



SCOTTISH COURT SERVICE AUDIT COMMITTEE

MEETING: Monday 20 January 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
Neil Cook, Chief Finance Officer SCS
Nicola Bennett – Director Finance, SCS
Sarah Collin – Financial Controller, SCS
Noel Rehfisch – Corporate Secretary, SCS
Mark Taylor – Assistant Director, Audit Scotland
Rachel Browne – Senior Audit Manager, Audit Scotland
Gary Stewart – Senior Internal Auditor, Scottish Government
Alistair May – Head of Internal Audit, Scottish Government

Eddie Bracken – Head of Procurement, SCS
Karen Lawrie – Executive Support, Secretariat, SCS (Minutes)

Apologies:

Jennifer Inglis-Jones - Deputy Head of Internal Audit, Scottish Government

The Chair welcomed Sheriff Principal Dunlop who will attend the Audit Committee meetings until a new Chair has been appointed. He also welcomed Mark Taylor and Rachel Browne, who will now represent Audit Scotland at these meetings, Noel Rehfisch and Sarah Collin.

Thanks were given to Debbie Crosbie and Elizabeth Carmichael who had now stepped down from the Audit Committee.

1. Declaration of Interests

1.1 There were no interests declared.

2. Minutes of the Meeting of 5 November 2013

2.1 The minutes of the last meeting were approved.

3. Matters Arising

3.1 The Chair reported that the Lord President had appointed three new members of the SCS Board to succeed those who had stepped down in December. The structure of

its Committees had been reviewed by the Board and it was agreed they should remain as they are. The Chair advised that Ian Doig had been reappointed to the Audit Committee for one further year and Angus MacKenzie for a further three years. There were no other matters arising which would not be discussed elsewhere on the Agenda.

3.2 Action points from the last meeting were cleared.

4. Internal Audit Update (SCS/AC/Jan14/01 and SCS/AC/Jan14/02)

Internal Audit Progress Report 2013-14

4.1 No significant issues were reported and the Committee was content that progress was being made within the agreed timescales. While a number of areas were yet to report, progress was to plan – with reports in relation to Property Management and the Judicial Office now in circulation

Internal Audit Scorecard

4.2 The Committee reviewed the Internal Audit Processes shown in the quarterly scorecard developed using comments received from members. It was **agreed** that the format of the scorecard would be reviewed at a later date to allow members to assess its effectiveness.

5. External Audit Update (SCS/AC/Jan14/03)

5.1 Audit Scotland presented their draft Annual Audit Plan for 2013-14. They acknowledged that agreement was still to be reached on target delivery dates for planned outputs. It was noted that audits in relation to ICT were an area of interest for Audit Scotland in the current year – and there was a possibility that Audit Scotland may seek to engage further with SCS in follow-up audit work in this area – although this was yet to be confirmed.

5.2 The Committee noted that the notional fees for this year have been frozen at the same level as 2012-13. Audit Scotland gave assurance that SCS will receive the same level of service as previous years.

5.3 Committee Members noted the SCS merger with Scottish Tribunals Service was listed as an audit issue and risk. It was **agreed** that a report which provides details of lessons learned from previous mergers should be circulated to Audit Committee members and the SCS Board.

5.4 The Chair thanked Audit Scotland for presenting the main points of the document. The Committee was content with the draft proposals for 2013-14 and would welcome an updated document at the next meeting.

6. Peer Review Outcomes (SCS/AC/Jan14/04)

6.1 The Executive reported on the progress of the 2013-14 peer review arrangements. Of the 46 courts undertaking a peer review 43 had been completed. The main areas of focus were on cash and banking and forfeitures. It was noted that from January 2014 a new protocol would be used when carrying out Peer Reviews and that the report detailing the new practice would be shared with the Audit Committee and Internal Audit.

Action – The Executive to share the report detailing the new peer review arrangements with Audit Committee members ahead of the next Committee meeting.

6.2 The Committee were content with the progress made with Peer Reviews up to December 2013 and noted the predominantly green status of the audits. Discussion around the main categories of red and amber clarified that these findings were generally down to established procedure not being followed – as opposed to any shortcoming in the procedures themselves. Clearly Selkirk was the exception. Members were encouraged that every court received these assessments annually.

