



MINUTES

SCTS AUDIT AND RISK COMMITTEE

MEETING: 25 January 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, SCTS
Gillian Battison, Head of Financial Governance, SCTS
Derrick Welsh, Head of Procurement, SCTS
Jim Montgomery, Internal Audit, Scottish Government
William Wilkie, Internal Audit, Scottish Government
Gary Devlin, Azets, External Auditor
Nicola MacKenzie, Azets, Audit Manager
Karen Lawrie, Secretariat Business Manager, SCTS (Minutes)

1. Declaration of Interests

1.1 There were no declarations of interest from Members.

2. Minutes of the Meeting of 2 November 2020

2.1 The minutes of the last meeting were approved.

3. Matters Arising

3.1 There was one outstanding action from the previous meeting which would be carried forward to the next meeting – a progress update had been sought from the Scottish Government, but had been delayed due to the ongoing COVID response.

Action 5.3 - Action: An overview of the plans for the new Scottish Government Financial System to be shared with Committee members once available.

3.2 Due to the ongoing 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 November, which was held by video conference.

3.4 The Committee commended the Executive on the impressive work to develop the infrastructure and digital capabilities to establish the remote jury centres throughout Scotland at pace, in order to maintain essential business during the pandemic.

4. COVID-19 Update (SCTS/ARC/Jan21/01)

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

4.2 The Committee had received comprehensive overviews 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 meetings 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 Towards the end of 2020 business levels had returned to near pre-pandemic capacity through a combination of safe “in-person” business and the continued expansion of remote and virtual business. The emergence of the new variant and subsequent Scottish Government lockdown restrictions resulted in the consolidation of business operations in support of the public health response. On 11 January the Lord President announced that the majority of summary criminal trials would be placed on hold, reducing the overall level of criminal trials taking place by up to 75%. This significantly reduced footfall in the courts whilst the most essential business was maintained. Business levels would be reviewed in mid-February in line with Scottish Government restrictions.

4.4 Committee members acknowledged the continuing response by the executive and were reassured by the steps being taken –both to provide the necessary support to all staff and the ongoing development of digital technology to meet the needs of the organisation.

5. SCTS Financial Improvement and Succession Planning Update (SCTS/ARC/Jan21/02)

5.1 The Executive reported on activity to improve controls and succession planning within the SCTS Finance function. Following reviews by Internal and External Audit continued action had been taken to implement recommendations.

5.2 Work was ongoing to create a new structure within the Finance and Procurement Team. A business case had recently been approved by the Executive Team, resulting in the commencement of a number of recruitment campaigns for varying grades of staff. The Finance team had attended a session led by External Audit and Finance Business Partners had completed a CIPFA Business Partnering course in November.

5.3 The Committee welcomed the progress underway to establish a new structure and manage workloads, which was reflected in the results of the Staff Survey 2020. The Finance and Procurement Team had performed strongly in comparison to their results in 2019; the wider SCTS and the wider Civil Service which demonstrated an engaged and focused team.

5.4 Members commented on increased involvement of the Finance team in the development of new digital systems. The Executive confirmed that involvement in the projects was resource intensive, however there was good engagement with the newly created digital labs which it was hoped would result in end to end systems that fully met the needs of the Finance Team. An update would be provided at the next meeting.

6. Internal Audit (SCTS/ARC/Jan21/03)

Annual Audit Plan for 2021-22

6.1 The draft Internal Audit Plan for 2021-22 had been shared with the SCTS Accountable Officer and senior management for consideration in advance of the meeting. Internal Audit reported that three audits were planned during the year, which should ensure sufficient risk-based coverage to maintain compliance with Public Sector Internal Audit Standards. The standard and resource level provided would not change from that of prior years, in which 4 audits had generally been conducted, and the topics agreed reflected the current risk profile of SCTS.

6.2 The Committee were generally content with the proposed areas of coverage for the audits planned in 2020-21 however did raise concern that only three audits were planned for this year, which was one audit less than in previous years. While recognising that the audit role also covered other strands of work (ARC attendance and support; follow-up audits; etc), this appeared to represent a 25% reduction in audit coverage to that of previous years.

Members suggested that the audit topics be considered further following the joint SCTS Board and Committee Risk Workshop in February and that the Chair would have an offline discussion with the accountable officer on this point.

