



## SCTS AUDIT AND RISK COMMITTEE

MEETING: 23 January 2023, Parliament House, Edinburgh

### Members Present:

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

### Attended:

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

### Apologies:

Simon Cunningham, Non-Executive Member

## 1. Declaration of Interests

1.1 There were no declarations of interest from Members.

## 2. Minutes of the Meeting of 7 November 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 November.

## 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 since the last meeting the Scottish Government had revised the implementation date of the Oracle Fusion Shared Services Programme to April 2024. A detailed project plan had been requested from the Scottish Government to ensure the SCTS

project team could manage the change effectively over the coming months. The SCTS high level action plan had been updated to reflect the revised date. SCTS officials continued to engage with the Scottish Government on the development of the system and individual portals.

4.3 Members welcomed the continue rollout of the Digital Expenses system, which had been extended to facilitate the payment of jurors in the High Court. The Executive confirmed that consideration was being given to other areas of the organisation that may benefit from use of the system, increasing the level of online and automated transactions.

4.4 The Committee acknowledged the revised date of the Oracle Fusion Cloud system implementation and the steps being taken by SCTS to adapt to the new timetable.

## **5. Internal Audit**

### *Annual Audit Plan – 2023-24*

5.1 The draft Internal Audit Plan for 2023-24 had been shared with the SCTS Accountable Officer, Chair of the Audit and Risk Committee and relevant senior manager in SCTS, for consideration in advance of the meeting. Internal Audit reported that three audits were planned during the year, which would ensure sufficient 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 – 2022-23*

5.3 Internal Audit confirmed that they were on-track to complete the 2022-23 Audit Plan, including all follow-up reviews, by 31 March 2023.

5.4 Internal Audit advised that the final report on the Climate Change and Decarbonisation Review had been issued with a Reasonable assurance. A draft report on the Equality and Diversity review had been issued. Members welcomed the update on the progress of the 2022-23 audit plan.

## **6. External Audit**

6.1 Michael Oliphant and Tommy Yule from Audit Scotland introduced themselves to the Committee. Audit Scotland had been appointed as External Auditors to SCTS for a period of 5 years. Initial discussions had taken place with the Executive and Audit Scotland had conducted a thorough handover with the previous auditors.

6.2 The External Audit Annual Audit Plan in respect of the 2022-23 Annual Report and accounts would be shared with the Executive towards the end of February and would be tabled at the next meeting.

## **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 2022 to maintain awareness of the policy.

7.2 The Committee noted that there had been one instance raised and dealt with under the Whistleblowing Policy in 2022. The ongoing work by the Executive to inform staff of the guidance and to reinforce a culture of openness and reporting was welcomed.

## **8. Corporate Risk Register**

8.1 The Corporate Risk Register was reviewed. Members acknowledged the changes that had been made to the scores since the last meeting, further updates would be made to reflect discussions at the meeting.

8.2 The Committee were updated on the preparatory work undertaken ahead of the planned UK wide PCS Union industrial action on 1 February. The Strategic Incident Management Team had met on 3 occasions with further meetings planned to manage any impacts and maintain operations so far as possible during any disruption.

8.3 The joint SCTS Board and Committee Corporate Risk Workshop would be held on 6 February. An outline of the agenda was shared with members.

## **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 2022.

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. Members sought assurance that they would be kept informed of emerging risks throughout the organisation, as part of their overall role to consider the risks and controls that the organisation had in place.

9.3 Members agreed that a standing annual meetings of Committee members with both Internal and External Audit would be beneficial and aligned with the approach encouraged in the Scottish Government Audit and Assurance Committee Handbook. Both Internal and External Audit were supportive of such an approach and the relevant meetings would be arranged.

## **10. Any Other Business**

10.1 None.

## **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
- Core Work Plan 2022-23
- Core Work Plan 2023-24

11.2 The Chair proposed a change to the Deep Dive sessions in 2023-24. It was agreed that the Social Security Appeal Implementation Deep Dive would move from August to January. Sessions on the Criminal Recovery Programme and Net Zero Strategy would move to August and November respectively.

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

12.1 The next meeting would be held on Monday 24 April 2023.

## **13. Deep Dive Session – Financial Sustainability**

13.1 Alice Wallace, Chief Finance Officer, outlined the development of the SCTS Medium Term Financial Strategy (MTFS) 2023-26. The strategy would align to the 2023-26 SCTS Corporate Plan and be developed with reference to the Scottish Government's transformation programme to

create sustainable and impactful public services. The strategy would be submitted to the SCTS Board for approval in the first quarter of the new corporate planning period.

13.2 Following the Scottish Government Resource Spending Review in May 2022 and the publication of the 2023-24 budget in December, the financial challenges facing the SCTS were highlighted. It was noted that the SCTS had limited control of both the level of business it was required to process and the manner in which it could do so in line with the law. Continued efforts would be made to identify efficiencies – however these may give rise to savings elsewhere in the system – and the need to maintain adequate funding to provide a core level of service would continue to be stressed to the Scottish Government.

13.3 The financial risks, including inflationary pressures, the Scottish Government’s commitment to recovery funding, an ambitious reform programme, the climate change agenda, the cost of living crisis and the combined impact of these factors on the organisation were discussed with the Committee.

13.4 The Executive provided assurance to the Committee on the steps underway and planned to address the identified risks and challenges. The introduction of the Oracle Fusion Shared Services Programme, whilst requiring significant resource to implement, would provide financial systems that would reduce manual intervention and increase efficiency in processing.

13.5 The Committee welcomed the discussions around the developing MTFS. Members recommended that the Executive focus on the key priorities and direction of travel in the strategy as detailed financial figures would fluctuate and quickly become out of date.

13.6 Members thanked Alice for her informative and helpful session.

Scottish Courts and Tribunals Service  
January 2023