![Scottish Court Service]

MINUTES

SCOTTISH COURT SERVICE AUDIT COMMITTEE
MEETING: Monday 14 April 2014 – Parliament House, Edinburgh

Members Present:
>   Tony McGrath – Non-Executive Member SCS Board (Acting Chair)
>   Sheriff Principal Dunlop – Non-Executive Member SCS Board
>   Angus Mackenzie – Non-Executive Member (External)
>   Ian Doig – Non-Executive Member (External)

Also Attended:
>   Eric McQueen –Chief Executive, SCS
>   Richard Maconachie, Chief Finance Officer SCS
>   Nicola Bennett – Director Finance, SCS
>   Rachel Browne – Senior Audit Manager, Audit Scotland
>   Gary Stewart – Senior Internal Auditor, Scottish Government
>   Noel Rehfisch – Corporate Secretary, SCS
>   Craig McCorkindale, Director Civil Courts Reform, SCS
>   Karen Lawrie – Executive Support, Secretariat, SCS (Minutes)

Apologies:
>   Simon Catto, Non-Executive Member SCS Board
>   Mark Taylor – Assistant Director, Audit Scotland

The Chair welcomed Richard Maconachie to the meeting following his appointment as Chief Finance Officer in February 2014.

1.   Declaration of Interests

1.1   Ian Doig declared that he is a member of the Management Board for the National Records of Scotland.

2.   Minutes of the Meeting of 20 January 2014

2.1   The minutes of the last meeting were approved.

3.   Matters Arising

3.1   There were no outstanding actions from previous meetings and no matters arising which would not be discussed elsewhere on the Agenda.

4.   Assurance Framework (SCS/AC/Apr14/10)

4.1   The Assurance Framework was examined. Members found the layout of the SCS Assurance Framework helpful. Internal Audit was also content with the format of the Framework.

4.2   The Committee was content with the information provided and pleased to note that the framework would be further developed during 2014-15.

5.   Internal Audit Update (SCS/AC/Apr14/11), (SCS/AC/Apr14/12), SCS/AC/Apr14/23)

Internal Audit Strategy & Periodic Work Plan

5.1   The proposed 2014-15 Audit Plan was reviewed by the Committee.

5.2   Recognising that the plan had been developed to align with key SCS Corporate risks, and given the level of activity and the critical nature of ICT, the Committee questioned whether ICT should be included in the Audit Plan. Internal Audit advised that, having assessed the SCS Risk Register, they concluded that ICT did not have a significantly higher rating than other areas. The Committee noted that Audit Scotland would carry out an audit on the overall ICT investment plans and that a further level of assurance would be available through the Scottish Government Information Systems Investment Board. This is line with the Audit Scotland recommendation to ensure that all public sector ICT plans are independently quality assured.

5.3   The Committee was satisfied that the IT team were working to improve the systems and IT capability and would welcome sight of documents showing the governance of the ICT projects, projected delivery timescales and associated risks to allow them to assess if further scrutiny was required. It was concluded that the risk register associated with ICT remedial and development activities should be shared with the Committee.

> **Action: The Executive to provide the committee with the ICT Risk Register for its next meeting to consider whether there is appropriate assurance over ICT risks.**

5.4   The Committee approved the Internal Audit plan for 2014-15.

Progress Report 2013-14

5.5   Internal Audit reported that work was progressing well with the 2013-14 internal Audit Plan with no significant issues highlighted.

5.6   Work was underway to provide the annual audit report for the next Audit Committee meeting in August.

6.   External Audit Update (SCS/AC/Apr14/13 and SCS/AC/Apr14/14)

Annual Audit Plan 2013-14

6.1   Audit Scotland presented the final version of their Annual Audit Plan 2013-14 which had been finalised following feedback from SCS. They identified the main risk areas for SCS as the ICT investment programme, merger with Scottish Tribunals Service and further changes to the court estate. These were discussed by Members.

2013-14 Review of Internal Controls

6.2   The Committee were pleased to note that Audit Scotland's review of internal controls concluded that SCS's internal controls for the systems tested operate effectively. This will allow Audit Scotland to take assurance from these systems in the audit of the 2013-14 financial statements.

6.3   The Executive reported they have met with Audit Scotland to discuss the scope of a performance audit on court efficiency. COPFS, Police Scotland and the Scottish Legal Aid Board will also be involved in the Audit.

7.   Draft Annual Report to SCS Board (SCS/AC/Apr14/15)

7.1   The Chair advised that members had discussed the draft annual report to the SCS Board at their pre-meeting. They were largely content with the report and would forward any further revisions to Secretariat.

8.   Peer Review Audit Outcomes (SCS/AC/Apr14/16)

8.1   The Executive advised that further progress had been made with the 2013-14 peer reviews. The final court, Glasgow Sheriff Court, would be reviewed in late April.

8.2   Five Peer Reviews had taken place since January, using the new framework. Three were rated as green, one rated as amber for cash and banking and one received a red rating for forfeitures.

8.3   The new Peer Review protocol had been circulated to Members with the checklists that were introduced in January 2014, and they agreed these were comprehensive.

9.   ICT Strategy (SCS/AC/Apr14/17)

9.1   An update on the risks associated with the ICT Strategy was considered. It was agreed that the Executive would provide a further paper for scrutiny detailing the risks, mitigation and solutions associated with the implementation of the ICT Strategy. This would also cover the governance arrangement both internally, with the judiciary and Scottish Government.

> **Action: The Executive to circulate a paper detailing the risks, mitigations and solutions associated with the ICT Strategy to members for comment in May 2014.**

10.   Any Other Business

10.1   The SCS Corporate Plan 2014-17 and SCS Business Plan 2014-15 were commended as being clear and well-presented documents.

10.2   The Executive reported that SCS had undertaken some further work relating to the National Fraud Initiative, specifically reviewing its expenditure. The Committee was pleased to note that no duplicate payments had been made by SCS.

Papers for Exception Reporting only

Action Tracker

10.3   A review of the Action Tracker raised concern at the revised date of completion for the review of Information Data Handling and Security. The Executive explained that SCS was working with Police Scotland to introduce digital images to be used for productions in court rather than physical objects, which would take time to implement fully.

10.4   The following reports were provided for scrutiny/exception reporting only:

- Data Loss Report
- Fraud, Theft Losses Report
- SCS Corporate Plan
- SCS Business Plan
- Core Work Programme

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

11.   Date of Next Meeting

11.1   Monday 4 August 2014 at 11.00 am in Parliament House.

Presentation on Strategic Risks – Change Management:
Court Reform Project - Key Risks and Mitigation

12.1   The Committee received two short presentations.

12.2   The first was on the key Corporate Risks identified by the SCS Board at its risk workshop in February. These were now being fully developed to include controls and assurance levels and will be shared with both the Board and Audit Committee.

12.3   The second covered the Courts Reform Programme. Members were pleased to note that the whole Courts Reform programme, consisting of ten projects, is subject to a second Gateway Review in August 2014. The results from this will be shared with the Committee. The Committee were content that a structured approach to programme and project management had been implemented and would welcome sight of the overall programme risk register to assess the level of assurance provided and consider the need for any further scrutiny.

12.3   The Chair thanked Noel Rehfisch and Craig McCorkindale for their presentations.

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