



**SCOTTISH COURT SERVICE AUDIT COMMITTEE**

**MEETING: Wednesday 30 January 2013 - COSLA Conference Centre, Edinburgh**

**Members Present:**

Tony McGrath – Non-Executive Member SCS Board (TM) (Chair)  
Angus Mackenzie – Non-Executive Member (External) (AM)  
Ian Doig – Non-Executive Member (External) (ID)

**Also Attended:**

Eric McQueen – Chief Executive, SCS (EMcQ)  
Nicola Bennett – Director Finance, SCS (NB)  
Paul McGilly – Financial Controller, SCS (PMcG)  
Alan Malone – Executive Director Strategy and Infrastructure, SCS (AM)  
Gary Stewart – Senior Internal Auditor, Scottish Government (GS)  
Jennifer Inglis-Jones - Audit Manager, Scottish Government (JIJ)  
Esther Scoburgh – Senior Audit Manager, Audit Scotland (ES)  
Margaret Peattie - Secretariat Business Manager, SCS (Minutes)  
Karen Lawrie – Executive Support Officer, SCS Secretariat

**Apologies:**

Debbie Crosbie – Non-Executive Member SCS Board (DC)  
Elizabeth Carmichael CBE – Non-Executive Member SCS Board (EC)

In the absence of the Committee Chair and Deputy Chair, it was agreed that there were sufficient members present for the meeting to be quorate and that Tony McGrath should Chair the meeting. He welcomed everyone to the meeting and congratulated Eric McQueen on his appointment as Chief Executive.

**1. Declaration of Interests**

1.1 There were no declarations of interest.

**2. Minutes of the Meeting of 2 August 2012**

2.1 The minutes of the last meeting were approved.

**3. Matters Arising**

3.1 There were no matters arising which would not be discussed elsewhere on the Agenda. Action points from the last meeting were cleared.

**4. Action Tracker and Regulatory Update (SCS/AC/Jan13/01)**

4.1 SCS had reviewed the Action Tracker and a more robust system for following up actions with individual managers had been put in place. The Tracker had been updated and there were no matters which required to be escalated to the Executive Team.

4.2 A question was raised in relation to the outstanding recommendation on percentage checking of travel and subsistence claims. It was noted that all staff now

submitted claims using an electronic system with claims authorised by line managers on-line. SCS Finance had arranged to meet with Sheriffdom Business Managers and would discuss sampling of claims with them. An update would be provided at the next Committee meeting.

4.3 Overall the Committee welcomed the work done by SCS Finance to review its systems and bring the tracker up to date and agreed it now provided a clearer picture.

## **5. Internal Audit Update (SCS/AC/Jan13/02 and SCS/AC/Jan13/03)**

5.1 The Internal Audit Progress Report and the Work Plan for 2012/13 was received and discussed. The report on the review of security of information and data handling had been delayed due to illness, but the draft would be submitted to SCS shortly. No significant issues had been identified in the course of internal audit activity since the last meeting.

5.2 The Committee requested that future reports should include more detail on management responses and target dates to ensure read across to the Action Tracker and, if possible, provide a link to the risk register.

### ***Strategy & Periodic Work Plan 2013-14***

5.3 The Scottish Government audit year now runs from June to May, as agreed by the Scottish Government Audit & Risk Committee. Internal Audit would begin its planning process for 2013-14 in April and would present its strategy and work plan at the next meeting.

## **6. Internal Audit Scorecard (SCS/AC/Jan13/04)**

6.1 The Committee welcomed this first draft, which had been produced by Internal Audit in collaboration with SCS, and agreed this was a good basis on which to develop a more outcome based balanced scorecard. Members would consider this further and provide Internal Audit with more clarity on their specific requirements at the next meeting.

## **7. External Audit Update (SCS/AC/Jan13/06)**

7.1 The Report on planned audit activity for the 2012-13 accounts was received and discussed. Some dates had been confirmed since the paper was issued and a revised report would be circulated to members after the meeting.

7.2 The Committee noted the reduction in the audit fee. This was a result of Audit Scotland's overall efficiency measures and should not be taken to mean there would be any less rigorous audit effort or a reduction in the number of auditors or range of skill sets deployed to the task.

