



MINUTES

SCTS AUDIT AND RISK COMMITTEE

MEETING: 24 April 2023, Parliament House, Edinburgh

Members Present:

Lynsey Walker, Non-Executive Member SCTS Board (Chair)
Nigel Paul, Non-Executive Member
Simon Cunningham, Non-Executive Member

Attended:

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

Apologies:

Maggie Craig, Non-Executive Member SCTS Board

1. Declaration of Interests

1.1 There were no declarations of interest from Members.

2. Minutes of the Meeting of 23 January 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 March.

3.3 The SCTS Board visited the Office of the Public Guardian in March. The Chair of the Committee had arranged a further meeting to understand more about the role and responsibilities of the Accountant of Court, with a particular focus on its statutory responsibility to make financial or property decisions on behalf of incapable adults or children. The Committee would be updated on the discussions in due course.

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 Scottish Government Oracle Fusion Shared Services Programme currently remained at April 2024. Recruitment challenges within the Scottish Government project team had resulted in a reduced level of engagement, however a new Programme Director had been appointed and meetings had been arranged in the coming weeks. SCTS officials continue to engage with the Scottish Government on the development of the system and individual portals.

4.3 The Committee acknowledged the update on the Oracle Fusion Cloud system implementation. Members were reassured that Internal Audit would be supporting an Accountable Officer review within the Scottish Government in relation to the project during the summer. It was suggested that SCTS Officials may wish to seek assurance from the Scottish Government that ongoing support would be provided for the current financial system (SEAS) should further delays in the rollout of the new system occur.

5. Internal Audit

Opinion for the audit year

5.1 Internal Audit presented their Annual Assurance Report on audit work undertaken in 2022-23. The report covered risk management, internal control and governance arrangements. The overall assurance opinion for the year was "Reasonable". The Committee welcomed the solid assurance opinion received.

Progress Report – 2023-24

5.2 Internal Audit confirmed that work on the 2023-24 Audit Plan had commenced. Three audits were planned during the year, which would ensure sufficient risk-based coverage to maintain compliance with Public Sector Internal Audit Standards.

6. External Audit

6.1 The External Audit Annual Plan for 2022-23 was presented. The plan included the audit of the 2022-23 Annual Report and Accounts; consideration of SCTS' reporting arrangements for financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes. As part of the audit wider scope risks and challenges would also be considered in areas including court backlogs, climate change and cyber security.

6.2 Members were content with the scope and timeline of the Audit Plan.

7. Annual Assurance – review & outcomes

7.1 The Scottish Public Finance Manual requires public sector organisations to put in place arrangements to gather, consider and collate internal controls assurance from Directors/Executive Teams annually and to provide assurance to the Accountable Officer.

7.2 An SCTS assurance working group had reviewed the key activities of the Annual Assurance process during the last 6 months. The internal controls assurance checklist had been updated. The Assurance process for 2022-23 was underway. The provision of Assurance and collated responses would be submitted to the Accountable Officer in May.

7.3 Members were content with the proposed timeline for completion of the Annual Assurance process.

8. Annual Report and Accounts preparation timetable and Key Accounting Changes

8.1 The Committee welcomed the timetable for completion of the Annual Report and Accounts. New requirements to comply with the International Financial Reporting Standards would be included in the 2022-23 Annual Report and Accounts.

8.2 Audit Scotland confirmed they were content with the timeline for completion of the Annual Report and Accounts 2022-23.

9. Corporate Risk Register

9.1 The Corporate Risk Register was reviewed. Members noted that the risk scoring had remained static since the last review of the register however assurance was provided by the Executive that this represented the current picture, with a range of actions taken to mitigate risk, coupled with a range of internal and external events which also influenced the risk scores. Risks would continue to be considered regularly and updated where appropriate.

10. Review of Committee Terms of Reference

10.1 The Committee's Term of Reference were considered and approved by members, subject to minor amendments. These would be published on the SCTS website.

11. Draft ARC Annual Report to the SCTS Board

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

11.2 The Annual Report would be updated as audit work was completed. A final draft 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.

12. Any Other Business

12.1 None.

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 2022-23
- Internal Audit – Equalities and Diversity Internal Audit Report
- Internal Audit – Audit Charter 2023-24
- Internal Audit – Strategy 2023-24
- Internal Audit – DIAA Quarterly Bulletin – Issue 16

14. Date of Next Meeting

14.1 The next meeting would be held on Monday 31 July 2023.

15. Deep Dive Session – Succession Planning and Leadership Development.

15.1 The Committee welcomed Lisa Sellars, Director HR, and Robin Holmes, Head of Talent, Leadership & Supporting Change to the meeting.

15.2 An overview of succession planning, talent management and leadership development within the SCTS was presented. A number of strategies – People, Education and Recruitment and Resourcing, coupled to the HR and Education & Learning Unit Business Plans allowed the vision in each area to be outlined with progress monitored against objectives.

15.3 The approach to succession planning within the organisation was outlined. The criteria for identifying and recruiting staff for critical posts was discussed, with assurance provided that critical activities and the resource required to manage them was managed in the short term through business continuity plans and through the development of future post holders in the longer term. The Committee were assured that staff turnover rates for the SCTS were stable overall. Where possible recruitment was undertaken internally to utilise staff talent, although it was acknowledged that this was not possible for all posts due to specialist skills required, particularly in the Change and Digital Innovation team, where external skills may be required.

15.4 A refreshed approach to the Performance Management system named “My Career” would be launched on 10 May. A refreshed People Strategy for 2023-28 was also in development. The SCTS People Committee had received regular updates during the development of the “My Career” portal and would also provide a sounding board during the development of the People Strategy.

15.5 An overview of the SCTS Leadership attributes development framework and diagnostic tool was presented. Members welcomed the tools available to assist staff to undertake continued personal development within the organisation. The introduction of a Talent Programme in 2022, two Direct Entrant Programmes and First Line manager training were recognised as positive steps in the development of staff by the Committee.

15.6 The Committee thanked Lisa and Robin for their comprehensive presentation.

Scottish Courts and Tribunals Service
April 2023