

MINUTES

SCTS AUDIT AND RISK COMMITTEE

MEETING: 3 August 2015 – Parliament House, Edinburgh

Members Present:

Joe Al-Gharabally, Non-Executive Member SCTS Board (Chair)
Tony McGrath, Non-Executive Member SCTS Board (Deputy Chair)
Simon Catto, Non-Executive Member SCTS Board
Angus Mackenzie – Non-Executive Member (External)
Dr Brian Keighley– Non-Executive Member (External)

Attended:

Eric McQueen, Chief Executive, SCTS
Lesley Watt, Interim Director Finance, SCTS
Irene Andrew, Head of Financial Controls and Service Improvement, SCTS
Angela Cullen, Assistant Director, Audit Scotland
Mick Duff, Senior Auditor, Audit Scotland
Sarah Self, Senior Audit Business Manager, Scottish Government
Myra Binnie, Internal Audit Manager, Scottish Government
Noel Rehfisch, Corporate Secretary, SCTS
Stephen Humphreys, Executive Director Judicial Office for Scotland, SCTS
(Deep Dive Session only)
David Currie, Director Property and Services, SCTS (Deep Dive Session only)
Karen Lawrie, Executive Support, Secretariat, SCTS (Minutes)

Apologies:

Richard Maconachie, Chief Finance Officer, SCTS
Rachel Browne, Senior Audit Manager, Audit Scotland

1. Declaration of Interests

1.1 There were no new declarations of interest from Members.

2. Minutes of the Meeting of 27 April 2015

2.1 The minutes of the last meeting were approved.

3. Matters Arising

3.1 There were no outstanding actions from the last meeting and no matters arising.

4. Internal Audit Update (SCTS/ARC/Aug15/13)

4.1 Internal Audit reported on the audit activities undertaken in 2014-15 which had resulted in reasonable assurance being given in respect of SCTS's risk management, control and governance arrangements. Those areas that had been audited over the course of the year had provided assurance that effective arrangements were in place

and internal audit were satisfied that the overall levels of assurance and control in the organisation remained strong.

4.2 Members noted that a final report on the review of Peer Review Assurance was still to be issued, although the Executive had accepted the findings and recommendations made in the draft report. SCTS agreed that a review of the Peer Review process and identification of common issues across Sheriffdoms would be undertaken.

4.3 Internal Audit advised that work had commenced on the 2015-16 audits and follow-up audits and it is planned that one audit will be completed per quarter throughout the audit year which runs from June 2015 to May 2016.

5. External Audit Update (SCTS/ARC/Aug15/14)

Internal Controls

5.1 Audit Scotland reported that SCTS's internal controls for systems tested operated effectively and this had allowed them to form the opinion in their audit of the 2014-15 financial statements.

ISA 260

5.2 As part of the completion of the audit, Audit Scotland requested written assurances from the Accountable Officer on aspects of the financial statements, judgements and estimates made. A letter of representation (ISA 580) would be signed by the Accountable Officer and returned to Audit Scotland.

Draft Annual Audit Report 2014-15

5.3 The draft Annual Audit Report 2014-15 provided by Audit Scotland was reviewed. Members discussed the action plan and recommendations contained in the report, that would be taken forward by the Executive. It was noted that Audit Scotland were proposing an unqualified audit opinion.

5.4 Audit Scotland thanked the Executive for the cooperation and assistance afforded to the audit team during the course of the audit.

6. Directors Statement of Assurance to Accountable Officer (SCTS/ARC/Aug15/15)

6.1 The Committee **agreed** that the Executive Directors had given the Accountable Officer substantial assurance that adequate controls were in operations across the SCTS and whilst more continuous improvement actions had been identified in this year's Statements, this was deemed to be a positive reflection on the effectiveness and strengthening of the Directors Statement of Assurance process.

6.2 Members were pleased to note that positive steps had been taken over the last year to identify and address areas of weakness. The Executive explained that findings from Peer Reviews, data loss and fraud reporting from courts and operational performance reports, combined with the formal statements of assurance process, ensured SCTS maintained a robust system of assurance at all levels.

7. Review of Final Accounts – 2014-15 (SCTS/ARC/Aug15/16)

7.1 The draft SCS Annual Report and Accounts for 2014-15 were considered and it was agreed that the key achievements of SCS during 2014-15 were reflected. Members **recommended** that they be submitted to the SCTS Board for approval.

8. SCTS Audit and Risk Committee Annual Report to the SCTS Board (SCTS/ARC/Aug15/17)

8.1 Members reviewed their draft Annual Report to the SCTS Board and, subject to minor amendments, **agreed** that it would be submitted to the Board at their meeting in August 2015. The report reflected the Committee's work during the last year and its priorities for the coming year.

8.2 The report would also include the Committee's recommendation that the final SCS Annual Report and Accounts for 2014-15 be submitted to the SCTS Board for approval.

9. Any Other Business

Finance Functions – Deloitte Report

9.1 Progress on the implementation of the finance transformation programme will be included on the agenda of the November Audit and Risk Committee meeting,

ICT Milestones

9.2 It was agreed that the Integrated Case Management System would be included in future. Joe Al-Gharabally would meet separately with Eric McQueen to offer support and personal expertise to the ICMS development team.

9.3 It was agreed that the Corporate Risk register would be shared with the Committee at each meeting and future 'deep dive' sessions would set out clearly how the subject under consideration related to specific corporate risks and business plan priorities.

Papers for Exception Reporting only

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

- Action Tracker
- Data Losses Report
- Fraud, Theft and Losses Report
- ICT Risk Register & Milestone Chart
- SCTS Peer Review Update
- Core Work Programme
- Internal Audit Report – Review of SCS and STS Merger
- Internal Audit Report – Corporate Governance

The content of each report was noted and no matters were raised by exception.

10. Date of Next Meeting

10.1 2 November at 11.00am in Parliament House.

At this stage, representatives from Internal Audit and Audit Scotland left the meeting.

11. Post Meeting Deep Dive Sessions – Estates and Civil Courts Reform

Estates Matters

11.1 David Currie, Director Property and Services, delivered an overview of the Estates vision, efficiency and opportunity, investment prioritisation and risk mitigation, while outlining the key achievements delivered.

11.2 The Committee acknowledged the challenges in delivering modern high volume public services within an aging estate and significant financial constraints. They were reassured with the risk management and mitigation in place and were pleased to note that SCTS had exceeded the 25% 5 year carbon reduction target set by the Scottish Government Carbon Management Board and also the shortlisting as finalists in the Partners in Corporate and Public Services category at the Premises and FM Awards 2015

Civil Courts Reform

11.3 Steve Humphreys, Executive Director Judicial Office for Scotland, provided an overview on the court reforms that emerged from Lord Gill's review of Civil Justice in Scotland. The Review resulted in the creation of the Effective Courts and Tribunals Programme, led by SCTS, which contained a wider package of interlinked reforms. An overview of the function and current status of each of the eleven projects within the Programme was provided.

11.4 The Committee were reassured that the projects were on track, with no delays to delivery dates or cost. On-going reports on delivery of the main objectives of the programme would be provided to the SCTS Board.

SCTS Audit & Risk Committee
August 2015