

## MINUTES

### SCTS AUDIT AND RISK COMMITTEE

MEETING: 6 August 2018 in Parliament House, Edinburgh

#### Members Present:

Joe Al-Gharabally, Non-Executive Member SCTS Board (Chair)  
Dr Joe Morrow QC, Non-Executive Member SCTS Board  
Christine Carr, Non-Executive Member (External) – joined by telephone conference  
Nigel Paul, Non-Executive Member (External)

#### Attended:

Eric McQueen, Chief Executive, SCTS  
Richard Maconachie, Chief Finance Officer, SCTS  
Sharon Fairweather, Director Internal Audit, Scottish Government  
Gail Costello, Internal Audit, Scottish Government  
Gary Devlin, Scott Moncrieff, External Auditor  
Claire Gardener, 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:

Simon Catto, Non-Executive Member SCTS Board  
Noel Rehfisch, Corporate Secretary, SCTS

#### 1. Declaration of Interests

1.1 There were no declarations of interest from Members.

#### 2. Minutes of the Meeting of 23 April 2018

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 June.

#### 4. Internal Audit Update (SCTS/ARC/Aug18/26 + 27)

##### *Annual Assurance 2017-18*

4.1 Internal Audit presented their report summarising work completed during the year 2017-18 with the SCTS. Internal Audit expressed the view that the SCTS was a well-run organisation and were able to provide a reasonable assurance opinion on risk management, control and governance arrangements during the year. The 2017-18 audit plan consisted of five main reviews which had all been successfully completed. It was also reported that 100% of recommendations made had been accepted by SCTS.

## *Progress Report 2018-19*

4.2 Internal Audit reported on the progress made with the 2018-19 Internal Audit Plan since the last meeting in April. Two of the four reviews contained within the plan had commenced, with initial field work for another undertaken. Work remained on track for full completion of the plan within the audit year.

### *Contract Management Review*

4.3 The Executive reported that work had been initiated to address the recommendations made in the Contract Management review by Internal Audit. A new Procurement Manager had recently been appointed and had already implemented new controls to assist the Procurement Team in the monitoring of contracts. The Committee noted the executive's outline plan to address the review recommendations and Internal Audit confirmed that a follow-up audit would be carried out in early 2019.

### *Scottish Government Audit and Assurance Committee Handbook*

4.4 The Audit and Assurance Committee Handbook published by the Scottish Government had been shared with Members alongside a summary of changes made compiled by Scott Moncrieff. Members welcomed the document and acknowledged that the Committee complied with the majority of the handbook requirements. It was agreed during discussion and on the suggestion of Internal Audit, that consideration would be given to the Committee sharing its experience and governance arrangements to benefit Audit Committees in newly created public bodies

## **5. External Audit (SCTS/ARC/Aug18/28)**

5.1 External Audit presented their Annual report on the 2017-18 audit. They confirmed that the SCTS annual accounts and supporting schedules reviewed during the audit continued to be of a high standard. The annual accounts for the year ended 31 March 2018 would be submitted to the SCTS Board on 20 August for their approval and sign-off. Following the formal signing, External Audit would report an unqualified opinion on the annual accounts, regularity and on other prescribed matters.

5.2 The Committee welcomed the summary of the report provided by Scott Moncrieff and added their thanks to those given by External Audit for the assistance of SCTS staff during the recent audit.

## **6. Directors Statement of Assurance to the Accountable Officer (SCTS/ARC/Aug18/29)**

6.1 The Executive reported that the assurance process had produced supportable statements of assurance which had been subject to scrutiny and challenge. As a result the Executive Directors had given the Accountable Officer 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.

6.2 The Committee considered the assurances provided and were content that the Accountable Officer had received sufficient assurances to inform his Governance Statement.

## **7. Review of Final Accounts 2017-18 (SCTS/ARC/Aug18/30)**

7.1 The Committee considered the draft SCTS Annual Report and Accounts for 2017-18. It was agreed that the key achievements during the last year had been reflected and that statutory reporting requirements and guidance had been met.

7.2 Members approved the final accounts and recommended that they be submitted to the SCTS Board for approval at their meeting on 20 August.

## **8. SCTS Audit and Risk Committee Annual Report to the SCTS Board (SCTS/ARC/Aug18/31)**

8.1 Members reviewed the final draft of their 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 amendments suggested by members, which would be incorporated by the Executive.

8.2 The report would include the Committee's recommendation that the final SCTS Annual Report and Accounts for 2017-18 be approved by the SCTS Board.

## **9. Corporate Risk Register (SCTS/ARC/Aug18/32)**

9.1 The Corporate Risk Register was reviewed. Members were 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
- ICT Risk Register
- Audit Committee Handbook and Update
- Core Work Plan
- Contract Management Review
- Internal Audit Directorate Annual Report 2017-18
- Scottish Government Overview of Internal Audit 2017-18 by Audit Scotland

No additional issues were raised.

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

12.1 The next meeting would be held on Monday 5 November 2018 in Parliament House, Edinburgh.