

MINUTES

SCTS AUDIT AND RISK COMMITTEE MEETING: 3 November 2025, Parliament House

Members Present:

Maggie Craig, SCTS Board (Chair)
Elizabeth Barnes, Non-Executive Member
Claire Robertson, Non-Executive Member

Attended:

Malcolm Graham, Chief Executive, SCTS
Noel Rehfisch, Deputy Chief Executive, SCTS
Steven D'Arcy, Corporate Secretary, SCTS
Alice Wallace, Chief Finance Officer, SCTS
Chris Brown, Director Finance
Gillian Battison, Head of Financial Governance
William Wilkie, Internal Audit, Scottish Government
Dougie Shepherd, Internal Audit, Scottish Government
Tommy Yule, Audit Scotland
Graeme Samson, Audit Scotland
Karen Lawrie, Head of Secretariat (Minutes)

Apologies:

Lynsey Walker, SCTS Board
Sheriff Olga Pasportnikov, SCTS Board

1. Declaration of Interests

1.1 There were no declarations of interest from Members.

2. Minutes of the Meeting of 28 July 2025

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 meetings in August and October.

4. Oracle Fusion Shared Services Update

4.1 The Executive provided an update on key developments relating to implementation of the Oracle Fusion Cloud Accounting system. The Executive confirmed that regular communication with the Scottish Government (SG) remained in place to raise and resolve issues. Members of the SCTS Finance team had met recently with the Scottish Government to discuss a secondary configuration of the accounting system to allow accruals to be accounted for at the month end, rather than on receipt. The SG had agreed to undertake a business impact assessment on this proposed additional configuration with testing support from SCTS Finance staff. The benefits and efficiencies this would bring were acknowledged by the SG. While some elements of the system were continuing to work well, significant pressures remained that were impacting on the

welfare of SCTS staff. The adoption of business continuity arrangements and workarounds, which involved significant manual intervention, remained in place.

4.2 The Committee welcomed the recent meeting with the Scottish Government to address some of the issues being encountered. They also recognised the ongoing frustration and challenges being faced by the Finance and Procurement Team. They thanked the team for their continued perseverance in the use of workarounds in some areas since the introduction of the system and commended further work to explore the alternative configuration.

5. Internal Audit

Progress Report – 2025-26

5.1 Internal Audit confirmed that work on the 2025-26 Audit Plan remained on track to be completed by 31 March 2026. They confirmed that fieldwork on the Change Management Review was nearing completion and initial planning had commenced on the Organisational Culture/Workforce Planning Review.

5.2 The scope of the recently completed audit by the Information Commissioners Office (ICO) and Internal Audit (IA) was discussed. It was acknowledged that the ICO audit was compliance-based with a broad organisational approach to SCTS governance and accountability and records management, whereas the IA audit focussed specifically on the organisation's processes in relation to data breaches. The Committee considered the ICO Audit in more details during the deep dive session later in the meeting.

5.3 The Committee welcomed the comprehensive update.

6. Assurance and Best Value Framework

6.1 The Committee scrutinised 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 2026-27

7.1 The Core Work Plan and proposed Deep Dive Sessions for 2026-27 were reviewed. Members discussed the proposed list of 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:

- 35 hour working week (April 2026)
- Finance Oracle/Shared Services Programme (August 2026)
- Cyber Security and incident response (November 2026)
- Procurement and contract management (January 2027)

7.2 Members discussed the possibility of conducting the 35 hour working week deep dive session in conjunction with the People Committee. It was agreed that the session would focus on the sustainability of the organisation due to an anticipated reduction in funding from the Scottish Government and the longer-term potential introduction of a reduced working week for staff (4 day week).

7.3 The Committee approved the proposed deep dive sessions for 2026-27.

8. Corporate Risk Register

8.1 The Corporate Risk Register was reviewed. Members considered those risks that reported as red and amber, noting that there had been no change to any of the scores since the previous committee meeting. The data protection and security risk score would be kept under regular review in view of the recent audit conducted by the ICO. The possibility of a distinct risk in relation to service sustainability was discussed. It was agreed that the Executive would propose revised risk narrative for consideration by the Committee at the next meeting.

9. Counter Fraud and Anti Money Laundering Policies

9.1 The Committee reviewed the updated SCTS Counter Fraud Policy. The Head of Financial Governance reported that, following the introduction of The Economic Crime and Corporate Transparency Act 2023 on 1 September 2025, further work was ongoing to update the SCTS risk assessment and strategy to ensure that reasonable fraud prevention measures were in place.

9.2 Due to the cash payments received across operational business units, processes were in place for cashiers, procurement and the finance team. The processes were designed to reduce the organisation's exposure to money laundering activities. The Anti Money Laundering Policy formalised the ongoing requirements bringing them into a single policy.

9.3 The Executive advised that activities were planned during Fraud Awareness week in mid-November to remind staff of the counter fraud policy, introduce the Anti Money Laundering policy and raise awareness of materials from the Counter Fraud network.

9.4 The Committee welcomed the updated Counter Fraud Policy and the new Anti Money Laundering policy. They acknowledged the proposed activities to ensure staff awareness in these areas.

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
- National Fraud Initiative Report 2024-25
- Core Work Plan 2025-26

12. Date of Next Meeting

12.1 The next meeting would be held on Monday 19 January 2026.

13. Deep Dive Session – Information Governance – ICO Audit

13.1 The Committee welcomed Nicola Anderson, Director Legislation and Information to the meeting.

13.2 Noel Rehfisch informed the Committee that since August 2024 the SCTS had been working closely with the Information Commissioners Office (ICO) to develop an action plan outlining steps taken and planned to reduce the risk of data breaches recurring and to minimise their impact. In early 2025 the ICO sought additional information before advising that it would be advantageous for the SCTS to undergo a voluntary audit. The purpose of the audit was to provide the ICO and

SCTS with an independent opinion of the extent to which SCTS complied with data protection legislation, highlighting any compliance risks. The scope of the audit covered governance and accountability and records management.

13.3 The ICO reviewed evidence submitted by the SCTS in June and held interviews with key members of staff in July. The ICO published their final report and recommendations, which provided a limited assurance rating, in September. The SCTS provided the ICO with an action plan noting acceptance of all but one of the recommendations and outlined the steps the SCTS would take to address the recommendations and the timescales.

13.4 Nicola advised that the recommendations had been grouped into themes and prioritised based on their size and impact. An oversight group would be established with membership from across each business area to monitor and report on progress. It was confirmed that the Committee would receive updates at each meeting going forward.

13.5 The Committee discussed the progress of the themes prioritised as red and amber, acknowledging the significant work and resource requirement that would be required to take them forward. It was agreed that a number of the recommendations would require sustained, long-term effort and that a programme to address them would need to focus on the highest priority areas and the areas managing the most sensitive data in the first instance. It would be important to make quick and meaningful progress whilst balancing work in this area with other essential activities and the constrained resource environment in which the organisation found itself.

13.6 Members commended Nicola and her team on the development of the action plan and the plans in place to address the recommendations on a priority basis. They also stressed that it was crucial to demonstrate the work being taken to address the recommendations to the ICO.

13.7 The Committee thanked Noel and Nicola for their helpful and informative session.

Scottish Courts and Tribunals Service
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