

## MINUTES

### SCTS AUDIT AND RISK COMMITTEE

MEETING: 1 November 2021 (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  
Simon Cunningham, Non-Executive Member

#### Attended:

Eric McQueen, Chief Executive, SCTS  
Richard Maconachie, Chief Finance Officer, SCTS  
Noel Rehfisch, Deputy Chief Executive, SCTS  
Alice Wallace, Director Finance and Procurement, SCTS  
Gillian Battison, Head of Financial Governance, SCTS  
Jim Montgomery, Internal Audit, Scottish Government  
William Wilkie, Internal Audit, Scottish Government  
Gary Devlin, Azets, External Auditor  
Steven D'Arcy, Interim Corporate Secretary  
Karen Lawrie, Head of Secretariat, SCTS (Minutes)

#### Apologies:

Nicola MacKenzie, Azets, External Audit

### 1. Declaration of Interests

1.1 There were no declarations of interest from Members.

### 2. Minutes of the Meeting of 2 August 2021

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 meetings in August and October, which were held by video conference.

### 4. COVID-19 Update

4.1 The Executive updated the Committee on the latest position concerning the impact of COVID-19 on the organisation, covering current workloads and recent business changes.

4.2 The Committee had received a comprehensive overview of the ongoing arrangements put in place to manage the pandemic that had been prepared for the most recent meeting of the SCTS Board. Oversight of the response continued to be provided by the Strategic Incident Management (SIM) Team. This ensured that the situation was kept under review with key information shared and sound decisions made.

4.3 Members acknowledged that, since the last update a further wave of infections had been experienced during August and September, which had coincided with the move 'beyond level 0'. SCTS had taken a cautious approach by maintaining baseline COVID safety measures and one-metre physical distancing arrangements in all of its buildings when national restrictions were relaxed in August. Following a recent review of all COVID safety measures it was expected that the current measures would remain in place. However, it was expected that some changes to operating models in the Supreme and Sheriff courts would be made allowing for some in-person hearings and tribunal business to take place. COVID related absences amongst SCTS staff had remained below the average level for the working age population.

4.4 The Executive reported on the detailed planning and stakeholder engagement that had taken place in advance of the 2021 United Nations Climate Change Conference (COP26) in Glasgow. Custody Courts would take place during the three weekends of the conference to alleviate any build-up.

4.5 The Committee thanked the Executive for the comprehensive update and assurances provided on COVID-19 and COP-26.

## **5. SCTS Financial and Procurement Update**

5.1 The Executive reported on key developments in the Finance and Procurement Unit (FPU) in relation to Recruitment, Skills Development and Finance Systems.

5.2 Since the last meeting good progress had been made with the restructure of FPU. Recruitment for a number of posts was still required, however two posts had been filled by temporary promotion with a view to developing the staff undertaking these opportunities in-house.

5.3 The Committee were informed that FPU had set out its vision over the next 3 years by identifying Finance System related projects. There were a number of shorter-term projects around software requirements, however the strategic interface with the Scottish Government's Shared Service Programme would require significant resource from 2022-23 extending over two years.

5.4 The Committee welcomed the ongoing progress to fully staff the FPU team including the steps being taken to enhance finance systems and the assessment of future resources required. A further update would be provided at the next meeting.

## **6. Internal Audit**

### *Progress Report*

6.1 Internal Audit reported on the progress made in the delivery of the 2021-22 Internal Audit Plan since the last meeting. Planning had commenced for the Governance and Assurance Audit and field work was underway on the COVID-19 – Renewal Arrangements Audit, with the draft report due to be issued in mid-November. The Contract Management follow-up Audit had been fully completed with recommendations fully implemented. Work remained on track for completion of the plan within the audit year.

6.2 Work to develop the 2022-23 Internal Audit Plan would commence in November. The proposals would be submitted to the Committee meeting in January.

## **7. External Audit**

7.1 External Audit updated the Committee on work carried out to date. It was anticipated that planning guidance for next year's audit would be issued by Audit Scotland in the near future. This would allow a provisional audit plan to be shared with SCTS by the end of the year and with the Committee at their January meeting.

## **8. Assurance and Best Value Framework**

8.1 The Committee considered the Assurance and Best Value Framework (ABV), presented to the Committee as part of its annual work programme. The framework provided an overview of the assurance sources in place across the organisation in relation to key functions, services and best value themes.

8.2 Members agreed that the framework provided a good overview of the assurances in place and welcomed the inclusion of the "quality of assurance" RAG column. The framework would be maintained and updated to ensure it continued to provide an accurate assessment of the assurance sources available to the organisation.

