Scottish Courts and Tribunals Service

MINUTES

SCTS AUDIT AND RISK COMMITTEE
MEETING: 28 July 2025, Parliament House

Members Present:
Maggie Craig, SCTS Board (Chair)
Lynsey Walker, SCTS Board
Sheriff Olga Pasportnikov, SCTS Board
Elizabeth Barnes, 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
Sarah Weiss, Head of Financial Accounting
William Wilkie, Internal Audit, Scottish Government
Dougie Shepherd, Internal Audit, Scottish Government
Michael Oliphant, Audit Scotland
Tommy Yule, Audit Scotland
Graeme Samson, Audit Scotland
Karen Lawrie, Head of Secretariat (Minutes)

Apologies:
Claire Robertson, Non-Executive Member

1. Declaration of Interests

1.1 There were no declarations of interest from Members.

2. Minutes of the Meeting of 28 April 2025

2.1 The minutes of the last meeting were approved.

3. Matters Arising

3.1 The Chair welcomed Elizabeth Barnes to her first meeting following her appointment to the Committee on 1 July.

3.2 There were no outstanding actions from the previous meeting.

Update from the SCTS Board
3.3 The Committee received an update on the matters discussed at the Board meeting in June. Board members had visited the Office of the Public Guardian in Falkirk and were updated on the development of the new OPG case management system, the introduction of which addressed a number of legacy system risks.

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 ongoing regular communication with the Scottish Government remained in place to raise and resolve issues.

While some elements of the system were working well, significant pressures remained that were impacting on the welfare of SCTS staff. These had required the adoption of business continuity arrangements and workarounds, which involved significant manual intervention. The major areas of ongoing concern related to embedding the purchase to pay system; receipting configuration (impacting on ability to meet targets for payment of invoices) and budget reporting (the system, at present, does not support budget profiling, rendering it unsuitable for a number of SCTS purposes at present); and electronic invoicing.

4.2 The Executive noted that the cumulative impact of these ongoing issues was that the strategic benefits of Oracle Fusion were not being achieved at present – in fact material inefficiencies had been introduced, which were in direct conflict with the Government's public sector reform agenda. It was confirmed that the matter continued to be discussed with senior officials in the Scottish Government.

4.3 The Committee recognised the ongoing frustration and challenges being faced by the Finance and Procurement Team. They thanked and commended the team on their perseverance during recent months. Members acknowledged the ongoing escalation of relevant issues by both the Chief Executive and Chief Finance Officer to relevant senior leads in the Scottish Government and agreed to keep the matter under review.

5. Internal Audit

Progress Report – 2025-26

5.1 Internal Audit confirmed that work on the 2025-26 Audit Plan had commenced and remained on track to be completed by 31 March 2026. Planning had commenced on the Change Management Review.

5.2 The Committee welcomed the update. An introductory meeting would be scheduled with the new members in due course.

6. External Audit

6.1 External Audit presented their report on the 2024-25 audit of the Annual Report and Accounts. This confirmed their intention to provide an unqualified opinion on the financial statements, regularity and on other prescribed matters. It was noted, in respect of the wider scope audit responsibilities specified in the Code of Audit Practice, that financial planning was made more challenging in SCTS, due to a significant proportion of its core funding not being confirmed until either the Autumn or Spring budget revisions. In 2024-25 this equated to £38.7m (18.9% of the final budget allocation). It was recognised that the absence of a full allocation from the outset of the financial year reduces transparency, leads to uncertainty and makes budget planning extremely challenging.

6.2 The Auditors noted that there were no changes to the numbers despite the documented Oracle system issues. There had been some good outcomes and 'credit' was due to the Finance and Procurement Team. The Finance Team had taken appropriate action around an historic OPG fees and Fines issue highlighting this to the Executive and Audit with action taken to secure independent calculation of historic revenue amounts not accounted for correctly. As such no recommendation was required.

6.3 The SCTS were commended on a strong report and for the effective engagement between auditors and staff. The Committee welcomed the summary of the report provided by Audit Scotland.

7. Directors Statement of Assurance to the Accountable Officer

7.1 The Executive confirmed that Executive Directors had given the Accountable Officer written assurance that effective controls and safeguards operated within their respective business areas – where actions to promote further improvement had been identified these would be progressed over the coming year. As a result, the Accountable Officer had received assurance that adequate controls were in operation across the organisation. No material control weaknesses had been identified and no specific mention had been made in the Governance Statement of any material limitations in the assurances provided.

7.2 The Committee acknowledged that the Annual Assurance exercise had been completed. They noted that the Accountable Officer had received assurance that controls were in place across the organisation.

8. Review of Annual Report and Accounts 2024-25

8.1 The Committee reviewed the draft SCTS Annual Report and Accounts for 2024-25. They agreed that the key achievements during the last year had been reflected and that statutory reporting requirements and guidance had been met.

8.2 Members were content with the final accounts and recommended that they be submitted to the SCTS Board for approval at their meeting on 11 August. They commended the quality of the accounts and the report which was clear and transparent.

8.3 Malcolm Graham recorded his thanks to the Finance Team and to Audit Scotland for an excellent set of accounts.

9. Draft Audit and Risk Committee Annual Report to the SCTS Board

9.1 Members considered the final draft of the Audit and Risk Committee's Annual Report to the SCTS Board. The report reflected the Committee's work during the last year and its priorities for the coming year. The report was approved by members and would be presented to the Board on 11 August.

10. Corporate Risk Register

10.1 The Corporate Risk Register was reviewed. Members welcomed the changes made to separate and increase the level of risk reporting on both data and cyber security.

11. Any Other Business

11.1 None.

12. Papers for Scrutiny/Exception Reporting Only

12.1 The following papers had been circulated for scrutiny:

- Action Tracker
- Data Incidents Report
- Fraud, Theft and Losses Report
- Core Work Plan 2025-26
- Internal Audit – Financial Sustainability Post COVID-19 Report

13. Date of Next Meeting

13.1 The next meeting would be held on Monday 3 November 2025.

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August 2025