7.3 A summary of findings arising from the 2011-13 audited accounts was received and the Committee welcomed the positive report on the overall audit. The SCS strategy map was underpinned by Best Value principles and the Executive was evaluating how well this was being delivered. It was suggested that further consideration be given to Best Value at an appropriate point in the planning process and that the Committee should provide a steer on the areas which it considered should be looked at.

## **8. Governance and Sources of Assurance (SCS/AC/Jan13/08)**

8.1 The Executive had commissioned an Office of Government Commerce portfolio programme and project management maturity model (P3M3) review to assess its current performance in managing the change programme. The review will be conducted by an independent project management consultant, who has worked extensively with public sector bodies including the SCS, and a consultant from the NHS improvement service, with support from Scottish Government. The assessors will carry out the review in

February and report their findings to the Executive. The Committee applauded this initiative and looked forward to receiving a presentation on the outcome.

## **9. Risk Management Governance (SCS/AC/Jan13/09)**

9.1 A paper summarising the current arrangements for risk management governance and the SCS Risk Management Framework, which would be reviewed by the Executive this year was discussed. The SCS Board had established a short-life working group as a follow up to its planning workshop. This group would focus on key activities for the Corporate Plan 2014-17 and its work informed by an understanding of the risk profile.

9.2 The Chief Executive is a member of the Scottish Government's Justice Board which looks at risk across justice organisations. It was suggested that the register be shared with the Committee to assist understanding of the overarching approach to risk.

9.3 The Committee was invited to consider the SCS Risk Management Framework and feedback any comments to the Executive. **It was agreed** that the Committee's annual risk workshop, which will involve Board and other SCS Committee members, be held in the autumn after the working group had reported to the Board in June.

## **10. SCS Committee Remits (SCS/AC/Jan13/10)**

10.1 Discussion of Committee Remits was linked to the item on risk management governance. Each Committee exercised on behalf of the Board responsibility for the oversight of risk set out within their Remits which were approved by the Board in 2012. The Committee agreed that the Audit Committee Remit be amended to reflect the responsibilities delegated to it by the Board and make clear that the Board has overarching responsibility for the oversight of risk management and governance. The Committee was content that other Committees' Remits reflected appropriate levels of responsibility.

**Action: Executive to redraft the first paragraph of the Audit Committee remit to make the distinction between the Committee's delegated responsibility and the overall responsibility of the SCS Board.**

## **11. Forward Look – Areas for Co-operation**

11.1 At an earlier meeting the Committee had proposed that auditors should promote co-operation with other review bodies. The Committee suggested that the Scottish Government's Making Justice Work programme might be one area for co-operation, although it was noted that auditors may be unable to influence other review bodies to this end.

## **12. Scottish Government Fraud Awareness (SCS/AC/Jan13/11)**

12.1 This paper reported SCS's results from a UK wide survey undertaken by the Audit Commission to gauge levels of awareness across the Civil Service and other public bodies on fraud, corruption, bribery and money laundering. Overall SCS's results were positive and it was noted that the Executive would continue to raise staff awareness and work closely with the Crown Office and Procurator Fiscal Service on money laundering policies and with Scottish Government and Audit Scotland to strengthen policies on risk prevention.

## **13. Committee Appraisal**

13.1 This matter was carried forward to the next meeting.

## **14. Any Other Business**

### ***Internal Audit Strategy***

14.1 In April 2011 the Committee agreed proposals for making the best use of Internal Audit capacity available to the SCS. A copy of those proposals was circulated to members at the meeting and it was suggested that this should be used to inform next year's audit plan.

### ***Papers for Scrutiny/Exception Reporting Only***

14.2 Three reports were provided for scrutiny/exception reporting only:

- Data Loss
- Financial Loss
- Core Work Plan

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

### ***Presentation from Audit Scotland***

14.3 Following the formal Agenda business, the Committee received a presentation from Audit Scotland on its Report "Managing ICT Contracts: An Audit of Three Public Sector Programmes."

## **15. Date of Next Meeting**

15.1 Wednesday 10 April 2013 at 11.00 am in Parliament House.

Scottish Court Service