

MINUTES

SCTS AUDIT AND RISK COMMITTEE

MEETING: 28 January 2019 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
Christine Carr, Non-Executive Member (External)
Nigel Paul, Non-Executive Member (External)

Attended:

Eric McQueen, Chief Executive, SCTS
Richard Maconachie, Chief Finance Officer, SCTS
Noel Rehfish, Corporate Secretary, SCTS
Myra Binnie, Internal Audit, Scottish Government
Lorraine Twyford, Internal Audit, Scottish Government
Gary Devlin, Scott Moncrieff, External Auditor
Helen Bennett, Acting Director Finance, SCTS
Gillian Battison, Head of Financial Governance, SCTS
Karen Lawrie, Secretariat Business Manager, SCTS (Minutes)

1. Declaration of Interests

1.1 There were no declarations of interest from Members.

2. Minutes of the Meeting of 5 November 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 November.

4. ICMS Progress Report (SCTS/ARC/Jan19/01)

4.1 The Committee assessed the latest position regarding the operation and development of ICMS. Members noted that testing of phase 2 of Civil Online, which would allow the electronic submission of documents, was underway and it was anticipated that the system would launch in April 2019. When launched this would allow parties to submit simple procedure cases electronically, lodge documents, pay court fees online and commence the creation of digital case files.

4.2 The ICMS project milestones were reviewed. Members discussed the level of detail that should be presented to the Committee to provide the necessary assurance. It was agreed that a summary milestone chart from the project plan should be provided to

aid committee scrutiny. It was also agreed that the project board report provided to the Executive would be shared with Committee members.

5. Internal Audit (SCTS/ARC/Jan19/02 & 03)

Progress Report

5.1 Internal Audit reported on the progress of the 2018-19 Audit Plan. Following the last meeting timings of the two outstanding audits had been agreed and fieldwork had commenced. Members noted that Internal Audit remained on track to complete the four main reviews and all follow-up activity detailed in their 2018-19 programme.

5.2 The emerging findings from two draft reports produced by Internal Audit were discussed. Internal Audit advised that these findings were subject to ongoing discussions with SCTS Officials. The final reports would be shared with the Committee at a future meeting.

Internal Audit Plan 2019-20

5.3 The draft Internal Audit Plan for 2019-20 had been considered and agreed with the SCTS Accountable Officer. A review would take place during the audit year to ensure the key risks to the organisation were reflected in the work identified. Internal Audit committed to ensure that, wherever possible, a flexible approach would be taken to maintain an Audit Plan that provided assurance on key risks which, while clearly identified, could change throughout the course of the audit year.

5.4 Three of the four planned audits for 2019-20 were approved by the Committee. It was agreed that consideration would be given to the fourth audit at a future meeting, allowing discussion at the joint Board and Committee Corporate Risk workshop in February and subsequent developments to be considered ahead of finalising the programme.

5.5 Members were invited to share any comments on the draft Audit Plan directly with Internal Audit.

6. External Audit (SCTS/ARC/Jan19/04)

6.1 External Audit presented their work plan for the coming year. This included the audit of the 2018-19 Annual Report and Accounts, covering the financial statements and the wider scope audit requirements set by Audit Scotland. The work plan outlined the core elements of this work and set out a timeline of key activities.

6.2 Members were content with the scope and timeline of the Audit Plan.

7. Annual Whistleblowing Report (SCTS/ARC/Jan19/05)

7.1 The Committee received the annual report on the SCTS Whistleblowing Policy. The executive reported that the policy had been reviewed during the course of the year. A range of activities had taken place throughout 2018 to maintain awareness of the policy – and associated policies relating to grievances and complaints.

7.2 No instances had been raised under the policy in 2018. Members suggested several amendments including the addition of contact details for key individuals and a review of the list of qualifying authorities to whom reports could be made. They noted that an absence of its usage did not, of itself, indicate that the policy was effective – information around staff engagement levels and issues raised at other levels would, taken together, provide an assessment of the culture of openness, engagement and reporting across the organisation.

