



# MINUTES

## SCTS AUDIT AND RISK COMMITTEE

MEETING: 22 January 2024, held via WebEx

### Members Present:

Maggie Craig, SCTS Board (Chair)  
Lynsey Walker, SCTS Board  
Sheriff Olga Paspornikov, SCTS Board  
Simon Cunningham, Non-Executive Member

### Attended:

Eric McQueen, Chief Executive, SCTS  
Noel Rehfish, 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  
Jim Montgomery, Internal Audit, Scottish Government  
Tommy Yule, Audit Scotland  
Graeme Samson, Audit Scotland  
Madeleine Reid, Audit Scotland  
Karen Lawrie, Head of Secretariat, SCTS (Minutes)

**Apologies:** Michael Oliphant, Audit Scotland

## 1. Declaration of Interests

1.1 There were no declarations of interest from Members.

## 2. Minutes of the Meeting of 6 November 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 November.

## 4. Finance and Procurement Update

4.1 The Executive reported on key developments in relation to the implementation of the Oracle Fusion Cloud Accounting system. The implementation date for the financial systems module had been delayed. A new implementation date would be announced by the Scottish Government by the end of January. It was anticipated the new date would be no later than October 2024. The Executive would update the SCTS project plan when the implementation date was known. The Finance Risk Register had been reviewed and the associated risks updated.

4.2 Proof of concept testing using the system was underway. User acceptance testing had been completed, however further testing had been requested to allow the process to be conducted from end to end. Concerns remained in relation to delivery timescales and system integration – these would continue to be documented and raised with the Scottish Government. Members acknowledged the concerns and encouraged the Executive to ensure potential contingency arrangements were kept under review

4.3 The Committee welcomed the update on implementation and observed some concerns on the likely October implementation date which could have implications for the completion of the Annual Report and Accounts process and the External Audit programme. The Executive provided assurance that they would continue to engage closely with the Scottish Government and would develop a plan and processes to ensure that audit requirements were met.

## **5. Internal Audit**

### *Progress Report – 2024-25*

5.1 The draft Internal Audit Plan for 2024-25 had been shared with the SCTS Accountable Officer, Chair of the Audit and Risk Committee and relevant senior managers in SCTS, for consideration in advance of the meeting. Internal Audit reported that three audits were planned during the year, which would ensure good risk-based coverage to maintain compliance with Public Sector Internal Audit Standards.

5.2 The Committee welcomed the annual audit plan and endorsed its proposals.

### *Progress Report – 2023-24*

5.3 Internal Audit confirmed that work on the 2023-24 Audit Plan remained on track to be completed by 31 March 2024. A substantial rating had been received following the Business Continuity and Service Resilience audit.

5.4 Members commended the Executive on the two substantial assurance ratings secured to date in the current audit year.

## **6. External Audit**

6.1 The External Audit Annual Audit Plan in respect of the 2023-24 Annual Report and accounts would be shared with the Executive towards the end of February and would be tabled at the next meeting. The audit would follow a similar timetable to last year.

6.2 Members of the committee were asked to confirm if they were aware of any actual or suspected frauds, or any potential risks affecting the financial statements. Members did not identify any such issues.

## **7. Annual Whistleblowing Report**

7.1 The Committee received the annual report on the SCTS Whistleblowing Policy. The Executive reported that the policy had been reviewed during the course of the year. A range of activities had taken place throughout 2023 to maintain awareness of the policy. The Committee discussed the policy and stressed the importance of periodic communication of it to staff for their awareness.

7.2 The ongoing work by the Executive to inform staff of the guidance and to reinforce a culture of openness and reporting was welcomed. The Committee also noted the strong staff survey results which provided assurance in relation to the culture and practices in place.

## **8. Corporate Risk Register**

8.1 The Corporate Risk Register was reviewed. Members scrutinised the risk scoring, which had been reviewed and updated since the last meeting. The register now incorporated Risk Appetite ratings and statements. The Committee welcomed the revised layout of the document.

