

MINUTES

SCTS AUDIT AND RISK COMMITTEE

MEETING: 7 November 2016, 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
Sharon Fairweather, Director of Internal Audit, Scottish Government
Sarah Self, Senior Audit Business Manager, Scottish Government
Gary Devlin, Scott Moncrieff, External Auditor
Sarah Collin, Head of Financial Accounting, SCTS
Karen Lawrie, Secretariat Business Manager, SCTS (Minutes)

Apologies:

Donnella Steel, Director Finance
Myra Binnie, Internal Audit Manager, Scottish Government

The Chair welcomed Sharon Fairweather, Director of Internal Audit in Scottish Government to the meeting.

1. Declaration of Interests

1.1 There were no new declarations of interest from Members.

2. Minutes of the Meeting of 1 August 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 new recruitment campaign would be undertaken to identify two external non-Executive members for the Audit and Risk Committee, to address the existing vacancy and the impending end of Angus MacKenzie's second term of appointment.

Action: The Executive to take forward the process to recruit two non-Executive members of the Audit and Risk Committee by early 2017, in liaison with the Committee Chair.

Update from the SCTS Board

3.3 A summary of matters discussed at the August and October Board meetings was received. In August the SCTS Annual Report and Accounts for 2015-16 was formally approved. The Committee's Annual Report, reflecting its work during 2015-16 and the priorities for the coming year was reviewed by the Board. In October Board members made visits to the Sheriff and JP courts in Ayr, Dumfries and Kilmarnock. These had allowed board members to hear views on current priorities and challenges from staff first-hand and were found to be highly informative.

4. Internal Audit Update (SCTS/ARC/Nov16/43)

4.1 Internal Audit reported that good progress had been made against their 2016-17 Audit Plan. Of the five main audit reviews two had been completed, two were in progress and the final review was scheduled to commence in January 2017. Four follow-up reviews listed in the programme remained on track for completion within the audit year.

4.2 Development of the audit planning process was due to commence towards the end of 2016. Draft plans would be shared with the Committee in the New Year.

5. External Audit Update (SCTS/ARC/Nov16/44)

5.1 An overview was presented by Gary Devlin from Scott-Moncrieff who had been appointed as External Auditors to SCTS for a five-year period. It provided background on the nature of the firm, the business areas it covered and the broad range of public service organisations it provided internal, external audit and advisory services to. The Committee noted the useful update, which also outlined their audit approach.

5.2 The External Audit Annual Audit Plan would be submitted to the next meeting of the Committee.

6. Assurance Framework and Best Value Tracker (SCTS/ARC/Nov16/45)

6.1 The Annual Assurance Framework and Best Value Tracker was presented as part of the Committee's annual work programme. It provided a summary of the assurance sources in place across the key SCTS functions and business areas as well detailing the alignment between best value themes, corporate risks and the established policies, processes and activities of SCTS.

6.2 Members welcomed the opportunity to review the tracker and commented on the usefulness of the document. The addition of an assurance category relating to collaboration and partnership working was suggested and the Executive agreed to address this as the tracker was updated. It was agreed that the tracker would continue to be submitted to the Committee annually with any significant changes or developments highlighted to the Committee throughout the year.

7. Review of Core Work Plan and Deep Dive Sessions for 2016-17 (SCTS/ARC/Nov16/46)

7.1 The Committee considered its draft work programme for 2017-18. Members agreed that it provided the appropriate focus to allow the discharge of responsibilities on behalf of the SCTS Board whilst also providing proportionate oversight of governance and risk management for the coming audit year.

7.2 Members considered and agreed the topics for the 'deep dive' sessions that followed each committee meeting, allowing relevant key topics and their impact on corporate risks, to be explored in more detail following the conclusion of the Committee's main business meeting.

8. Corporate Risk Register (SCTS/ARC/Nov16/47)

8.1 The Corporate Risk Register was considered and reviewed. Members were content that risk scoring, the associated controls and further planned actions being undertaken by the Executive to address those risks were relevant and proportionate.

9. Any Other Business

9.1 There was no other business raised.

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
- ICMS Update
- Internal Audit Report: Facilities Management Contact Re-Tender Stage 1
- Internal Audit Report: Data Handling and Data Protection
- Internal Audit Report: Finance Transformation (Draft)

No additional issues were raised.

11. Date of Next Meeting

11.1 Monday 23 January 2017 at 11.00am in Parliament House, Edinburgh.

12. Post Meeting Deep Dive Session – Finance Transformation

12.1 Richard Maconachie, Chief Finance Officer (CFO), provided the Committee with an overview of the Finance Transformation Programme, implementation of which was currently ongoing within the SCTS Finance and Procurement Unit.

12.2 An independent review had been undertaken by Deloitte in October 2014 with a final report presented to the Executive Team in March 2015. The report contained a number of recommendations to transform the Finance Unit in SCTS. The CFO reported on the objectives of the review, progress made to date and lessons learned. A number of recommendations had been implemented, whilst some remained outstanding or had been superseded by new proposals. Key issues discussed included the implementation of new and updated systems (where dependencies existed with the Scottish Government) and the retention and development of specialist staff to provide a continually improving and more strategically-focused finance function. Areas for future challenge and focus were also considered.

12.3 The Committee welcomed the update on the Finance Transformation programme, and requested that the Executive keep them abreast of ongoing work to address outstanding recommendations in the Transformation Report.