7.3 Partnership working with the Trade Union was raised by the Committee. The Executive confirmed that there was a strong relationship with PCS Officials, who were

well represented in projects and working groups across the organisation and who also attended quarterly People Committee meetings. This allowed them to be well-sighted on developments across SCTS whilst maintaining their independence. Committee members sought views from internal and external audit as to how relationships with recognised trade unions were maintained in other organisations with whom they worked.

Action: Internal and External Audit to update on the working relationships between the Executive and Trade Unions in other organisations.

8. SCTS Anti-Fraud Policy (SCTS/ARC/Jan19/06)

8.1 The SCTS Anti-Fraud policy had been updated to reflect changes in SCTS staff structures alongside revised processes and procedures. The Committee considered and approved the policy. Members noted that the Fraud Response plan was in development and would be shared with Members at the next meeting. The Executive were encouraged, when developing the Fraud Response Plan, to consider its potential applicability to judicial office holders.

8.2 The Committee acknowledged and agreed with the Executive's view that SCTS was considered to be "Established" with regard to fraud prevention using the Scottish Government's Counter Fraud Maturity Model.

9. Feedback from Members Annual Appraisal (Oral)

9.1 In advance of the meeting, members had completed their annual appraisal exercise reflecting on their personal contribution and the Committee's performance during 2018.

9.2 Internal and External Audit had provided feedback to the Chair which confirmed that, in their view, the Committee was working effectively with good engagement from all attendees.

10. Corporate Risk Register (SCTS/ARC/Jan19/07)

10.1 The Corporate Risk Register was discussed. Members were content that the necessary control and actions required were recorded appropriately and taking place.

10.2 It was noted that the Corporate Risk Register would be considered in depth at the annual joint Board and Committee Corporate Risk Workshop on 4 February.

11. Any Other Business

11.1 External Audit informed Committee members that Scott Moncrieff would host a workshop session on "Managing Difficult Situations", open to members of Audit and Risk Committees, on 13 March in Glasgow. Members were invited to attend if available.

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
- ICT Risk Register
- Core Work Plan

12.2 The Action Tracker was discussed. The committee raised concern about the number of outstanding actions in relation to information security. It was agreed that the

Executive and Internal Audit would review the residual risks attached to the actions and identify the evidence required to regard them as complete.

13. Date of Next Meeting

13.1 The next meeting would be held on Monday 29 April 2019 in Parliament House, Edinburgh.

14. Deep Dive Session – Information Security

14.1 The Committee welcomed Claire Taylor (Director, Digital Services) to the meeting, to explore SCTS's approach to Information Security. The Executive reported that, in a recent feedback session of the Scottish Government Victims' Task Force, chaired by the Cabinet Secretary for Justice, SCTS had been commended for the approach it had taken to balance security with proportionality to fully observe the introduction of the General Data Protection Regulations (GDPR) whilst ensuring that partner organisations could continue to work together effectively and provide services to users. Significant efforts had been undertaken, including the training of both staff and the judiciary, to ensure a smooth transition to the new arrangements from May 2018.

14.2 The Committee acknowledged that, in general, SCTS staff and judiciary had an increased awareness of information security. This had led to a positive culture of reporting any suspected data breaches since the introduction of GDPR. Establishing a culture of information security would be a long-term and ongoing activity, as new people join the organisation and as the demands and processes develop. For this reason new policies, training and assessments had been rolled-out to ensure that progress is maintained.

14.3 The Committee were assured that SCTS Information Security Policies were in place and focussed on the three tenets of information security: confidentiality, integrity and accessibility. The policies would continue to evolve to meet the changing risk landscape.

14.4 It was noted that, following a recent independent IT Health Check, which involved challenging criteria, the SCTS had taken the necessary remedial action to address specific risks identified – improving the security regime overall. The continuation of Public Service Network Accreditation also ensured that SCTS policies were regularly and independently reviewed against a wide-ranging set of demanding criteria.

SCTS Audit and Risk Committee
January 2019