



# MINUTES

## SCTS AUDIT AND RISK COMMITTEE

MEETING: 27 January 2020 in Parliament House, Edinburgh

### Members Present:

Simon Catto, Non-Executive Member SCTS Board (Chair)  
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 Rehfish, Corporate Secretary, SCTS  
Dougie Shepherd, 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  
Sarah Weiss, Head of Financial Transactions, SCTS  
Alison Adams, ICMS Service Owner, SCTS (Item 4 only)  
Sam Bedford, Director Digital Support, SCTS (Item 4 and Deep Dive sessions only)  
Karen Lawrie, Secretariat Business Manager, SCTS (Minutes)

### Apologies:

Joe Al-Gharabally, Non-Executive Member SCTS Board

## 1. Declaration of Interests

1.1 There were no declarations of interest from Members.

## 2. Minutes of the Meeting of 4 November 2019

2.1 The minutes of the last meeting were approved.

## 3. Matters Arising

3.1 At the last meeting the Committee commented on guidance received from the Information Commissioner's Office regarding removal of the email address auto-complete function from Microsoft Outlook. The Executive confirmed that planning to implement the guidance was underway.

### *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/Jan20/01)

### *Progress Report*

4.1 The Executive confirmed the latest position on the operation and development of the Integrated Case Management System (ICMS). Monthly updates continue to be released to enhance and introduce new functionality.

4.2 The Committee noted that, as the ICMS project moved to a business as usual service, individual business cases would support the future development of digital services to other business areas. Project documentation and business cases would be developed as required for the Office of the Public Guardian and Court of Session.

#### *Project Closure Report*

4.3 The ICMS Project Closure report was shared with members. The report would be presented to the ICMS Project Board in February allowing the system to formally move to a business as usual service within the Digital Services Unit.

4.4 The Executive and Committee acknowledged that the requirements and the resources required to deliver the project had been underestimated in the early phases, with both the operating environment and product development changing significantly. Project development benefitted from a number of internal and Independent Reviews, alongside regular scrutiny from both the Project Board and Audit and Risk Committee. The enhanced scrutiny and oversight led to the identification of a number of key lessons – allowing a new operating model to be developed, which had been successfully in place since October 2018. The Executive confirmed that the actions from independent reviews and lessons learnt had been fully tracked and implemented within the business as usual operating and governance model.

4.5 The Committee welcomed sight of the closure report which reflected the ICMS project from its inception through to a live business as usual system that supported end to end digital case submission. The Committee were invited to pass any further comments on the closure report to the Executive.

**Action: Committee Members to submit any further comments on the ICMS Project Closure Report to SCTS Secretariat by 7 February.**

## **5. SCTS Financial Improvement and Succession Planning Update (SCTS/ARC/Jan20/02)**

5.1 The Executive reported on activity to improve controls and succession planning within the SCTS Finance function. This comprehensive programme of work included consideration of team skills and structures, processes and systems.

5.2 Internal Audit had completed an initial review of SCTS controls and audit preparation in October and conducted a follow-up visit in mid-January. Both audits provided assurance and evidence of compliance and effectiveness, which allowed two management letters of substantial assurance to be issued. A further audit would be completed as part of the Internal Audit Plan for 2020-21.

5.3 An independent review of financial controls, by Scottish Government officials, would commence in late January. External Audit would also review the financial controls as part of their controls audit commencing in February.

5.4 The Committee acknowledged the good progress that had been made in addressing the recommendations from External Audit and welcomed the changes that had been implemented in preparation for the forthcoming Annual Audit.

## **6. Internal Audit (SCTS/ARC/Jan20/03 & SCTS/ARC/Jan20/04)**

### *Progress Report*

6.1 Internal Audit reported on the progress made with the 2019-20 Internal Audit Plan since the last meeting. Members noted that Internal Audit remained on track to complete the four main reviews and all follow-up activity detailed in their 2019-20 programme.

### *Internal Audit Plan 2020-21*

5.3 The draft Internal Audit Plan for 2020-21 had been shared with the SCTS Accountable Officer and senior management for consideration in advance of the meeting. A review of the

plan would take place during the audit year to ensure the key risks to the organisation were reflected in the work identified.

5.4 The Committee were content with the proposed areas of coverage for the four main audits planned in 2020-21 and welcomed the opportunity to review coverage during the audit year to confirm the continued relevance of the areas of focus.

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

## **7. External Audit (SCTS/Jan20/05)**

7.1 The External Audit Annual Plan for 2019-20 was presented. The plan included the audit of the 2019-20 Annual Report and Accounts; consideration of SCTS' reporting arrangements for governance and transparency; financial management; financial sustainability and value for money; monitoring SCTS' participation in the National Fraud Initiative and any other work requested by Audit Scotland.

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

## **8. Annual Whistleblowing Report (SCTS/ARC/Jan20/06)**

8.1 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 2019 to maintain awareness of the policy and associated policies relating to grievances and complaints.

8.2 The Committee noted that no instances of whistleblowing had been raised under the policy in 2019.

## **9. Corporate Risk Register (SCTS/ARC/Jan20/07)**

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

9.2 It was noted that the Corporate Risk Register had been shared with all Board and Committee members for consideration in advance of the annual joint Board and Committee Corporate Risk Workshop on 3 February.

## **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 Risks and Controls
- Core Work Plan

11.2 No matters were raised by exception.

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

12.1 The next meeting would be held on Monday 27 April 2020 in Parliament House, Edinburgh.

## Deep Dive Session – Information Security

Richard Maconachie and Sam Bedford outlined the key risks – confidentiality, availability and integrity – for SCTS in regard to Information Security and described how the risks were managed within SCTS.

The Committee were informed that the Senior Information Risk Owner (SIRO) was responsible for the oversight of SCTS Information Risk. That oversight was supported through the Information Assurance Group (IAG) which provided assurance through a risk based approach by using a robust and resilient information assurance framework, to oversee policy production, and improvements in procedure and practice.

The Executive explained that, due to the increased use of digital systems and technology in SCTS, an Information Security Policy Framework had been developed which included policies on: Data Security; Cryptographic Control; Communications Exchange and Interconnection of Business Systems.

As reported in the Data Incidents Report, which was a standing item on the Committee agenda, processes were in place to monitor, mitigate and where necessary report data breaches to the Information Commissioner. There had been an increase of 12% in the reported data incidents to the Information Governance Team (IGT) during the last year which could be accounted for by raised staff awareness following the introduction of the GDPR in May 2018.

Although SCTS had been successful in raising staff awareness of information security risks during the last few years, work was ongoing to ensure appropriate training was provided for all staff to ensure continued awareness and understanding of all aspects of Information Security. The Education and Learning Unit were working with the IGT to develop new Data Protection e-learning modules which would be rolled out to staff.

Sam Bedford confirmed that the rollout of Windows 10, recent upgrades to legacy technology platforms and the introduction of Unified Communications had all strengthened the organisation's digital resilience. In addition, the IT Security and Resilience had recruited two new members of staff to support work on digital security.

The Committee were assured by the work being undertaken by SCTS in regard to Data Security and were content that the key risks were being managed effectively.

SCTS Audit and Risk Committee  
January 2020