7. SEAS System Update

7.1 Following the last meeting the Executive had been in correspondence with Scottish Government officials about developing a Service Level Agreement for the provision of its SEAS shared services.

7.2 Scottish Government predominantly accepted the issues that SCS had encountered and agreed that if future problems are identified, timescales for resolution will be established and they will work with SCS to resolve matters. This provided reassurance to board members. A specific service level agreement was not something that the Scottish Government wished to develop at this time, as SEAS fell into a wider shared service agreement process that was under way. Members were content not to pursue the SLA issue for the time being.

8. Corporate Plan Development /Risk Workshop

8.1 The Executive advised that a sub-group of the SCS Board had been established to revisit the Risk Framework, in order to identify key themes for the SCS Corporate Plan.

8.2 A Risk Workshop for SCS Board members would take place following the Board meeting in February to identify key strategic risks and review how they are managed. The Audit Committee will be represented at the workshop.

9. ICT Strategy (SCS/AC/Jan14/05)

9.1 Following agreement to the recommendations of the ICT Strategy at the autumn meeting the Executive advised on continuing progress. A detailed technology refresh strategy has been produced and costed over a four to five year programme of work to ensure a common standard of technology is available in every court building.

9.2 Members noted that workshops had been held using ‘business impact analysis’ methodology to identify the key issues in each area of IT activity. These have identified two systems as at risk. Consultants have been engaged to review the systems and help develop a disaster recovery/business continuity plan. In response to questions the Executive provided reassurance that consultants would principally be used to verify system capability and integrity – not to develop or manage the systems in the long term. Reassurance was also provided that, whilst challenging, the resources available to deliver this area of work were considered to be sufficient – particularly in view of recent realignment of work.

9.3 The Committee were assured that the key risks were being addressed in the ICT Remedial Strategy, but would find it helpful to receive a further update report on ICT Risks and progress towards improvement at its next meeting.

Action – Executive to ensure that a further update on management of ICT development and associated risks is provided to the next Committee meeting.

10. Procurement Capability Assessment Report

10.1 Eddie Bracken, Head of Procurement, joined the meeting and delivered a short presentation on the Procurement Capability Assessment which was conducted in November 2013 by Scottish Government Procurement Team.

10.2 The report awarded SCS an overall 'improved' marking of 72%, however two areas were marked as superior – Procurement Leadership and Governance, and Defining the Supply Need. It was noted that in 2010 the overall marking received was 59% and in 2011 it was 65%. To allow further improvements, prior to the next assessment, the Procurement Team are looking to share relevant services with other Scottish Government organisations.

10.3 The Chair thanked Eddie for his presentation. The Committee were pleased to note the improvement in the marking of the assessment year on year.

11. Any Other Business

11.1 Internal Audit advised they would be developing their audit planning process for 2014-15. The overall aim is to create a prioritised list of audit activity, appropriately aligned to the organisation's key risks. A draft Audit Plan will be submitted to the next Audit Committee meeting.

Action – Internal Audit to submit a draft audit plan for the next meeting.

11.2 The Chair noted that the Committee would like to be updated at future meetings on the risks associated with the 4 key areas of IT, People, Estates and Change Management. It was agreed that this was a core task for the Committee, but that it should approach these areas with a view to considering the associated risks and control frameworks – in order to ensure that the work of the Audit Committee did not duplicate the work of other Committees.

11.3 Audit Scotland reminded members that an audit of Court Efficiency featured in their programme for spring 2015. Further information on this would be provided as plans progressed, but it would consider the changes since the previous audit, in light of the Making Justice Work programme.

11.4 The Chair thanked the Executive for the support they have given the Committee members by way of papers and presentations.

Papers for Exception Reporting only

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

- Action Tracker and Regulatory Update
- Data Loss Report
- Core Work Programme

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

Financial Loss

11.6 *The record of this discussion is considered confidential and exempt from publication.*

12. Date of Next Meeting

12.1 Monday 14 April 2014 at 11.00am in Parliament House.

Scottish Court Service