



MINUTES

SCTS AUDIT AND RISK COMMITTEE

MEETING: 3 August 2020 (held remotely via video conference)

Members Present:

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

Attended:

Eric McQueen, Chief Executive, SCTS
Richard Maconachie, Chief Finance Officer, SCTS
Noel Rehfisch, Corporate Secretary, SCTS
Helen Bennett, Acting Director Finance, SCTS
Sarah Weiss, Head of Financial Accounting, SCTS
William Wilkie, Internal Audit, Scottish Government
Jim Montgomery, Internal Audit, Scottish Government
Gary Devlin, Scott Moncrieff, External Auditor
Nicola MacKenzie, Scott Moncrieff, External Auditor
Karen Lawrie, Secretariat Business Manager, SCTS (Minutes)

Apologies:

Simon Catto, 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 27 April 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 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

3.3 The Committee received an update on the matters discussed at the Board meeting in June, which was held by video conference.

4. COVID-19 Update (SCTS/ARC/Aug20/24)

4.1 The Executive updated the Committee on the latest position concerning the impact of COVID-19 on the organisation and the proposals for development and recovery in both the short and longer term.

4.2 The Committee had received a comprehensive overview of the co-ordination and response arrangements put in place to manage the “lockdown” period and beyond - that had been prepared for the most recent meeting of the SCTS Board. They also reviewed a draft public facing report, which would be published in the coming weeks, that summarised the overall SCTS response to COVID-19, the steps being taken to manage recovery and how lessons learned during this time would assist in the building of a more resilient and efficient system in collaboration with justice partners.

4.3 The Committee noted the challenges facing the organisation, particularly in regard to the management of Criminal Business. The continuation of physical distancing measures, whilst necessary to maintain public health, presented a number of challenges for delivering courts and tribunal business in the normal way. A number of new and innovative approaches had been used to good effect – and would continue to be developed – although it was recognised that constraints on capacity and pressure on resources would remain in the short and medium term. As business recommenced and new approaches were developed the need to work in partnership with all those using the justice system, taking account of their needs and capacity, was recognised

4.4 The adjustments made to facilitate High Court hearings in Edinburgh and Glasgow, whilst adhering to physical distancing were noted by the committee. The proposals to develop Jury Centres, where jurors would view the proceedings in the court remotely, were seen as a positive step that would allow an increased capacity for cases to be heard. The Committee noted that additional funding would be required to facilitate the jury centre development and agreed that it should be pursued.

5. SCTS Financial Improvement and Succession Planning Update (SCTS/ARC/Aug20/25)

5.1 The Executive reported on activity to improve controls and succession planning within the SCTS Finance function. An independent review, requested by the Committee Chair, had been completed by Scottish Government. The report from the review had recently been received by SCTS and would be shared with the Committee.

Action: The Executive to share the report of the independent review on financial improvement carried out by Scottish Government with the Committee.

5.2 The Committee acknowledged that good progress had been made on determining the needs of the Finance and Procurement Unit in terms of capacity, skills and structure. A number of key processes had been analysed allowing the strengthening of workflow management and compliance to take place. It was acknowledged that discussions were ongoing with the Scottish Government regarding the requirement for additional software modules to streamline the reconciliation process.

6. Internal Audit (SCTS/ARC/Aug20/26)

Annual Assurance Report

6.1 Internal Audit presented their Annual Assurance Report on audit work undertaken in 2019-20. This provided Reasonable Assurance on risk management, control and

governance arrangements. All planned activity in the 2019-20 plan had been completed, with all recommendations made across the four completed reviews accepted by the Executive.

6.2 Internal Audit recorded their thanks to SCTS Officials and the Committee for their work and assistance during the last year.

Progress Report

6.3 Internal Audit reported on the progress made with the 2020-21 Internal Audit Plan. The timings and content of the plan had been discussed with SCTS senior management and revised due to the ongoing COVID-19 pandemic. Although the Progress Report anticipated that delivery of the revised plan would be completed by 31 March 2021, budgetary constraints subsequently highlighted by the Director of Internal Audit & Assurance mean all client plans are subject to further review to ensure they will be realistically deliverable. Internal Audit will engage with SCTS management and the ARC to agree and highlight any further changes to the plan.

7. External Audit (SCTS/ARC/Aug20/27)

7.1 External Audit presented their report on the 2019-20 audit of the Annual Report and Accounts. This confirmed their intention to provide an unqualified opinion on the accounts, regularity and on other prescribed matters. The SCTS Finance Unit were complimented on the high quality of annual accounts reviewed during the audit. Due to COVID-19 information had been shared with External Audit electronically which had proved an effective way of sharing information, allowing the audit to proceed smoothly.

7.2 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.

8. Directors Statement of Assurance to the Accountable Officer (SCTS/Aug20/28)

8.1 The Executive confirmed that Executive Directors had given the Accountable Officer written assurance that effective controls and safeguards operated within their respective spheres of control. As a result, the Accountable Officer had received 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.

8.2 The Committee acknowledged that the Annual Assurance exercise had been completed and noted that the Accountable Officer had received assurance that controls were in place across the organisation.

9. Review of Final Accounts 2019-20 (SCTS/ARC/Aug20/29)

9.1 The Committee reviewed the draft SCTS Annual Report and Accounts for 2019-20. They agreed that the key achievements during the last year had been reflected and that statutory reporting requirements and guidance had been met.

9.2 Members approved the final accounts and recommended that they be submitted to the SCTS Board for approval at their meeting on 17 August.

10. SCTS Audit and Risk Committee Annual Report to the SCTS Board (SCTS/ARC/Aug20/30)

10.1 Members considered the final draft of the Audit and Risk Committee 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 revisions suggested by members. The revisions would be incorporated by the Executive.

11. Corporate Risk Register (SCTS/ARC/Aug20/31)

11.1 The Corporate Risk Register was reviewed. Members were content that the ongoing actions required were recorded appropriately and the impact of the COVID-19 pandemic was reflected in the risk mitigation. Members agreed that the range of new activities underway in response to COVID-19 should be reflected as new controls, where relevant, in future iterations of the risk register.

12. Any Other Business

12.1 The Chief Executive thanked that Audit Committee and Auditors for their ongoing challenge and support during the last year. SCTS had benefitted from the expertise, scrutiny and independent perspective brought to bear on its work which assisted the Finance team in delivering a set of high quality accounts.

13. Papers for Scrutiny/Exception Reporting Only

13.1 The following papers had been circulated for scrutiny:

- Action Tracker
- Data Incidents Report
- Fraud, Theft and Losses Report
- Core Work Plan
- Internal Audit
 - Annual Report 2019-20
 - Audit Charter 2020-21
 - Audit Strategy 2020-21

13.2 No matters were raised by exception.

14. Date of Next Meeting

14.1 The next meeting would be held on Monday 2 November 2020