



# MINUTES

## **SCTS AUDIT AND RISK COMMITTEE MEETING: 29 July 2024, Parliament House**

### **Members Present:**

Maggie Craig, SCTS Board (Chair)  
Sheriff Olga Paspornikov, SCTS Board  
Claire Robertson, Non-Executive Member  
Patrick Bartlett, Non-Executive Member

### **Attended:**

Malcolm Graham, Chief Executive SCTS  
Eric McQueen, SCTS  
Noel Rehfish, 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  
William Wilkie, Internal Audit, Scottish Government  
Dougie Shepherd, Internal Audit, Scottish Government  
Michael Oliphant, Audit Scotland  
Tommy Yule, 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 22 April 2024**

2.1 The minutes of the last meeting were approved.

## **3. Matters Arising**

3.1 The Chair welcomed Malcolm Graham, Claire Robertson and Patrick Bartlett to their first meeting.

3.2 There were no outstanding actions from the previous meeting.

### *Update from the SCTS Board*

3.3 The Committee received an update on the matters discussed at the Board meeting in June.

## **4. Oracle Fusion Shared Services Update**

4.1 The Executive reported on key developments in relation to the implementation of the Oracle Fusion Cloud Accounting system. The Scottish Government had informed SCTS that 1

October 2024 would be the go live date. The final go/no go decision would be taken on 19 September.

4.2 Members of the Finance and Procurement Team had continued to undertake a significant volume of testing, seeking assurances in relation to a number of the controls and processes in the system. The Chief Finance Officer and Director Finance and Procurement had participated in a programme-wide Technology Assurance Framework Review. The Scottish Government were confident that the necessary actions were in place and they would be able to implement the recommendations from the review. SCTS had also attended a Business Readiness Stocktake session in June which was hosted by the Permanent Secretary.

4.3 The key risks associated with implementation of the new system were discussed, these included ensuring system readiness, timely provision of training and assurance around the accounting regularity of the new system. Training for core/high-volume areas would be rolled out in the first instance with the requirements for more occasional users being supported by the Finance Team until the new system was more fully bedded-in.

4.4 The Executive confirmed that work was underway to download as much information from the current system as possible. A business continuity exercise had also been carried out by the Finance team to provide assurance that essential processes could be maintained manually for a period should there be any disruption to systems.

4.5 The Committee welcomed the update on implementation of the new system and commended the robust planning by the SCTS. The Executive provided assurance that they would continue to engage closely with the Scottish Government ahead of the implementation.

## **5. Internal Audit**

### *Progress Report – 2024-25*

5.1 Internal Audit confirmed that work on the 2024-25 Audit Plan had commenced and remained on track to be completed by 31 March 2025. Fieldwork had commenced on the Estates Strategy and Vision Review. A follow-up audit on Business Continuity and Service Resilience had been completed and closed as the recommendations had been completed.

5.2 The Committee welcomed the comprehensive update. An introductory meeting would be scheduled with the new members in due course.

## **6. External Audit**

6.1 External Audit presented their report on the 2023-24 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 effective engagement between auditors and staff.

6.2 The Committee welcomed the summary of the report provided by Audit Scotland.

## **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 material 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 2023-24**

8.1 The Committee reviewed the draft SCTS Annual Report and Accounts for 2023-24. 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 5 August. They commended the quality of the accounts and the report which was clear and transparent.

8.3 Eric McQueen recorded his thanks to the Finance Team and to Audit for an excellent set of accounts.

## **9. Draft Audit and Risk Committee 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 report was approved by members and would be presented to the Board on 5 August.

## **10. Loss of Audio Recording Data**

10.1 In early March the Scottish Government launched a pilot, which provided complainers in rape trials in the High Court with transcriptions of trial proceedings. In respect of one application, the audio recording data was only partially available. An account of the trial was compiled using the available audio data and alternative sources to support the application so far as possible.

10.2 The Committee were informed that work to assess the root cause of the issue had been completed, identifying its extent and potential implications. A full report had been submitted to the Information Commissioner's Office in view of the fact that personal data had become unavailable as a result of lost recordings. The ICO had considered the report and closed the issue without further investigation.

10.3 The Committee commended the work of the teams involved in considering the cause of the data loss and potential mitigations, should there be any impact in relation to future data requests.

## **11. Corporate Risk Register**

11.1 The Corporate Risk Register was reviewed. Members complimented the layout and detail provided in the document which they found informative.

## **12. Any Other Business**

12.1 The Chair advised that this was Eric McQueen's final meeting as he would retire in August after 43 years as a civil servant. He had demitted office on 29 July after 12 years as Chief Executive. The Committee thanked Eric for his invaluable insight and strong leadership of the organisation during his tenure and wished him well in his retirement.

### **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 2024-25
- Internal Audit and Assurance Overview
- Internal Audit – Quarterly Bulletin
- Internal Audit Annual Assurance Report – SG Corporate Systems
- Internal Audit – EY Thought Leadership Considerations for DIAA
- Medium Term Financial Strategy

13.2 Internal Audit commented a number of actions recorded on the Action Tracker had been outstanding for some time. The Executive acknowledged this and noted this was due to the complexities of introducing some recommendations alongside other business pressures. Actions would be reviewed to ensure progress was made wherever possible.

### **14. Date of Next Meeting**

14.1 The next meeting would be held on Monday 4 November 2024.

### **15. Deep Dive Session – Cyber Security and Technical Strategy**

15.1 The Committee welcomed Lora Crabtree, Head of Cyber Security and Risk to the meeting. Lora outlined the guiding principles used by the Change and Digital Innovation team to steer technology decisions which support the SCTS's strategic objectives.

15.2 Lora gave an overview of the three main functions delivered by the cyber security team – Security Operations, Risk and Assurance and Secure Change. Their vision was to protect Scottish Justice digital systems and data through security excellence, integrity and transparency. She explained the increasing digital dependence of the organisation, noting that – in some areas – reverting to paper processes was no longer an option as they had been fully digitised.

15.3 The Cyber threat landscape continued to grow. In 2023 the cyber security team blocked over 11.5 million web application attacks, filtered 150,000 malicious emails and 550 malicious connections to attackers.

15.4 An overarching Policy and Ethics Statement on the use of Artificial Intelligence (AI) had been developed. Whilst it was expected that AI would bring significant opportunities primarily in the speed of data processing and in reducing costs in areas such as transcripts, the threat to cyber security was also a consideration.

15.5 Lora highlighted the financial challenges of ensuring that SCTS had the most up to digital systems to deal with cyber threats. Plans were in place to update systems where required. The capability and capacity of staff was a key issue, as staff received excellent training from SCTS which made them very attractive to external companies.

15.6 The Committee thanked Lora for her informative presentation. They were reassured with the steps that SCTS had in place and planned in this fast-paced area.