

MINUTES

SCTS AUDIT AND RISK COMMITTEE

MEETING: 27 April 2015 – Parliament House, Edinburgh

Members Present:

Joe Al-Gharabally, Non-Executive Member SCS Board (Chair)
Tony McGrath, Non-Executive Member SCS Board (Deputy Chair)
Simon Catto, Non-Executive Member SCS Board
Angus Mackenzie – Non-Executive Member (External)

Attended:

Eric McQueen, Chief Executive, SCTS
Richard Maconachie, Chief Finance Officer, SCTS
Lesley Watt, Interim Director Finance, SCTS
Angela Cullen, Assistant Director, Audit Scotland
Rachel Browne, Senior Audit Manager, Audit Scotland
Sarah Self, Senior Audit Business Manager, Scottish Government
Myra Binnie, Internal Audit Manager, Scottish Government
Noel Rehfisch, Corporate Secretary, SCTS
Lorraine Hill, Head of Risk and Project Management, SCTS
Claire Taylor, Interim IT Director, SCTS (Deep Dive Session only)
Karen Lawrie, Executive Support, Secretariat, SCTS (Minutes)

Apologies:

Brian Keighley– Non-Executive Member (External)
Sarah Collin, Financial Controller, SCTS

1. Declaration of Interests

1.1 There were no new declarations of interest from Members.

2. Minutes of the Meeting of 19 January 2015

2.1 The minutes of the last meeting were approved.

3. Matters Arising

3.1 There were no outstanding actions from the last meeting.

3.2 The Chair advised that members had met Internal Audit and Audit Scotland in March to develop their understanding of their working practices and plans and how best these could be aligned to the requirements of the Committee. Further liaison meetings would take place with both internal and external audit in advance of future Audit and Risk Committee meetings.

4. Internal Audit Update (SCTS/ARC/Apr15/01 & SCTS/ARC/Apr15/02)

Proposed Audit Plan 2015-16

4.1 The proposed Audit Plan 2015-16 was submitted to the Committee for approval. Members expressed some concern that only approximate timings had been included for the delivery of audit activity. Internal Audit advised that the timings provided were indicative but would be firmed up as the scope of the audits were finalised with management. Further discussions would be held in order to finalise the timetable.

Action: Internal Audit and SCTS Officials to meet to confirm dates for the proposed Audits in 2015-16.

4.2 The Committee **approved** the proposed Audit Plan 2015-16.

Progress Report

4.3 The Committee noted that steady progress had been made against the 2014-15 Audit Plan since the last meeting. Of the five main audit reviews in the programme one had been finalised, one had a draft report issued, and fieldwork had been concluded on two audits.

4.4 Internal Audit advised that following discussions with SCTS Officials it was proposed that the Learning, Development and Technical Training Audit be removed from the Audit Plan as the areas that this audit intended to cover will now be addressed in the proposals contained in the 2015-16 audit plan. The Committee **approved** the proposal to remove the audit from the plan.

5. External Audit Update (SCTS/ARC/Apr15/03)

5.1 Audit Scotland presented their Annual Audit Plan for 2014-15. The planned audit activity included an audit of the financial statements and review of governance and performance arrangements in a number of key areas. The final Audit Report will be submitted to the Committee at the August meeting.

6. Draft Annual Report to SCTS Board (SCS/ARC/Apr15/04)

6.1 The Committee were content with the outline provided by the Executive. A full draft will be submitted to the Committee at the August meeting for sign off. The Committee were invited to forward any suggestions for content to the Executive by end of June.

7. SCTS Programme & Project Management (Oral)

7.1 A presentation by the Corporate Secretary provided the Committee with an overview of the Executive's approach to Programme and Project Management and the work being done to improve governance arrangements. Members welcomed the presentation and agreed that it provided the right background ahead of a "deep dive" session proposed for the November meeting.

7.2 The Committee noted that the arrangements in place provided a solid framework in which change activity could be managed. The issues that would be of particular interest to the Committee when they explored this subject further related to progress on the small number of most significant projects the organisation was currently engaged in and the management of transitions (how major changes are introduced alongside

maintaining core operations). These points would be addressed in more detail at the planned session.

8. Assurance Framework & Best Value Assessment Report (SCTS/ARC/Apr15/05)

8.1 The Committee reviewed the Assurance Framework which was originally developed by Internal Audit in 2013. The Framework had been periodically revised to take account of developments across the organisation and the assessment and assurance activity carried out by internal and external audit. Members agreed that the Assurance Framework was now a useful tool which the Committee found informative and which they would review annually.

8.2 Members also considered the proposed best value assessment report template. The Chair suggested that members may wish to consider further how best they could provide oversight against delivery of the Best Value themes area. It was agreed that, rather than producing a separate assurance framework and best value assessment the current Assurance Framework should be expanded to encompass of the Best Value themes where these were not currently covered – providing the Committee with a single summary of the arrangements in place.

9. External Audit – Presentation on Best Value (SCTS/ARC/Apr15/06)

9.1 Audit Scotland delivered a presentation in which they outlined the common framework for Best Value and continuous improvement in public services in Scotland.

9.2 Members agreed that the Best Value toolkit and guidance would be useful tools that could be used by the Executive to conduct self-assessment, which in-turn would enhance the assurance framework. The importance of mainstreaming the delivery of best value activity into plans, strategies and reports was recognised – this was an approach currently taken by SCTS, but the assessment and visibility of its effectiveness would be improved by the developments to the assurance framework agreed by the Committee.

10. Any Other Business

10.1 None

Papers for Exception Reporting only

10.2 The following reports were provided for scrutiny/exception reporting only:

- Action Tracker
- Data Losses Report
- ICT Risk Register
- SCTS Peer Review Update
- Core Work Programme
- Risk Workshop/Corporate Risk Register

The content of each report was noted and no matters were raised by exception.

10.3 The ICT Milestone Chart was discussed. Members requested that the chart be updated to include a short commentary explaining any significant changes to targets or implementation dates previously set, in order to provide assurance on delivery dates and the current status of each project.

11. Date of Next Meeting

11.1 3 August at 11.00 am in Parliament House.

At this stage, representatives from Internal Audit and Audit Scotland left the meeting.

12. Post Meeting Deep Dive Session – ICT Infrastructure Projects

12.1 Claire Taylor updated the Committee on the ICT Infrastructure Transformation Programme. An overview of the current status of each of the main projects was provided and Committee members were updated on the key dates by which the collective benefits of infrastructure upgrades would be realised – to ensure that new business demands such as increased use of video conferencing and new case management systems could be fully utilised from the outset.

12.2 Members challenged the risks associated with projects covered in the programme and were reassured that timescales and budgetary commitments shown in the programme were still on-track.

SCTS Audit & Risk Committee
April 2015