.


Scottish Court Service