

SCTS AUDIT AND RISK COMMITTEE

MEETING: 6 November 2023, Parliament House, Edinburgh

Members Present:

Maggie Craig, SCTS Board (Chair)
Sheriff Olga Pasportnikov, SCTS Board
Nigel Paul, Non-Executive Member
Simon Cunningham, Non-Executive Member

Attended:

Eric McQueen, Chief Executive, SCTS
Noel Rehfisch, Deputy Chief Executive, SCTS
Steven D'Arcy, Corporate Secretary, SCTS
Alice Wallace, Chief Finance Officer, SCTS
Gillian Battison, Interim Director Finance and Procurement, SCTS
William Wilkie, Internal Audit, Scottish Government
Michael Oliphant, Audit Scotland
Tommy Yule, Audit Scotland
Graeme Samson, Audit Scotland
Karen Lawrie, Head of Secretariat, SCTS (Minutes)

Apologies:

Lynsey Walker, SCTS Board
Jim Montgomery, Internal Audit, Scottish Government

1. Declaration of Interests

1.1 There were no declarations of interest from Members.

2. Minutes of the Meeting of 31 July 2023

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 October.

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 Executive advised that the implementation date for the financial systems module of the Scottish Government Oracle Fusion Shared Services Programme currently remained at April 2024. A go/no-go decision in relation to user acceptance testing and associated

communications were expected from the Scottish Government later this month. The Chart of Accounts had been finalised with testing undertaken between SCTS and the Scottish Government. Concerns remained in relation to delivery timescales and system integration – these would continue to be documented and raised with the Scottish Government. Members noted the concerns and encouraged the Executive to ensure potential contingency arrangements were kept under review

4.3 The Committee welcomed the update on the system implementation. SCTS continued to attend regular meetings with the Scottish Government and other organisations involved in the programme to ensure that SCTS was kept abreast of progress.

5. Internal Audit

Progress Report – 2023-24

5.1 Internal Audit confirmed that work on the 2023-24 Audit Plan remained on track to be completed by 31 March 2024. The review of Business Continuity and Service Resilience had concluded with a substantial assurance rating. Fieldwork had commenced on the Recruitment and Succession Planning Audit.

5.2 The Committee welcomed the positive assurance provided by the Business Continuity and Service Resilience review.

6. Assurance and Best Value Tracker

6.1 The Committee considered the Assurance and Best Value Framework (ABV), presented as part of its annual work programme. The framework provided an overview of the assurance sources in place across the organisation in relation to key functions, services and best value themes.

6.2 Members agreed that the framework provided a good overview of the assurances in place. The Committee confirmed that the framework should continue to be maintained and presented annually to provide an accurate assessment of the assurance sources available.

7. Review of Core Work Plan and Deep Dive Sessions for 2024-25

7.1 The Core Work Plan and proposed Deep Dive Sessions for 2024-25 were reviewed. Members discussed and agreed the deep dive sessions for the coming year. Whilst it would be important to retain a degree of flexibility around the sessions to accommodate events that may take place the provisional topics agreed for Deep Dive sessions in the coming year were:

- Medium Term Financial Strategy (April 2024)
- Cyber Security and Technical Strategy (August 2024)
- Sustainability – journey towards Net Zero (November 2024)
- Lord Justice Clerk’s Review of Sexual Offences – Implementation of recommendations (January 2025)

7.2 Members requested that updates on the Scottish Government Oracle Fusion Shared Services Programme implementation were provided at each meeting.

8. Corporate Risk Register and Risk Appetite

Corporate Risk Register

8.1 The Corporate Risk Register was reviewed. Members scrutinised the risk scoring, which had been reviewed and updated by the Executive since the last meeting. The revised scorings were accepted.

Risk Appetite

8.2 The Executive outlined proposals to introduce an assessment of risk appetite as part of the approach to managing risk at a corporate level in the SCTS.

8.3 The Committee were supportive and commended the SCTS Risk Appetite Statement and the description of the corporate risk appetite levels. The refined corporate risk register dashboard was welcomed as it provided an “at a glance” overview of the risk appetite levels against the corporate risks. The Corporate Risk Register would be updated to include these new elements – which would be presented to the upcoming Board and Committee members risk workshop.

