



# MINUTES

## SCTS AUDIT AND RISK COMMITTEE

MEETING: 5 August 2019 in Parliament House, Edinburgh

### Members Present:

Joe Al-Gharabally, Non-Executive Member SCTS Board (Chair)  
Simon Catto, Non-Executive Member SCTS Board  
Hugh MacDougall, Non-Executive Member SCTS Board  
Nigel Paul, Non-Executive Member

### Attended:

Eric McQueen, Chief Executive, SCTS  
Richard Maconachie, Chief Finance Officer, SCTS  
Dougie Shepherd, Internal Audit, Scottish Government  
Lorraine Twyford, Internal Audit, Scottish Government  
Gary Devlin, Scott Moncrieff, External Auditor  
Claire Gardiner, Scott Moncrieff, External Auditor  
Helen Bennett, Acting Director Finance, SCTS  
Sarah Weiss, Head of Financial Accounting, SCTS  
Karen Lawrie, Secretariat Business Manager, SCTS (Minutes)

### Apologies:

Sheriff Principal Craig Turnbull, Non-Executive Member SCTS Board  
Noel Rehfishch, Corporate Secretary, SCTS

## 1. Declaration of Interests

1.1 There were no declarations of interest from Members.

## 2. Minutes of the Meeting of 29 April 2019

2.1 The minutes of the last meeting were approved.

## 3. Matters Arising

3.1 The Chair reported that Sheriff Principal Turnbull had succeeded Dr Joe Morrow as a member of the Audit and Risk Committee. In addition Hugh MacDougall would attend this and the following meeting, to allow a new member to be appointed to succeed Christine Carr.

### *Update from the SCTS Board*

3.2 The Committee received an update on the matters discussed at the Board meeting in June.

## 4. ICMS Progress Report (SCTS/ARC/Aug19/26)

4.1 The Executive updated on the latest position on the operation and development of ICMS. Civil Online was launched on 25 April, allowing parties to submit and respond to simple procedure cases online. Positive feedback had been received from SCTS staff and users. While usage of Civil Online to register simple procedure cases was slightly higher than initial projections the Executive planned to consider options to increase the usage of Civil Online by professional court users.

4.2 In moving to business as usual a project closure report would be completed in the Autumn. This would report on the extent of benefits realised from the original business cases and progress made against recommendations from Internal and External audits and technical assurance reviews. Following project closure, individual business cases would be prepared for new developments in Office of the Public Guardian (OPG) and Tribunals. The Committee requested that, due to their oversight of the ICMS Project over the last five years, the ICMS Project Closure report should be formally sent to them as part of the closure process. This would provide transparency as to the state of the project at the point it was planned to be moved to business as usual (including any carry over items or work arounds).

**Action: The ICMS project closure report to be shared with the Audit and Risk Committee as part of the closure process.**

4.3 An early options appraisal recommended development of the generic ICMS platform for use by OPG in preference to re-designing the existing OPG system or adopting the new HMCTS system being used in England and Wales. The ICMS discovery phase in OPG would commence in September, which would inform the new business case.

4.4 Committee members, who attended the SCTS Board meeting in June, had received a presentation on the ICMS project from inception to current state and a demonstration of the system. A similar presentation had been given to Internal and External Audit and Audit Scotland. Attendees welcomed the transparency, analysis of the lessons learnt and the strong governance now in place.

## **5. Internal Audit (SCTS/ARC/Aug19/27)**

### *Progress Report*

5.1 Internal audit reported on the good progress made with the 2019-20 Internal Audit Plan since the last meeting. Work remained on track for full completion of the plan with the audit year.

5.2 Initial scoping meetings had been held for all four reviews in the Plan. Terms of reference had been agreed for two and the remaining two would be agreed by the next meeting on 4 November. Follow-up audits had been completed for the Health and Safety Function, Data Handling & Data Protection, and Brexit. Reports would be shared with the Committee at the next meeting. Work had commenced on two follow-up audits - Workforce and Succession planning and Procurement.

## **6. External Audit (SCTS/ARC/Aug19/28)**

6.1 External Audit presented their report on the 2018-19 Annual Accounts audit. This confirmed their intention to provide an unqualified opinion on the annual accounts, regularity and on other prescribed matters.

6.2 However, the report raised a number of weaknesses in the application of financial controls and management relating to bank reconciliation and control accounts during the year. This resulted in significant additional work for both the Finance team and Auditors during the extended audit period to reconcile the accounts and provide sufficient assurance. While the SEAS migration was a factor, there remained concern over the application of controls, the skill set and turnover within the finance team. An improvement plan and succession plan was being put in place by the SCTS Finance Team to address both these areas.