## **9. Review of Core Work Plan and Deep Dive Sessions for 2022-23**

9.1 The Core Work Plan and proposed Deep Dive Sessions for 2022-23 were reviewed. Members discussed and agreed the deep dive sessions for coming year. Whilst it would be important to retain a degree of flexibility around the sessions to accommodate events that may take place the provisional topics agreed for Deep Dive sessions in the coming year were:

- Criminal Justice – Recover, Renew, Transform Programme (January 2022)
- Climate Change – journey to carbon zero (April 2022)
- Hybrid working post COVID (August 2022)
- OPG Transformation (November 2022)
- Financial Sustainability (January 2023)

## **10. SCTS Anti-Fraud Documents**

10.1 The Committee reviewed the updated SCTS Counter Fraud Strategy and Counter Fraud Policy. In March 2021 Internal Audit published a report on SCTS Counter Fraud Activities. It was recommended that SCTS produce a Counter Fraud Strategy. The newly developed strategy set out the overarching corporate message and included consideration of risks and their mitigation. The Executive advised that the updated policy and new strategy would be published on the SCTS intranet to build staff awareness of fraud and corruption.

10.2 The Committee commended the Executive on the suite of Counter Fraud documents which had provided a fulsome response to the Internal Audit recommendations.

## **11. Annual Peer Audits and Actions**

11.1 The Peer Audit report was scrutinised. The Committee commented on the small number of issues that had still to be resolved from previous years and the assurance level provided by current practices. The Executive confirmed that assurance could be taken from the report and that proposals had been developed that would provide more corporate oversight and involvement in the process going forward.

11.2 The Committee requested that the proposals for future peer audits be presented at the next meeting, alongside an update on the outstanding actions from previous audits.

## **12. Corporate Risk Register**

12.1 The Corporate Risk Register was reviewed. Members were content that the ongoing actions were recorded appropriately. The addition of the Dashboard, which provided a short overview of current risk scores, risk movement and key actions taken in relation to each risk was welcomed by the Committee. The Executive confirmed that the dashboard would indicate any changes made to target or untreated risk scores in future, as well as showing changes to the current risk score.

## **13. Any Other Business**

13.1 This was Simon Catto's last meeting as his term of appointment to the SCTS Board would end in December. The Chair thanked Simon for his contribution to the Committee over the past 8 years – during which time his insight and experience had been invaluable.

## **14. Papers for Scrutiny/Exception Reporting Only**

14.1 The following papers had been circulated for scrutiny:

- Action Tracker
- Data Incidents Report
- Fraud, Theft and Losses Report
- Core Work Plan
- Internal Audit – Guidance Note – Assurance Mapping
- Internal Audit – Quarterly Bulletin 13 – Cyber Security
- Internal Audit – EY Thought Leadership Consideration
- SCTS National Fraud Initiative Report 2020-21

14.2 No matters were raised by exception.

## **15. Date of Next Meeting**

15.1 The next meeting would be held on Monday 24 January 2022. It was anticipated the meeting would be held by video conferencing.

## **16. Deep Dive Session – Tribunals Digital Transformation**

16.1 Tim Barraclough, Executive Director Tribunals and OPG and Mike Milligan, Executive Director Change and Digital Innovation, joined the meeting to provide an overview of the digital transformation taking place within Tribunals.

16.2 The planned expansion of Tribunals was outlined. Due to the anticipated projection of case numbers within the Social Security Chamber alone, a new digital case management system would be required. This would be tailored to the appellant's journey to provide a dynamic, streamlined process that worked across all chambers and had a service delivery focus to ensure the best and easiest user experience possible.

16.3 The digital transformation was being led by the Tribunals Lab to ensure that each phase is planned, tested and lessons learned are captured before moving to the next stage. The Executive Change Board and Executive Action Board were updated regularly and were able to provide input, challenge and approval throughout the process. In some areas of the tribunals expansion, such as the Social Security Child Disability payment and Adult Disability

payment, the Scottish Government were the lead organisation, with SCTS deployments aligned to the Scottish Government timeframe.

16.4 The Committee thanked Tim and Mike for the informative and comprehensive update. Members welcomed the consideration given to lessons learned from previous projects such as ICMS, which had helped to inform the planning and governance of the Tribunals digital transformation. The Committee requested that ongoing updates be provided to keep them informed of progress.

Scottish Courts and Tribunals Service  
November 2021