

SCTS AUDIT AND RISK COMMITTEE

MEETING: 2 August 2021 (held remotely via video conference)

Members Present:

Simon Catto, 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, Deputy Chief Executive, SCTS
Alice Wallace, Director Finance and Procurement, SCTS
Gillian Battison, Head of Financial Governance, SCTS
Sarah Weiss, Head of Financial Accounting
Jim Montgomery, Internal Audit, Scottish Government
William Wilkie, Internal Audit, Scottish Government
Gary Devlin, Azets, External Auditor
Nicola MacKenzie, Azets, External Audit
Karen Lawrie, Head of Secretariat, 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 26 April 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 meeting in June, which was 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, Scotland had moved through a number of phases of “unlocking” – allowing some business levels, such as those in the summary criminal courts, to recover towards the pre-pandemic position. Civil and Tribunal business had continued to operate at near-normal levels throughout the pandemic, using predominantly virtual operating models.

4.4 The Executive informed the Committee of steps being taken in response to the gradual easing of restrictions. A policy outlining how hybrid working would operate was being developed, however due to the nature of the business this would not be available to all staff as a majority were based in courts where a physical presence was required. A flexible approach would be adopted to identify the best operating model for each business unit.

4.5 The Committee thanked the Executive for the comprehensive update and assurances provided.

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 The Committee were informed that good progress had been made since the last meeting with the restructure of FPU teams complete and a further 8 vacancies filled including 2 internal promotions. Recruitment for a number of posts, existing and new, was still required. Steps have been taken to widen the circulation of advertisements and use of social media to encourage applicants in a competitive marketplace.

5.3 FPU had all been working from home since March 2020 due to COVID-19 restrictions and had adapted well to home working. It was anticipated that a hybrid model would be adopted in the future.

5.4 The Committee commended the Finance and Procurement Team on the completion of the team restructure and noted both the efforts and the challenges related to the ongoing drive to recruit team members in a challenging market. A further update would be provided at the next meeting.

6. Internal Audit

Progress Report

6.1 As an introduction to their Progress Report; Internal Audit noted that the suggestion that DAO colleagues had concerns over the Social Security Digital Case System project and more generically the LOAD methodology was in error and that the emphasis should have been on the need to consider potential risks in any future audit work. The Committee welcomed this clarification.

6.2 Work had commenced on the 2021-22 Annual plan with the completed Cyber Security audit giving a reasonable assurance opinion. Fieldwork for the COVID-19 Renewal Arrangements audit had commenced and the Governance and Assurance audit was scheduled to take place at the end of the year. The follow-up review on contract

management was also concluded with all recommendations implemented whilst the follow-up audit for fraud risk and asset management, would be completed during the year.

Cyber Security Review

6.3 The Internal Audit report, providing assurance over Cyber Security arrangements had been completed, with a Reasonable assurance rating provided. The Committee welcomed the report, acknowledging the effective and solid framework in place around Cyber Security processes, which was underpinned by good guidance and planning at a strategic and operational level.

6.4 The Committee noted that the Cyber Security Review had not covered any technical aspects. The Executive confirmed that the organisation would be seeking accreditation through the Cyber Essentials Plus scheme in the autumn and would inform the Committee of the outcome.

7. External Audit

7.1 External Audit presented their report on the 2020-21 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 commended on the high quality of annual accounts and working papers reviewed during the audit.

7.2 The Committee welcomed the summary of the report provided by Azets 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

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 2020-21

9.1 The Committee reviewed the draft SCTS Annual Report and Accounts for 2020-21. 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 16 August.

9.3 The Executive recorded their thanks to the Audit and Risk Committee, Internal and External Audit for their support and challenge during the year.

10. SCTS Audit and Risk Committee Annual Report to the SCTS Board

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 by members.

11. Corporate Risk Register

11.1 The Corporate Risk Register was reviewed. Members were content that the ongoing actions were recorded appropriately. The Executive advised that a new Programme for Government would be published by the Scottish Government shortly. It was anticipated that the programme would contain new legislative and change proposals that would impact on the organisation. The risk register would be reviewed in the light of any changes ahead of the next committee meeting.

12. Any Other Business

12.1 None.

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
- Internal Audit – Scottish Government Corporate Systems Assurance Report
- Internal Audit – Audit Scotland Overview of Internal Audit
- EY Thought Leadership Consideration

13.2 No matters were raised by exception.

14. Date of Next Meeting

14.1 The next meeting would be held on Monday 1 November 2021. It was anticipated the meeting would be held by video conferencing.

15. Deep Dive Session – COVID-19 – Court Recovery Programme

15.1 David Fraser, Executive Director Court Operations, joined the meeting to provide an overview of the court recovery programme.

15.2 The adaptations during the last 15 months to normal operating models by all areas of the justice sector were highlighted. A co-ordinated approach to address criminal case backlogs, which included £50m of justice sector funding from the Scottish Government, was underway in the current financial year. The Recovery Programme would ensure that the additional resource was focussed where the need was greatest – with continued use of innovative solutions to maximise the utilisation of accommodation and augment that accommodation using remote and virtual approaches.

15.3 System improvements including the expansion of evidence by commission hearings and the implementation of the recommendations from the Lord Justice Clerk's review would also support future improvement of future justice system. Committee members noted the considerable efforts under way to address backlogs that had arisen in criminal business as a

consequence of the pandemic and agreed that addressing on these backlogs would be a key area of focus for the Executive in both this and the coming years, working in partnership across the system

15.4 The Committee discussed the increased usage of virtual hearings for civil business which had proven advantageous, however it was acknowledged that these types of hearings were resource intensive and had some scheduling limitations.

15.5 The Executive outlined the anticipated impact of COP 26, in November, on business levels and the effect the reduction of business during this time would have on the court recovery programme. Members were assured that the SCTS and justice partners were making the necessary arrangements to minimise the overall impact on the court recovery programme.

15.5 The Committee thanked David for the comprehensive update and analysis provided.

Scottish Courts and Tribunals Service
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