

MINUTES

SCTS AUDIT AND RISK COMMITTEE

MEETING: 18 April 2016 in the Tribunals Suite, Hamilton House, Caird Park, Hamilton

Members Present:

Joe Al-Gharabally, Non-Executive Member SCTS Board (Chair)
Simon Catto, Non-Executive Member SCTS Board
Dr Joe Morrow QC, Non-Executive Member SCTS Board
Angus Mackenzie, Non-Executive Member (External)

Attended:

Eric McQueen, Chief Executive, SCTS
Noel Rehfisch, Corporate Secretary, SCTS
Richard Maconachie, Chief Finance Officer, SCTS
Sarah Self, Senior Audit Business Manager, Scottish Government
Myra Binnie, Internal Audit Manager, Scottish Government
Irene Andrew, Head of Financial Controls and Service Improvement, SCTS
Rachel Browne, Senior Audit Manager, Audit Scotland
Karen Lawrie, Secretariat Business Manager, SCTS (Minutes)

Apologies:

Angela Cullen, Assistant Director, Audit Scotland
Lesley Watt, Interim Director Finance, SCTS

1. Declaration of Interests

1.1 There were no new declarations of interest from Members.

2. Minutes of the Meeting of 5 February 2016

2.1 The minutes of the last meeting were approved.

3. Matters Arising

3.1 Actions from previous meetings had been completed or would be discussed elsewhere on the Agenda.

Committee Membership

3.2 The Committee heard that the selection panel for the current external non-executive member vacancy would interview candidates later this week.

Update from the SCTS Board

3.3 The Chair provided members with a summary of matters discussed at the March Board meeting. This included an update on financial performance to the end of February and notification that the SCTS Business Plan was approved for publication in late April. An update on planning to take forward the recommendations relating to the taking evidence from children and vulnerable witnesses as part of the Evidence and Procedure Review was also provided.

4. Internal Audit Update (SCTS/ARC/Apr16/14 & 14A, & SCTS/ARC/Apr16/15)

Progress Report

4.1 Internal Audit advised that good progress had been made against the main audit reviews in the Audit Plan for 2015-16.

Programme and Change Management

4.2 The final report on this audit had been agreed and circulated to the Committee. Action is being taken by the Executive to address the recommendations in the report.

Facilities Management Review Update

4.3 Following previous discussions between Internal Audit and the Executive, on the timing of this audit, planning was now underway. An update will be provided at the next meeting.

Action: Internal Audit to provide an update for the August meeting on progress made on the Facilities Management Contract audit.

Mental Health Tribunal Finance Review

4.4 This audit has been concluded and the final report agreed. An action plan has been compiled by the MHTS senior team to address the recommendations. Follow-up will be conducted by internal audit later in the year to review progress.

Action: The Executive to provide an update on the progress of the action plan to address the recommendations from the Mental Health Tribunal Finance Review.

4.5 Members expressly noted the improving quality of Internal Audit reports over the last year and welcomed this improvement in the service.

Proposed Audit Plan 2016-17

4.6 The proposed Internal Audit Plan for 2016-17 was considered by the Committee. It was noted that the 2016-17 audit year will be 10 months long, in accordance with the recent Strategic Review of Internal Audit to bring the audit year in alignment with the financial year in future. The Chair noted the Committee's interest in receiving assurance on IT resilience and welcomed the Chief Executive's intention to seek specialist external advice, over and above the proposed audit work, in assessing SCTS' resilience. Members **agreed** the proposed audit plan.

5. External Audit Update (SCTS/ARC/Apr16/17)

Review of Internal Controls 2015-16

5.1 Audit Scotland presented its Review which concluded that the key internal controls tested were operating effectively. Audit Scotland had been able to take planned assurance from these systems for the audit of the 2015-16 financial statements.

6. Peer Audit Review – Revised Reporting (SCTS/ARC/Apr16/18)

6.1 At its February meeting the Committee questioned the level of detail provided in the report given and suggested that the Executive should amend the presentation in order to highlight trends and key issues in future reports. The revised report was received by the Committee.

6.2 The revised format of reporting was welcomed by members with a request that the new trend tables should be accompanied by more narrative to provide commentary on any areas of more significant concern. The Executive would continue to build on this more focussed reporting for future meetings.

7. Draft ARC Annual Report to the SCTS Board (SCTS/ARC/Apr16/19)

7.1 The Committee considered and were content with the outline report reflecting the work of the Committee over the last audit year. Members were invited to comment on the draft and suggest what further information might be included in this year's report.

8. Any Other Business

8.1 Audit Scotland advised that their five year audit appointment would end in August. Subject to approval of the Annual Accounts, August would be the last Committee meeting they would attend.

9. Papers for Scrutiny/Exception Reporting Only

9.1 The following papers had been circulated for scrutiny:

- SCTS Corporate Risk Register and the Report from the joint SCTS Board/Audit & Risk Committee Workshop
- National Fraud Initiative
- Audit Action Tracker
- Data Losses Report
- Fraud, Theft and Losses Report
- ICT Risk Register and Milestone Chart
- ICMS Update
- Core Work Plan
- Internal Audit Report – Programme & Change Management
- Internal Audit Report – MHTS Finance Review 2015-16

and the following matters were discussed.

SCTS Corporate Risk Register

9.2 The scrutiny of the Corporate Risk Register was considered by the Committee. It was agreed that the Corporate Risk Register, and in particular changes to risk ratings or mitigation, should become a standing item on the main agenda, to ensure that any significant changes or trends are brought to the attention of members.

Action: Executive to update the Core Work Plan to include consideration of changes to the Corporate Risk Register on the main agenda.

Action Tracker

9.3 The Committee welcomed the additional narrative provided in the action tracker and the focus that has now been applied to actions considered for closure. They welcomed the evident progress in finalising actions.

10. Date of Next Meeting

10.1 Monday 1 August 2016 at 11.00 am in Parliament House, Edinburgh.

11. Post Meeting Deep Dive Session – Tribunals

11.1 Lesley Black, Head of Business Improvement and Change, Tribunals Operations and Karen Burns, Senior Operations Manager, Tribunals Operations joined the Committee to give a presentation on the current and future operating environment of Tribunals in Scotland and to outline the planning under way in respect of the devolution of currently reserved tribunals.

11.2 The Executive also presented the evaluation report on the SCTS Project to merge the Scottish Court Service with the Scottish Tribunals Service, which allowed members to consider the lessons learned and benefits realised from that projects, and

consider how these might be applied to future tribunal devolution. The size and scale of the transfer was noted by the Committee – and it was agreed that the SCTS Board should be updated on progress to date at its meeting in May.

SCTS Audit & Risk Committee
April 2016