8.2 The Committee discussed the scoring of some risks against their appetite level and controls. It was agreed that the risk appetite level should be explored further by the Executive as the new approach beds in – and that it was acceptable for appetite scores to be above current risk scores in some areas. Members accepted the current scoring and the Executive confirmed they would consider the issues discussed as part of the next review.

8.3 The joint SCTS Board and Committee Corporate Risk Workshop would be held on 5 February. This would allow Board and Committee members to consider risks in the context of the key activities proposed in the 2024-25 SCTS Business Plan.

## **9. Feedback from Members Annual Appraisal**

9.1 In advance of the meeting, members had completed their annual appraisal exercise reflecting on their personal contribution and the Committee's performance during 2023.

9.2 Members reflected that they were able to bring a wide variety of skills and knowledge to the Committee, providing valued input and challenge to discussions. They felt the Committee was working well. It was noted that the appointment period of a member had recently ended and another was due to end in May. Recruitment for two new members would commence shortly.

9.3 Members agreed that the standing annual meetings of Committee members with both Internal and External Audit should continue. The Committee would continue to closely monitor implementation of the Oracle Fusion Cloud Accounting system and would like to link with the People Committee for topical discussions, whilst maintaining a separation of the areas of responsibility for each Committee.

## **10. Any Other Business**

10.1 It was noted that this would be Jim Montgomery's last meeting. The Committee wished him well for the future and thanked him for his insight and support.

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

11.1 The following papers had been circulated for scrutiny:

- Action Tracker
- Data Incidents Report
- Fraud, Theft and Losses Report
- Accountant of Court Invitation to Tender Exercise
- Core Work Plan 2024-25

11.2 The Data Incidents Report was reviewed. There had been an increase in the number of reportable breaches which the Executive were investigating. The Committee acknowledged that reported breaches had been clearly documented with further actions planned to reduce the instances going forward.

11.3 The Committee noted that a number of actions recorded on the Action Tracker had not been implemented as planned with revised completion dates agreed. The Committee would review progress at the next meeting.

11.4 The Chair commended the well-managed process and outcome of the Accountant of Court invitation to tender exercise.

## **12. Date of Next Meeting**

12.1 The next meeting would be held on Monday 22 April 2024.

## **13. Deep Dive Session – Social Security Appeals Implementation**

13.1 The Committee welcomed Tim Barraclough, Executive Director Tribunals and OPG, Lesley Black, Director Tribunals, Natasha Russell, Senior Operations Manager, Social Security Chamber and Ross Taylor, Product Owner Tribunals, to the meeting.

13.2 The Committee were advised that Tribunals' business had been growing over the last few years and that there were a number of diverse tribunal chambers including; Local Taxation; General Regulatory; Health and Education; Housing and Property; Mental Health; Pension Appeals and Tax . The Social Security Scotland Chamber was created in 2018 in-line with the Social Security (Scotland) Act 2018. The Chamber dealt with appeals against decisions regarding benefits processed by Social Security Scotland. The chamber business was previously managed by HMCTS prior to the process being devolved.

13.3 The creation of the new Chamber had allowed the introduction of a modern, digital experience and streamlined process for users. This had reduced the manual processes for staff and also reduced the reliance on a paper-based system. The new system was also able to manage future increases in business levels. The Committee welcomed the accessibility of the process for users, noting that users had been involved in the development and testing of the system. They commended the Executive on the benefits the new system brought such as notifications for users as the case progresses and the significant improvements in processing times for each case.

13.4 The challenges and risks faced during the development and ongoing management of the new chamber were outlined. The initial forecast of case numbers was higher than all the other tribunals combined. The numbers had not risen to the projected levels however chamber staff are working very closely with the Scottish Government to monitor the level of cases and provide meaningful forecasting.

13.5 The Executive confirmed that, whilst a number of opportunities and benefits had been realised, there were some ongoing matters to be addressed such as streamlining access to the members' portal, proposed legislative changes, level of appeals received and the judicial resources available, which were dictated by the fees paid.

13.6 The Committee welcomed the informative update. They acknowledged the collaborative working with both the Scottish Government and HMCTS and the ongoing drive to implement continual improvements to the processes which was reflected in the positive feedback from users.