

MINUTES

SCTS AUDIT AND RISK COMMITTEE

MEETING: 23 January 2017 in Parliament House, Edinburgh

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
Richard Maconachie, Chief Finance Officer, SCTS
Noel Rehfisch, Corporate Secretary, SCTS
Donella Steel, Director Finance
Myra Binnie, Internal Audit Manager, Scottish Government
Sarah Self, Senior Audit Business Manager, Scottish Government
Gary Devlin, Scott Moncrieff, External Auditor
Karen Lawrie, Secretariat Business Manager, SCTS (Minutes)

1. Declaration of Interests

1.1 There were no new declarations of interest from Members.

2. Minutes of the Meeting of 7 November 2016

2.1 The minutes of the last meeting were approved.

3. Matters Arising

3.1 There were no outstanding actions from the previous meeting.

Committee Membership

3.2 The Chair advised that a recruitment campaign to identify two external non-Executive members of the Committee had commenced. The recruitment process would continue over the coming weeks and it was hoped that two new candidates would be appointed in advance of the next meeting of the Audit and Risk Committee in April.

Update from the SCTS Board

3.3 The Committee received an update on matters discussed at the December meeting of the SCTS Board. The Chair advised that Board Members had reviewed the structure of the SCTS Committees that supported the operation of the Board and had agreed that, as the current structure was operating effectively, change was not required at this time.

4. Internal Audit Update (SCTS/ARC/Jan17/01)

4.1 Internal Audit summarised their activities across SCTS since the last meeting of the ARC. They remained on track for the completion of the reviews set out in the 2016-17 Internal Audit Plan. Three of the five main audit reviews had been completed and

three of the four follow-up audits planned had been carried out. The two remaining main audits were underway and would be presented to the Committee at its next meeting.

5. External Audit Update (SCTS/ARC/Jan17/02)

5.1 External Audit presented their work plan for the 2016-17 external audit of the SCTS highlighting the core elements of that work and the proposed timetable for key activities and reports.

5.2 Members were informed, in accordance with guidelines issued by Audit Scotland, all finalised reports submitted by Scott Moncrieff to SCTS and the Committee for scrutiny would be published on the Audit Scotland website.

5.3 The Committee advised that consideration had been given to the introduction of a scorecard to measure the effectiveness of Internal and External Audit. It had been agreed that, due to the recent change in External Auditors, the potential benefits of adopting such an approach would be considered later in the year.

6. Annual Whistleblowing Report (SCTS/ARC/Jan17/03)

6.1 The Executive presented an update on the operation of the SCTS whistleblowing policy which had been reviewed during the course of the financial year. No instances had been reported under the policy during 2016.

6.2 Assurance was provided by the Executive that the organisation supported a culture of openness and freedom to challenge, which allowed issues to be raised, discussed and resolved without recourse to formal measures wherever possible. Initiatives such as regular communications at local team level, annual summer tours and staff engagement events supported that culture. This had been reflected in the recent 2016 civil service Staff Survey results, in which SCTS received the highest engagement index score in Scotland.

6.3 Following discussion, it was agreed that consideration would be given to the inclusion in the policy of a named staff member or contact point to whom concerns could be addressed, in addition to the named board member already identified.

7. Feedback from Members Annual Appraisal (Oral)

7.1 In advance of the meeting, members had completed their annual appraisal exercise through which they provided feedback on their own personal contribution as well as the Committee's performance as a whole during 2016-17.

7.2 The Chair reported that members were in agreement that the Committee was effective in discharging its overall role. Individual members added value by providing a level of challenge to the reports submitted by the Executive and audit bodies through their varying backgrounds, perspectives and previous experiences.

7.3 The appraisal responses had highlighted that a refresh of the focus and format of the "Deep Dive" sessions that followed each meeting would allow these to benefit members further. It was agreed that Members would consider the format and focus of the sessions to ensure they provide the appropriate level of information and challenge.

Action: Committee Members to consider the current Deep Dive sessions that follow each meeting and agree the format and focus for future sessions in advance of the next meeting.

8. Corporate Risk Register (SCTS/ARC/Jan17/04)

8.1 The Corporate Risk Register was considered and reviewed. Members noted that it would be helpful if the risk register could be amended so as to make it easier to identify where there had been significant change or action since the last time the Committee had reviewed the register.

Action: The Executive to amend the format of the Corporate Risk Register in order to highlight where there had been significant change or action since the previous version.

9. Any Other Business

9.1 The Chair advised that this would be Angus MacKenzie's last meeting as his second term of appointment to the Audit and Risk Committee was due to end in March. On behalf of the Committee, the Chair thanked Angus for his contribution to the work of the Committee over the last 6 years.

10. Papers for Scrutiny/Exception Reporting Only

10.1 The following papers had been circulated for scrutiny:

- Audit Action Tracker
- Data Losses Report
- Fraud, Theft and Losses Report
- ICT Risk Register and Milestone Chart
- Peer Audit Review
- Integrated Case Management System Post Launch Update Report
- Core Work Plan
- Internal Audit Report: Facilities Management Contact Re-Tender Stage 2

10.2 Internal Audit informed that due to the change in timings of their audit year the Core Work Plan required amendment to reflect the timing of their key documents. The revised Core Work Plan would be available at the next meeting.

11. Date of Next Meeting

11.1 Monday 24 April 2017 at 11.00am in Parliament House, Edinburgh.

12. Post Meeting Deep Dive Session – SG Justice Strategy – pace and scale of delivery

12.1 Neil Rennick, Director Justice, Scottish Government and co-chair of the Justice Board, joined the meeting and provided the Committee with an overview of the pace and scale of delivery of the Scottish Government Justice Strategy.

12.2 The Justice Board, formed in August 2012, brought together Chief Executives and leaders of the key justice organisations. Their aim was to jointly lead the justice system through the development and delivery of a Justice Strategy which was collaborative and proactive in approach. Members were there to ensure that cultural change, user experience and quality of service, central to the delivery and implications of any change were fully assessed across all organisations. It was noted that membership of the Justice Board was beneficial to the SCTS in a number of ways:

- It provided a forum for justice partners to discuss current issues, emerging priorities and likely future trends;
- It supported the development of cross-agency analysis and innovation, allowing partner organisations to make best use of their resources and ensuring that the impact of reforms was positive for the justice system as a whole – tackling crime

and making it easier for people to resolve disputes. This linked fundamentally to the SCTS purpose of “Supporting Justice”

- By presenting a joined-up approach to strategy development and delivery the existence of the Board has allowed its member organisations to secure resourcing and influence to facilitate change and reform – such as the work of the court structures project and the proposals now planned via the SCTS-led Evidence and Procedure Review.

12.3 The Chair thanked Neil for outlining the role of the Justice Board and the Scottish Government Justice Strategy.

SCTS Audit & Risk Committee
January 2017