9. Counter Fraud Strategy Update

9.1 The Committee reviewed the revised SCTS Counter Fraud Strategy and Counter Fraud Policy. The interim Director, Finance and Procurement reported that the risk assessment carried out in 2023 identified no significant change in risk profile. The implementation of the new accounting system, Oracle Fusion Cloud, in April 2024 would be monitored closely to ensure assurance around the financial controls in operation and to ensure the system workflows incorporated appropriate segregation of duties. Fraud risk profiling in SCTS business units and a comparison of SCTS counter fraud activity against recommended practice would be completed in 2024.

9.2 The Committee welcomed the updated suite of Counter Fraud documents and planned range of activities.

10. Management Checklists Update

10.1 The Executive reported on the ongoing activity to enhance the Management Checks carried out throughout the year in Sheriff and Justice of the Peace Courts, Supreme Courts and the Office of the Public Guardian. Work was now underway to introduce Management Checks in other business units in the coming year.

10.2 The Committee acknowledged the assurance provided by the process and the future plans to expand the process throughout the SCTS.

11. Accountant of Court Presentation

11.1 Fiona Brown, Public Guardian and Accountant of Court, and Dheeraj Chawla, Procurement Specialist joined the meeting. The role of the Accountant of Court in relation to the Children (Scotland) Act 1995 was outlined with the welfare and protection rights of under 16s and the management of their funds summarised.

11.2 There were currently 560 live cases, with around 120 new cases each year. The management of cases was administered by a parent/guardian in some instances, however around 50% were managed by the Accountant of Court, with associated funds managed by a well-regarded funds management firm, who had carried out the function for a number of years.

11.3 The Accountant of Court and Procurement Teams were undertaking an invitation to tender exercise relating to the management of funds held by the Accountant of Court. The procurement strategy and indicative timeline was discussed. It was anticipated that the contract would be awarded in early December. The contract would be for 2 years, with the option for three further 1 year extensions. Current cases would remain with the existing fund manager to avoid transfer fees. New cases from the commencement of the contract would be managed by the successful provider.

11.4 The Committee welcomed the informative presentation.

12. Any Other Business

12.1 The Chair thanked Nigel Paul for his insights and contribution to the Audit and Risk Committee over the last 7 years. This would be Nigel's last meeting.

13. Papers for Scrutiny/Exception Reporting Only

13.1 The following papers had been circulated for scrutiny:

- Action Tracker
- Data Incidents Report
- Fraud, Theft and Losses Report
- National Fraud Initiative
- Core Work Plan 2023-24
- Internal Audit – Business Continuity and Service Resilience

13.2 No matters were raised by exception.

14. Date of Next Meeting

14.1 The next meeting would be held on Monday 22 January 2024.

15. Deep Dive Session – Sustainability Strategy

15.1 The Committee welcomed Tim Barraclough, Executive Director Tribunals and OPG, Craig Robertson, Head of Property and Services Finance and Governance and Leigh Fraser, Sustainability Manager, to the meeting.

15.2 The strategic vision and goals of the newly developed strategy and goals outlined the key changes the SCTS required to take to meet the Scottish Government's target for all public bodies to achieve Net Zero by 2045 whilst still supporting Justice. The focus to achieve net zero had previously been on the SCTS Estate, however the focus was now looking at the wider organisation.

15.3 It was agreed that Communications and engagement of staff, judiciary and stakeholders would be essential to ensure that sustainability was at the centre of planning and future ways of working.

15.4 Members agreed that sustainability needed to become embedded in all aspects of the organisation with communications vitally important. The steps taken in recent years such as the remote balloting of jurors, virtual hearings and the increased use of solar panels, LED lighting and the installation of 126 Electric Vehicle Charging Points were commended by the Committee.

15.5 The Committee thanked Tim, Craig and Leigh for the informative presentation. The draft SCTS Sustainability Strategy would be submitted to the Board for consideration at their meeting in November.

Scottish Courts and Tribunals Service
November 2023