Action: Audit and Risk Committee members, Chief Executive and Internal Audit to discuss and agree topics for the Internal Audit Plan following the joint SCTS Board and Committee Risk Workshop in February.

Action: The Committee Chair and Chief Executive to discuss the Internal Audit Plan and possible audit topics.

Progress Report

6.3 Internal Audit reported on the progress made in the delivery of the 2020-21 Internal Audit Plan since the last meeting. They anticipated that revised plan would be completed by 31 March 2021.

6.4 Internal Audit reported that the COVID-19 Response review had been completed, with a “substantial” assurance opinion provided. They informed the Committee that the courts response to the pandemic was exemplary and an example of good practice. No recommendations had been made as a result of the review. Members welcomed the detailed review and commended the Executive on the assurance provided on the actions taken in response to the pandemic across the organisation’s strategic and operational areas.

7. External Audit (SCTS/ARC/Jan21/04)

7.1 The External Audit Annual Plan for 2020-21 was presented. The plan included the audit of the 2020-21 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 It was noted that Audit Scotland had highlighted that the risk profile of public bodies was significantly affected by the COVID-19 pandemic, therefore governance arrangements; financial impact; risk management process and risk control environment and internal control change associated with the pandemic would all be considered during the audit.

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

8. Annual Whistleblowing Report (SCTS/Jan21/05)

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 2020 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 2020.

8.3 Members raised concern that the Staff Survey 2020 showed a fall in the “willingness to challenge” by staff. The Executive confirmed the People Committee would analyse the results of the Staff Survey in depth at their meeting in February, with their findings reported to the Board in March.

9. Feedback from Members Annual Appraisal (Oral)

9.1 In advance of the meeting, members had completed their annual appraisal exercise reflecting on their personal contribution and the Committee’s performance during 2020.

9.2 Members reflected that the engagement and assurance provided by the SCTS, as a result of COVID-19 had been clear and effective and implemented in a controlled way. During 2020 all committee meetings had been held virtually, the opportunity for face to face meetings – subject to COVID-19 restrictions – would be welcomed by members as it would provide greater scope for pre and post meetings as well as informal discussion between members and SCTS officials.

10. Corporate Risk Register (SCTS/ARC/Jan21/06)

10.1 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.

10.2 Members were reminded of the SCTS Board and Committee Risk Workshop that would take place on 8 February 2021.

11. Any Other Business

11.1 None.

12. Papers for Scrutiny/Exception Reporting Only

12.1 The following papers had been circulated for scrutiny:

- Action Tracker
- Data Incidents Report
- Fraud, Theft and Losses Report
- Core Work Plan
- Internal Audit – COVID-19 Response Review

12.2 No matters were raised by exception.

13. Date of Next Meeting

13.1 The next meeting would be held on Monday 26 April 2021. It was anticipated the meeting would be held by video conferencing.

14. Deep Dive Session – Cyber Security

14.1 The Committee welcomed Mike Milligan, Executive Director Change and Digital Innovation and Lora Crabtree, Acting Head of Cyber Security and Digital Risk.

14.2 Due to COVID-19 the challenges and opportunities presented in the digital services area had grown considerably. The pandemic had fundamentally shifted the timeline and scope for the use of digital systems to support the Scottish justice system. An increased breadth and depth of reliance on digital systems had driven innovation and helped maintain core services – but it also increased the risk of cyber attack. In response the Cyber Security team capacity and capability had significantly increased during the last year. The changes to the organisational structure supported a shift to implement faster, safer and better quality services, not just in response to COVID-19 but on an ongoing basis.

14.3 Members were heartened by the level of cyber security understanding within SCTS and the clear roadmap outlined to ensure cyber security becomes embedded in the organisation, with all members of staff required to complete a mandatory e-learning package to raise personal awareness. It was also noted that cyber security would become embedded in the development of new systems from their outset.

14.4 Internal Audit had proposed Cyber Security as an area to audit in their 2021-22 Audit Plan. The scope of the audit was still to be finalised however it was anticipated that it would focus on the culture, people and roadmap.

14.5 The Committee thanked Mike and Lora for their informative update and looked forward to future updates.

Scottish Courts and Tribunals Service
February 2021