



SCTS AUDIT AND RISK COMMITTEE

MEETING: 31 July 2023, Parliament House, Edinburgh

Members Present:

Maggie Craig, SCTS Board (Chair)
Sheriff Olga Pasportnikov, SCTS Board
Nigel Paul, Non-Executive Member
Simon Cunningham, Non-Executive Member

Attended:

Eric McQueen, Chief Executive, SCTS
Noel Rehfisch, Deputy Chief Executive, SCTS
Steven D'Arcy, Corporate Secretary, SCTS
Alice Wallace, Chief Finance Officer, SCTS
Gillian Battison, Interim Director Finance and Procurement, SCTS
Sarah Weiss, Head of Financial Accounting, SCTS
Jim Montgomery, Internal Audit, Scottish Government
William Wilkie, Internal Audit, Scottish Government
Michael Oliphant, Audit Scotland
Tommy Yule, Audit Scotland
Graeme Samson, Audit Scotland
Karen Lawrie, Head of Secretariat, SCTS (Minutes)

Apologies:

Lynsey Walker, SCTS Board

1. Declaration of Interests

1.1 There were no declarations of interest from Members.

2. Minutes of the Meeting of 24 April 2023

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.

4. Finance and Procurement Update

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

4.2 The Executive advised that the implementation date for the financial systems module of the Scottish Government Oracle Fusion Shared Services Programme currently remained at April 2024. The HR module release date had been delayed to allow for extended testing.

4.3 The Committee acknowledged the update on the Oracle Fusion Cloud system implementation. Members welcomed the assurance from Scottish Government that ongoing support would be provided for the current financial system (SEAS) should delays in the rollout of the new system occur. They encouraged the Executive to keep the need for potential contingency arrangements under review. Regular meetings with the Scottish Government and other organisations involved in the programme would ensure that SCTS was kept abreast of progress.

4.4 Members noted the ongoing recruitment and staff retention challenges facing the Finance and Procurement team. It was accepted that that skills in this area were in demand and a number of organisations across the justice sector were facing similar challenges.

5. Internal Audit

Progress Report – 2023-24

5.1 Internal Audit confirmed that work on the 2023-24 Audit Plan had commenced and remained on track to be completed by 31 March 2024. The review of Procurement Governance had concluded with a substantial assurance rating. Fieldwork had commenced on the Business Continuity and Service Resilience review.

5.2 The Committee welcomed the positive assurance provided by the Procurement Governance review, especially given the reported recruitment challenges faced by the Finance and Procurement team.

6. External Audit

6.1 External Audit presented their report on the 2022-23 audit of the Annual Report and Accounts. This confirmed their intention to provide an unqualified opinion on the financial statements, regularity and on other prescribed matters. The SCTS were commended on a strong report and for the strong engagement between auditors and staff,

6.2 The Committee welcomed the summary of the report provided by Audit Scotland and noted its recommendations.

7. Directors Statement of Assurance to the Accountable Officer

7.1 The Executive confirmed that Executive Directors had given the Accountable Officer written assurance that effective controls and safeguards operated within their respective business areas. 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.

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

8. Review of Annual Report and Accounts 2022-23

8.1 The Committee reviewed the draft SCTS Annual Report and Accounts for 2022-23. They agreed that the key achievements during the last year had been reflected and that statutory reporting requirements and guidance had been met.

8.2 Members were content with the final accounts and recommended that they be submitted to the SCTS Board for approval at their meeting on 14 August.

9. Draft ARC Annual Report to the SCTS Board

9.1 Members considered the final draft of the Audit and Risk Committee's 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 Committee's Terms of Reference would be included as an annex to the report. The report was approved by members.

10. Corporate Risk Register

10.1 The Corporate Risk Register was reviewed. Members scrutinised the risk scoring, specifically in relation to Cyber Security, given the current level of activity in this area. The Executive agreed to review the risk scoring ahead of the next meeting.

11. Any Other Business

11.1 The Chair reported that the Office of the Public Guardian and Procurement Teams were undertaking an invitation to tender exercise relating to the management of funds held by the Accountant of Court. The current provider of these services was well established and well regarded but had carried out the function for a considerable period of time. In order to observe good governance, the decision had been taken to test the market in relation to the provision of these services. The Chair commended the work undertaken by Procurement on this matter. The Committee would be updated on progress at the next meeting.

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 2022-23
- Internal Audit – Procurement Governance
- Internal Audit – Directorate for Internal Audit and Assurance – Annual Report 2022-23

12.2 The Committee discussed the Data Incidents Report. Concern was raised regarding a number of recent breaches reported to the Information Commissioner and an increase in the level of breaches reported. It was acknowledged that the number of incidents had grown relative to the increased business volumes during the same period. Recommendations had been identified in relation to the breaches reported and steps to implement them had commenced. Potential changes to case management systems, where these could reduce manual error, were also being considered.

13. Date of Next Meeting

13.1 The next meeting would be held on Monday 6 November 2023.

14. Deep Dive Session – Criminal Courts Recovery Programme.

14.1 The Committee welcomed David Fraser, Executive Director Court Operations to the meeting. David provided an update on the work ongoing to reduce the outstanding level of criminal cases that had accumulated as a consequence of the COVID pandemic and due to the ongoing increase in the level of solemn cases being reported to the courts.

14.2 An overview of the case levels registered and concluded between April 2020 June 2023 for the High Court, Sheriff Courts and Justice of the Peace courts was provided, to illustrate the progress made by the recovery programme to date. All the Jury Centres introduced during the pandemic had now been closed with the exception of Lothian Road in Edinburgh.

14.3 The Committee noted that target case levels had been remodelled for High Court and sheriff court solemn cases to reflect the fact that business levels had grown significantly compared with pre-pandemic levels. The introduction of digital technology such as jury centres, witnesses giving evidence remotely in the High Court and virtual courts had been transformative and aided the recovery programme.

14.4 The ongoing risks and challenges were discussed in relation to the ambitious Business Plan objectives. It was acknowledged that ongoing collaboration with justice partners and continued provision of funding to support the recovery programme would be essential to realise its aims.

14.5 The recently published Audit Scotland Report on the Criminal Courts Backlog recognised that significant progress continued to be made in reducing trial backlog through the recovery programme. Current modelling predicted that outstanding case levels would return to pre-COVID levels in summary cases during 2024, whilst the High Court will achieve its the new baseline level by March 2025 and Sheriff Court solemn by March 2026.

14.6 The Committee thanked Mr Fraser for the informative presentation.

Scottish Courts and Tribunals Service
August 2023