MINUTES

SCTS AUDIT AND RISK COMMITTEE
MEETING: 29 April 2019 in Parliament House, Edinburgh

Members Present:
Joe Al-Gharabally, Non-Executive Member SCTS Board (Chair)
Simon Catto, Non-Executive Member SCTS Board
Nigel Paul, Non-Executive Member

Attended:
Eric McQueen, Chief Executive, SCTS
Richard Maconachie, Chief Finance Officer, SCTS
Noel Rehfisch, Corporate Secretary, SCTS
Myra Binnie, Internal Audit, Scottish Government
Lorraine Twyford, Internal Audit, Scottish Government
Gary Devlin, Scott Moncrieff, External Auditor
Helen Bennett, Acting Director Finance, SCTS
Gillian Battison, Head of Financial Governance, SCTS
Karen Lawrie, Secretariat Business Manager, SCTS (Minutes)

Apologies:
Dr Joe Morrow QC, Non-Executive Member SCTS Board
Christine Carr, Non-Executive Member (External)

1. Declaration of Interests

1.1 There were no declarations of interest from Members.

2. Minutes of the Meeting of 28 January 2019

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.

4. ICMS Progress Report (SCTS/ARC/Apr19/13)

4.1 The Committee were informed of the launch of Civil Online on 25 April. The new system represented a fundamental change to the Civil Process in Scotland, allowing parties to submit and track simple procedure cases electronically, lodge documents and pay court fees online. It also commenced the creation of fully digital case files. The Executive noted the significant team effort required to prepare for the go-live; comprehensive testing, training materials and awareness sessions for the legal profession. The project was now reporting a green status, reflecting the recent introduction of a new target operating model.

4.2   Members were pleased to note the launch and confirmation that cases had already been submitted through Civil Online. The independent technical assurance go-live review completed by the Scottish Government was discussed. The review had covered test plans and results, assessed the robustness of governance arrangements, business readiness and technical plans for implementation. The Review had recommended a "GO" for the launch on 25 April, with recommendations for future improvement. The Committee welcomed the review and suggested that the Executive should build on its findings by monitoring usage and benefits realisation.

4.3   The Internal Audit report on ICMS/Civil Online provided limited assurance, whilst noting that a number of improvement actions were in the process of being implemented. The report and recommendations were discussed and the contents noted.

4.4   Members stressed the importance of ensuring that agreement was reached between Internal Audit and the Executive in relation to recommendations and the actions to be taken in response to then in future audit reports. This would allow the Committee to review both the findings of the independent assurance and the proposed actions that would be taken as a result.

4.5   A workshop session involving the Committee Chair, Internal and External Audit and Audit Scotland would be hosted by the Executive in June to review the development and delivery of the ICMS project from its inception to the launch of Civil Online in April 2019 – reviewing the approach taken, the lessons learnt and future areas of development.

5.   Information Security Update (SCTS/ARC/Apr19/14)

5.1   Following an Internal Audit review of Information Security Management in 2017, a number of recommended actions remained outstanding. In discussion with Internal Audit; agreement had been reached that the remaining activities would be included in a more overarching and risk driven assessment that would be maintained to improve visibility of the organisation's information risk controls and areas where further action could be taken to improve.

5.2   Members considered an outline of the high level risks and the overarching controls in place to mitigate them. Details of the full controls and policies would be documented and shared with Internal Audit and a progress update on the delivery of actions would be provided to the next Committee meeting.

5.3   The Committee agreed that, provided ICT risks were reflected in either the revised information security assessment or the corporate risk register, there was no need to table the ICT Business Unit Risk Register at future Committee meetings – although it could be made available if requested.

6.   Internal Audit (SCTS/ARC/Apr19/15 + 16)

6.1   Internal Audit presented their Annual Assurance Report on audit work undertaken in 2018-19. This provided Reasonable Assurance on risk management, control and governance arrangements. Three of the four reviews in the 2018-19 plan were complete whilst the final report, Procurement Review, indicated an interim reasonable assurance and was anticipated to be finalised in May.

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

Progress Report

6.3   The Committee considered a summary of Internal Audit activities across SCTS and an update on the progress made in delivering the Internal Audit Plan since the last meeting.

6.4   Fieldwork for the 2018-19 Programme had concluded with the draft of the final audit report due to be finalised in May. Key planning meetings for the first scheduled review of the 2019-20 Audit Plan had taken place. It was agreed that consideration would be given to the Internal Audit Plan at the next meeting to ensure that the planned reviews continued to capture the key risks facing SCTS at that time.

6.5   The Committee recorded their thanks to Myra Binnie for her role in completing the Internal Audit Reviews in recent years, as she was moving to a new position.

7.   External Audit

7.1   External Audit reported that preparatory work for the audit of the financial accounts showed no material findings that required reporting and indicated good financial controls were in place. As a result key financial systems had been found to be adequate. Initial work would be completed and submitted to the next meeting.

8.   Draft Annual Report to the SCTS Board (SCTS/ARC/Apr19/17)

8.1   Members reviewed and approved the outline of their draft annual report to the SCTS Board. Minor 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 submitted to the next meeting for formal approval. The final report would be submitted to the August meeting of the SCTS Board.

9.   Corporate Risk Register (SCTS/ARC/Apr19/18)

9.1   The Committee reflected on the recent joint Board and Committee Risk Workshop held in February. This allowed all Board and Committee members to meet together, review the corporate risk registers and consider the major risks facing the organisation over the coming twelve months. It was noted that members of the two other main Board Committees (Estates and People) had particularly welcomed being involved in the workshop and had benefitted from learning more about the overarching risk picture facing SCTS and the work of each Committee. It was agreed that the workshop should continue – and that it should be developed to ensure that all those involved gain the maximum benefit from it.

9.2   Following the workshop the Corporate Risk Register had been revised to reflect the issues discussed. The Committee reviewed the revised corporate risk register and approved the changes and updates that had been made as a result of the workshop.

10.   Any Other Business

10.1   None.

11.   Papers for Scrutiny/Exception Reporting Only

11.1   The following papers had been circulated for scrutiny:
- Action Tracker
- Data Incidents Report
- Fraud, Theft and Losses Report
- ICT Risk Register
- Core Work Plan

Action Tracker

11.1   The Action Tracker was reviewed. It was agreed that the tracker submitted to future meetings need not include a list of actions where their closure had been agreed by Internal/External Audit.

11.2   The Committee urged the Executive to meet more regularly with Internal/External Audit in advance of future meetings to ensure clarity on open/closed actions and agreed a clear and informative narrative.

Data Incidents Report

11.3   The Committee discussed the Data Incidents report. Those present were of the opinion that the full table of incidents was not required and that the key information was contained in the accompanying paper. This proposed change in approach would be ratified with members not present in advance of the next meeting. The more detailed report would continue to be made available on request.

12.   Date of Next Meeting

12.1   The next meeting would be held on Monday 5 August 2019 in Parliament House, Edinburgh.

Deep Dive Session – Financial Strategy

Due to time constraints and the apologies received it was agreed that the Deep Dive Session would not be held. Members confirmed that they had reviewed the deep dive paper and supported the approach being taken and the ownership of the financial strategy by the SCTS Board.

SCTS Audit and Risk Committee
April 2019