



## SCTS AUDIT AND RISK COMMITTEE

MEETING: 26 April 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  
Steven D'Arcy, Corporate Secretary  
Alice Wallace, Director Finance and Procurement, SCTS  
Gillian Battison, Head of Financial Governance, SCTS  
Sharon Fairweather, Director of Internal Audit and Assurance, Scottish Government  
Jim Montgomery, Internal Audit, Scottish Government  
William Wilkie, Internal Audit, Scottish Government  
Karen Wilkinson, Internal Audit, Scottish Government  
Gary Devlin, Azets, External Auditor  
Karen Lawrie, Head of Secretariat, SCTS (Minutes)

## 1. Declaration of Interests

1.1 There were no declarations of interest from Members.

## 2. Minutes of the Meeting of 25 January 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 March, 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 were updated on the ongoing response to the current restrictions, which continues to develop with the recommencement of a broader range of summary trials in April. Justice of the Peace courts would re-start all business on 7 June.

4.4 Following a full year of restrictions the continued pressure caused by the pandemic was acknowledged. A number of new and innovative ways of working would continue in the longer term where they offered benefit to service users, staff and judiciary.

4.5 Members commented on plans to address the backlog of solemn and summary business. It was confirmed that a co-ordinated approach across the justice sector was being taken to address criminal case backlogs, which included £50m of justice sector funding from Scottish Government in the current financial year. The funding would allow additional courts to be introduced and would ensure that sufficient resources were in place across the sector to manage increased business volumes effectively.

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

## **5. SCTS Financial Improvement and Succession Planning Update**

5.1 The Executive reported on activity to improve controls and succession planning within the SCTS Finance function. Recommendations made in earlier reviews by Internal and External Audit had now been completed and the paper provided an update on the current position in relation to the areas on which those audits had focused.

5.2 The Committee were informed that recruitment for a number of key roles had commenced. New approaches to recruitment were being tested in order to attract a greater number of external candidates. Finance staff were also working collaboratively with the newly created Corporate Lab to develop stronger and more integrated financial systems that would support the needs of the Finance Team. Early engagement had taken place with the Scottish Government to ensure SCTS were involved in the strategic upgrade of shared financial service systems.

5.3 The Committee commended the Finance and Procurement Team on the action taken over the last year, which had resulted in an improved staffing structure and sound financial controls. The Committee requested that regular updates be provided on recruitment, skills development and finance systems to keep them informed of continued progress.

## **6. Internal Audit**

### *Opinion for the Audit Year*

6.1 Internal Audit presented their Annual Assurance Report on audit work undertaken in 2020-21. The report covered risk management, control and governance arrangements. Internal Audit overall assurance opinion for the year was "Reasonable". It was noted that this was a solid assurance opinion, particularly against the context of the global pandemic and the challenges faced by SCTS.

6.2 The Committee discussed the Internal Audit recommendations captured in the Action Tracker. Although there were a number of historical recommendations still to be completed the Executive confirmed that those remaining on the tracker for a period of time tended to be complex recommendations that required action in a number of areas prior to completion. It

was agreed that, should the completion of high priority recommendations be significantly delayed, the “owner” of a particular recommendation may be asked to attend an Audit and Risk Committee meeting to provide details of the action being taken and impact of the delay.

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

#### *Progress Report*

6.4 Internal Audit reported that work had commenced on the 2021-22 Annual plan with three audits identified to be undertaken: Cyber Security; COVID-19 Renewal Arrangements; Governance and Assurance. Two follow-up reviews, contract management and fraud risk and asset management, would also be completed during the coming year.

### **7. External Audit**

7.1 External Audit reported that preparatory work for the audit of the financial accounts had been completed with no major risks identified. Key financial controls had been found to be operating effectively. The audit was on-track and expected to be completed on-time.

7.2 The External Audit opinion and draft Annual Audit Report for the financial year would be presented to the next meeting.

### **8. Draft Audit and Risk Committee Annual Report to the SCTS Board**

8.1 Members reviewed and approved the outline of their draft annual report to the SCTS Board. Minor additions and amendments were noted for inclusion in the finalised version.

8.2 The Annual Report would be updated as audit work was completed and a draft final version would be submitted to the next meeting for formal approval. The final report would be submitted to the August meeting of the SCTS Board.

### **9. Any Other Business**

9.1 None.

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

10.1 The following papers had been circulated for scrutiny:

- Action Tracker
- Data Incidents Report
- Fraud, Theft and Losses Report
- Core Work Plan
- Internal Audit – Fraud Risk and Asset Management Review
- Internal Audit Division Strategy 2021-22
- Internal Audit Division Charter 2021-22
- Internal Audit – Risk Management Guidance

10.2 No matters were raised by exception.

### **11. Date of Next Meeting**

11.1 The next meeting would be held on Monday 2 August 2021. It was anticipated the meeting would be held by video conferencing.

## 12. Deep Dive Session – Corporate Risk Register

12.1 Members reviewed and discussed the SCTS Corporate Risk Register (CRR) which had been revised following the SCTS Board & Committees' Annual Risk Workshop on 8 February. Members noted that a number of refinement had been made to the CRR to make it easier to review risk movement over time and to provide an “at a glance” view of the key points in the detailed entries.

12.2 In relation to the finance and resourcing risk it was noted that the untreated risk score had reduced. This was due to ongoing engagement with Government and agreement on funding that provided necessary assurances for the coming financial year. The Committee noted that the resourcing position, and associated risk scoring, should be kept under close review – in view of the pressures that would be presented as the COVID recovery commenced in earnest.

12.3 Members were advised that Scottish Government (SG) had updated their guidance on risk management. It was agreed that the SCTS would review its risk management framework, taking the revised SG guidance into account as a part of the review.

Scottish Courts and Tribunals Service  
April 2021