



MINUTES

SCTS AUDIT AND RISK COMMITTEE

MEETING: 1 August 2022, Parliament House, Edinburgh

Members Present:

Maggie Craig, Non-Executive Member SCTS Board (Chair)
Lynsey Walker, Non-Executive Member SCTS Board
Sheriff Principal Craig Turnbull, Non-Executive Member SCTS Board
Nigel Paul, Non-Executive Member
Simon Cunningham, Non-Executive Member

Attended:

Eric McQueen, Chief Executive, SCTS
Noel Rehfish, Interim Deputy Chief Executive, SCTS
Alice Wallace, Chief Finance Officer, SCTS
Liz Welch, Interim Director Finance and Procurement, SCTS
Gillian Battison, Head of Financial Governance, SCTS
Jim Montgomery, Internal Audit, Scottish Government
William Wilkie, Internal Audit, Scottish Government
Gary Devlin, Azets, External Auditor
Steven D'Arcy, Interim Corporate Secretary, SCTS
Karen Lawrie, Head of Secretariat, SCTS (Minutes)

Apologies:

Nicola MacKenzie, Azets, External Audit

1. Declaration of Interests

1.1 There were no declarations of interest from Members.

2. Minutes of the Meeting of 25 April 2022

2.1 The minutes of the last meeting were approved.

3. Matters Arising

3.1 There were no outstanding actions from the previous meeting.

Update from the SCTS Board

3.2 The Committee received an update on the matters discussed at the Board meeting in June, which was held in-person in North Queensferry following a visit by members to Kirkcaldy Sheriff Court.

4. Finance and Procurement Update

4.1 The Executive reported on key developments in the Finance and Procurement Unit (FPU) in relation to Recruitment, Skills Development and Finance Systems.

4.2 The Committee noted that Alice Wallace had been appointed as permanent Chief Finance Officer from 1 July. Recruitment for the role of Director Finance and Procurement was due to commence shortly. Since the last meeting a number of posts in the team had been filled, with all key roles now covered. A Business Case seeking funding to increase resources in respect of the Shared Services Programme both within the Finance Team and the wider organisation was with the Scottish Government for consideration.

4.3 The Executive reported on the progress of the Oracle Fusion Cloud shared services system. Since the last meeting SCTS had hosted a user group support forum which was attended by 11 organisations, all with similar concerns surrounding the new system. Key points from the forum would be shared with the Scottish Government and resolutions sought. SCTS had also requested to attend the Scottish Government Steering Group meetings in order to provide a user/customer perspective to this group. The request was being considered by the Scottish Government.

4.4 The Committee noted that the Scottish Government had revised the implementation date of the system to a later date. Members sought confirmation that the impact of a transition to a new accounting system mid-financial year would be manageable. The Executive assured the Committee that whilst the timing would complicate the process, SCTS had previous experience and that documented lessons learned that would greatly assist.

4.5 The Committee welcomed the detailed action plan and risk register associated with the Oracle Fusion Cloud system implementation. RAG ratings would be added to the risks ahead of the paper being presented at the next Committee meeting.

5. Internal Audit

Progress Report

5.1 Internal Audit reported that work on the 2022-23 Annual audit plan was on track. The Information Governance Review had been completed. Initial planning had commenced on the Climate change/Decarbonisation and the Equality and Diversity reviews. Work relating to the Cyber Security follow-up review had also commenced.

Information Governance Report

5.2 The Internal Audit report, providing assurance regarding SCTS Information Governance had been completed, with a Reasonable assurance rating provided. Nine recommendations which were of a non-critical nature had been made. The Committee welcomed the report, acknowledging the effective and solid Information Governance arrangements with a strong tone from the top and clear leadership, direction and engagement from a senior management level. This was underpinned by effective policies, procedures and guidance available to staff via the Internal Governance Hub. Recommendations made in the report would be implemented and the timescale for implementation of these would be kept under review via the audit action tracker.

6. External Audit

6.1 External Audit presented their report on the 2021-22 audit of the Annual Report and Accounts. This confirmed their intention to provide an unqualified opinion on the accounts, regularity and on other prescribed matters. The SCTS were commended on a strong report due to the high quality of annual accounts and working papers reviewed during the audit.

6.2 The Committee welcomed the summary of the report provided by Azets and added their thanks to those given by External Audit for the assistance of SCTS staff during the recent audit.