6.3 Members acknowledged the additional work undertaken by External Audit and the Finance team to ensure the Audit was completed. The Committee requested that SCTS seek both External and Internal Audit's assistance in reviewing the SCTS improvement plan for financial and management controls and supporting the Executive in developing an appropriate succession plan for the Finance team.

6.4 The Committee recommended that an Internal Audit review of SCTS financial management controls should replace the planned audit of Learning and Development, shown on their plan for 2019-20. The scope of the Internal Audit review would be agreed with the SCTS Accountable Officer and shared with the Committee. The Committee also requested that the Chief Finance Officer provide a progress report at future meetings on the improvement plan and succession plan.

**Action: Internal Audit to agree the scope of the SCTS financial management controls audit review with the Accountable Officer.**

**Action: The Chief Finance Officer to provide the Committee with a progress report on the Finance improvement plan and succession plan.**

## **7. Directors Statement of Assurance (SCTS/ARC/Aug19/29)**

7.1 The Executive confirmed that Executive Directors had given the Accountable Officer written assurance that effective controls and safeguards operated within their respective spheres of control. 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 limitations in the assurances provided.

7.2 Following the finalisation of the External Audit report, additional assurance improvements had been added to the Financial Governance and controls to strengthen governance in this area going forward.

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

## **8. Review of Final Accounts 2018-19 (SCTS/ARC/Aug19/30)**

8.1 The Committee reviewed the draft SCTS Annual Report and Accounts for 2018-19. 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 approved the final accounts, subject to minor amendments, and recommended that they be submitted to the SCTS Board for approval at their meeting on 19 August.

## **9. Draft ARC Annual Report to the SCTS Board (SCTS/ARC/Aug19/31)**

9.1 Members considered the final draft of the Audit and Risk Committee 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 subject to minor revisions suggested by members. The revisions would be incorporated by the Executive.

## **10. Corporate Risk Register (SCTS/ARC/Aug19/32)**

10.1 The Corporate Risk Register was reviewed. Members were generally content that the ongoing actions required were recorded appropriately.

## **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
- Information Security Critical Risk Matrix
- Core Work Plan

### *Action Tracker*

11.2 The Action Tracker was reviewed. The Committee were advised that Internal Audit had agreed that four of five Data Handling actions would now be marked as completed following their post audit review.

11.3 The Executive informed the Committee that recent discussions with Internal Audit had resulted in an agreed format for actions reported in future Internal Audit reports. This would allow the action tracker to fully reflect the management action required with realistic completion dates agreed.

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

12.1 The next meeting would be held on Monday 4 November 2019 in Parliament House, Edinburgh.

## **Deep Dive Session – Business Transformation – Service to Children and Vulnerable Witnesses**

The Committee welcomed Tim Barraclough, Executive Director Judicial Office for Scotland and Craig McCorkindale, Director Courts Reform, to the meeting to explore how SCTS and the judiciary had, through the Evidence and Procedure Review (EPR), moved into a proactive role in relation to policy innovation and development. The success of the reform programme was due to the proposals being developed on the basis of rigorous research, and through extensive collaboration led by the judiciary, in an environment that was less constrained than if it had been led by Government.

Members were informed that recommendations developed by the SCTS-led EPR were now beginning to deliver real changes to Scotland's criminal justice system. The output from the EPR Review so far has resulted in three main items of significance.

- A High Court Practice Note on Taking Evidence by Commissioner, which greatly boosted the number of cases in which this more child-friendly procedure was used;
- The Vulnerable Witnesses (Criminal Evidence) (Scotland) Act – which will allow for an improved Commissioner procedure to be rolled out further;
- The development of Vulnerable Witness Centres.

The programme in place would continue to explore how the criminal court process could be improved for the most vulnerable people who come into contact with it as well as continually striving to improve efficiency and make the best use of technology. The Committee noted that the first and largest of the Vulnerable Witness Centres was based in the Glasgow Tribunals Centre and would be used primarily for taking evidence from children and vulnerable witnesses. Similar facilities would be developed in Edinburgh, Inverness and Aberdeen.

The longer term plans and challenges, particularly the need to ensure that the roll-out of reforms was manageable and did not swamp the justice system, were outlined and discussed.

The Committee thanked Tim and Craig for their insightful session.