

SCTS AUDIT AND RISK COMMITTEE

MEETING: 27 April 2020 (held remotely via video conference)

Members Present:

Joe Al-Gharabally, Non-Executive Member SCTS Board (Chair)
Simon Catto, Non-Executive Member SCTS Board
Sheriff Principal Craig Turnbull, Non-Executive Member SCTS Board
Nigel Paul, Non-Executive Member

Attended:

Eric McQueen, Chief Executive, SCTS
Richard Maconachie, Chief Finance Officer, SCTS
Noel Rehfisch, Corporate Secretary, SCTS
Lorraine Twyford, Internal Audit, Scottish Government
William Wilkie, Internal Audit, Scottish Government
Jim Montgomery, 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)

Apologies:

1. Declaration of Interests

1.1 There were no declarations of interest from Members.

2. Minutes of the Meeting of 27 January 2020

2.1 The minutes of the last meeting were approved.

3. Matters Arising

3.1 There were no outstanding actions from the previous meeting.

3.2 The Chair welcomed Jim Montgomery and William Wilkie from Internal Audit to the meeting. Due to restructuring within Internal Audit, Lorraine Twyford and Dougie Shepherd would be moving to new roles with Jim and William appointed to oversee the planning and delivery of the annual programme of internal audit and assurance work for SCTS.

3.3 Jim Montgomery had informed the Chair that a family member was a Sheriff in South Strathclyde, Dumfries and Galloway. It was not anticipated that this would conflict with his role as the Scottish Government Senior Internal Audit Manager.

3.4 Due to the current COVID-19 pandemic the Committee meeting was held by video conference with members calling in to the meeting.

Update from the SCTS Board

3.5 The Committee received an update on the matters discussed at the Board meeting in February, which was held by tele conference.

COVID-19 – Current Position

3.6 In view of the fast moving nature of the COVID-19 outbreak the Chair invited the CEO to provide an update on the current situation:

- Investment in contingency planning across the organisation in recent years had created a strong platform from which re-organisation of the business model and key processes was achieved in a matter of days to maintain a focus on urgent and essential business. The underpinning principles of the re-organisation were; protecting staff, the judiciary and wider courts and tribunal users, while maintaining public confidence that the essential justice services for which the organisation was responsible would continue.
- The number of open buildings and staff present in those buildings had reduced significantly in response to public health advice. Sheriff Court business had been consolidated into ten “hub” courts and the closure of the corporate HQ at Saughton House (a decision made by the Scottish Government, who own the building) was achieved successfully with less than 24 hours’ notice. Around a third of staff were now working remotely, with over 500 VPN connections on a daily basis.
- Courts had ceased all trial business, other than summary criminal trials, adjourned all non-urgent procedural criminal business, adjourned all civil hearings involving witnesses and moved all Mental Health Tribunal hearings to audio conference. All buildings were closed to the public, with measures in place to minimise the number of people required to attend. A joint social distancing and hygiene protocol had been agreed with the COPFS and the Law Society, detailing the measures in place and the responsibilities of all parties to maintain the safe operation of essential business.
- The Court of Session Inner House was operating as a virtual court, using the WebEx platform, allowing appeal business to be conducted remotely, with the media or public able to view all proceedings from their own device or smartphone. The outer House was also operating remotely, at present through tele conferencing, before moving to WebEx. Sheriff court civil cases could now be progressed remotely by teleconference where there was a justifiable reason for earlier resolution and where agents could provide all documents digitally.
- The major challenges ahead would be in managing the move from a period of lockdown, as it was likely that stringent social distancing measures would remain in place for a considerable period of time. This had the potential to create extensive backlogs across all criminal, civil and tribunal business.
- Modelling work was underway to test a range of assumptions. This would underpin the collaborative work already underway with the Scottish Government, justice organisations, the legal profession and voluntary sector on business priorities during the recovery period, legislative change that may be required and the shape of the justice system as backlogs were prioritised and addressed – potentially over a quite prolonged period.

4. SCTS Financial Improvement and Succession Planning Update (SCTS/ARC/Apr20/15)

4.1 The Executive reported on activity to improve controls and succession planning within the SCTS Finance function. Good progress had been made in delivering the recommendations made by External Audit. An independent review, requested by the Committee Chair, had been completed by Scottish Government with input from Internal and External Audit. The finalisation of the report was delayed due to COVID-19.

4.2 The Committee were assured by the progress that had been made in addressing the recommendations from External Audit. They noted the letter of assurance from Internal Audit on financial controls and the completion of a successful interim audit by External Audit and acknowledged that work would continue to review financial capacity; team, skills and structure, and accepted that, due to COVID-19, there would be a delay in its completion.

5. Internal Audit (SCTS/ARC/Apr20/16)

Progress Report

5.1 Internal Audit reported on the progress made with the 2019-20 Internal Audit Plan which had been largely completed. The annual assurance opinion would be submitted to the next meeting upon the issue of the Scottish Government Corporate Annual Assurance Report.

5.2 The Internal Audit plan for 2020-21, reviewed at the last meeting, would be subject to further review in light of the COVID-19 pandemic.

6. External Audit (SCTS/ARC/Apr20/17)

6.1 External Audit reported that preparatory work for the audit of the financial accounts showed no material findings that required reporting. The function was benefiting from not having to deal with system migration, as was the case the preceding year, and was in a better place. The team had benefitted from recruitment of more qualified personnel and the auditors had found stronger financial control systems in place. As a result key financial systems had been found to be adequate. The External Audit opinion and draft Annual Audit Report for the financial year would be presented to the next meeting.

7. Draft ARC Annual Report to the SCTS Board (SCTS/Apr20/18)

7.1 Members reviewed and approved the outline of their draft annual report to the SCTS Board. Minor additions and amendments were noted for inclusion in the finalised version.

7.2 The Annual Report would be updated as audit work was completed and a draft final version submitted to the next meeting for formal approval. The final report would be submitted to the August meeting of the SCTS Board

8. Corporate Risk Register (SCTS/ARC/Apr20/19)

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

8.2 It was noted that an additional risk regarding the organisation's plans to meet the Scottish Government's ambitious Climate Challenge targets (carbon zero by 2045) had been added to the Corporate Risk Register, following the annual joint Board and Committee Corporate Risk Workshop on 3 February. Consideration would also be given to ensure the current risks continued to reflect the developing impacts of COVID-19.

9. Any Other Business

9.1 The Chair confirmed that Simon Cunningham had been appointed to the Committee following a recent recruitment exercise.

10. Papers for Scrutiny/Exception Reporting Only

10.1 The following papers had been circulated for scrutiny:

- Action Tracker
- Data Incidents Report
- Fraud, Theft and Losses Report
- Core Work Plan

10.2 No matters were raised by exception.

11. Date of Next Meeting

11.1 The next meeting would be held on Monday 3 August 2020