6.3 External Audit confirmed that this would be their last meeting as Audit Scotland would become the External Auditors for the SCTS from 2022-23. The Executive thanked Gary, Nicola

and the entire Azets team for the efficient, effective and professional approach maintained throughout their term of appointment.

7. Directors Statement of Assurance to the Accountable Officer

7.1 The Executive confirmed that Executive Directors had given the Accountable Officer written assurance that effective controls and safeguards operated within their respective business areas. As a result, the Accountable Officer had received assurance that adequate controls were in operation across the organisation. No material control weaknesses had been identified and no specific mention had been made in the Governance Statement of any limitations in the assurances provided.

7.2 The Committee acknowledged that the Annual Assurance exercise had been completed and noted that the Accountable Officer had received assurance that controls were in place across the organisation.

7.3 Members acknowledged the continuous work being undertaken throughout the year to improve the Directors Statement of Assurance process. An update on improvements to the current process would be presented to the next meeting.

7.4 The Committee were informed of a recent enquiry made by Police Scotland and the response provided by the Executive in relation to it. Members acknowledged the steps taken by the Executive and noted that the enquiry had been fully resolved.

8. Review of Final Accounts 2021-22

8.1 The Committee reviewed the draft SCTS Annual Report and Accounts for 2021-22. They agreed that the key achievements during the last year had been reflected and that statutory reporting requirements and guidance had been met.

8.2 Members approved the final accounts and recommended that they be submitted to the SCTS Board for approval at their meeting on 15 August.

8.3 The Executive recorded their thanks to the Audit and Risk Committee, Internal and External Audit for their support and challenge during the year.

9. SCTS Audit and Risk Committee Annual Report to the SCTS Board

9.1 Members considered the final draft of the Audit and Risk Committee's Annual Report to the SCTS Board. The report reflected the Committee's work during the last year and its priorities for the coming year. The report was approved by members.

9.2 The Committee's Term of Reference were considered and approved by members. These would be published on the SCTS website.

10. Corporate Risk Register

10.1 The Corporate Risk Register was reviewed. Members noted that the risk scoring had remained static since the last review of the register however assurance was provided by the Executive that this represented the current picture, with a range of actions taken to mitigate risk, coupled with a range of internal and external events which also influenced the risk scores. Risks would continue to be considered regularly and updated where appropriate.

10.2 External Audit commended the Executive on the quality and layout of the SCTS Corporate Risk Register.

11. Any Other Business

11.1 None.

12. Papers for Scrutiny/Exception Reporting Only

12.1 The following papers had been circulated for scrutiny:

- Action Tracker
- Data Incidents Report
- Fraud, Theft and Losses Report
- Core Work Plan 2022-23
- Internal Audit – Annual Report 2021-22
- Internal Audit – Scottish Government Corporate Systems Report

12.2 No matters were raised by exception.

13. Date of Next Meeting

13.1 The next meeting would be held on Monday 7 November 2022.

14. Deep Dive Session – Hybrid Working post COVID-19

14.1 Lisa Sellars, Director Human Resources, joined the meeting to provide an insight into the work underway to recognise the move to Hybrid Working across areas of the SCTS, which developed during the pandemic and was now being recognised through development of a policy in partnership with the PCS Union.

14.2 During the COVID-19 pandemic around 1/3 of SCTS staff worked from home, mainly in the Corporate Services, Office of the Public Guardian and Tribunals business areas. Due to the nature of the operational and customer facing roles in some areas of the organisation, working from home was not possible for all staff. However, the policy had allowed staff to consider posts in areas of the organisation that may not have been possible prior to the introduction of hybrid working – broadening opportunities for staff outwith the central belt for example.

14.3 The SCTS Hybrid Working Policy would support an informal flexible working model combining the option of working from home and in an SCTS building to meet business needs. The places of work on particular days would be agreed between the employee and line manager.

14.4 A number of factors were critical to ensure the success of the Hybrid Working policy. These included Health and Safety Assessments for working from home; staff well-being and regular check-ins with managers; IT and security. In addition the policy made clear that no allowances would be payable for those working from home and that normal sickness absence procedures would be in place.

14.5 The Committee welcomed the informative update.

Scottish Courts and Tribunals Service
August 2022