Scottish Courts and Tribunals Service

MINUTES

SCTS AUDIT AND RISK COMMITTEE
MEETING: 27 April 2026, Parliament House

Members Present:
Lynsey Walker, SCTS Board (Chair)
Elizabeth Barnes, Non-Executive Member
Claire Robertson, Non-Executive Member
Sheriff Olga Pasportnikov, SCTS Board

Attended:
Malcolm Graham, Chief Executive, SCTS
Noel Rehfisch, Deputy Chief Executive, SCTS
Alice Wallace, Chief Finance Officer, SCTS
Chris Brown, Director Finance
Gillian Battison, Head of Financial Governance
William Wilkie, Internal Audit, Scottish Government
Michael Oliphant, Audit Scotland
Tommy Yule, Audit Scotland
Graeme Samson, Audit Scotland
Karen Lawrie, Head of Secretariat (Minutes)

Apologies:
Maggie Craig, SCTS Board
Dougie Shepherd, Internal Audit, Scottish Government

1. Declaration of Interests

1.1 There were no declarations of interest from Members.

2. Minutes of the Meeting of 19 January 2026

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 February and March 2026.

4. Oracle Fusion Shared Services Update

4.1 The Executive provided an update on key developments relating to implementation of the Oracle Fusion Cloud (OFC) Accounting system. This included an overview of the challenges and successes associated with OFC, together with the plan for the next phase of implementation. Collaboration with the Scottish Government was ongoing with the SCTS preferred 'Accrue at month end' accrual accounting method finally live from 1 April 2026. The Enterprise Performance Monitoring (EPM) tool was still not operational continuing the need for significant manual intervention.

4.2 The Finance Team were focussing resources on the year-end data for 2025-26, with a provisional outturn expected in early May. The final outturn would be presented to the Board in June. Preparation for the roll out of the ‘compromise solution’ use of Purchase to Pay in 2026-27 were underway, recognising the additional processes and business support required to ensure all the necessary management and maintenance steps were in place.

4.3 The Committee welcomed the comprehensive update. They also recognised the ongoing challenges facing the Finance and Procurement Team and the support they were providing to other teams during the transition to Purchase to Pay.

5. Internal Audit

Progress Report – 2025-26

5.1 Internal Audit confirmed that work on the 2025-26 Audit Plan had been completed. The audit and follow-up reports had been finalised. Fieldwork had commenced on the first review in the 2026-27 plan – OPG Implementation of the Case Management System.

5.2 Internal Audit presented their Annual Assurance Report on audit work undertaken in 2025-26. The report covered risk management, internal control and governance arrangements. The overall assurance opinion for the year was “Reasonable”.

5.3 The Committee welcomed the assurance opinion received, noting that one of the three internal audits conducted during the year, Financial Sustainability (Post COVID) had received a “substantial” assurance rating.

6. External Audit

6.1 The External Audit Annual Plan for 2025-26 was presented. The plan included the audit of the 2025-26 Annual Report and Accounts and consideration of a range of “wider scope” areas relevant to SCTS, including reporting arrangements for financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes. Assurance on the Whole of Government Accounts return would also be included. Interim audit work had commenced in March, with the audit of the Oracle system and the manual workarounds in place substantially complete.

6.2 Members were content with the scope of the Audit Plan. The timetable for submission of the SCTS Annual Report and Accounts was discussed.

7. Annual Whistleblowing Report

7.1 The Committee received the annual report on the SCTS Whistleblowing Policy. The Executive reported that the policy had been reviewed during the course of the year. A range of activities had taken place throughout 2025 to maintain awareness of the policy. There had been no reports of Whistleblowing in the last year.

7.2 Members welcomed the clear and concise policy for staff with a process for staff to follow. It was agreed that the policy would also be shared with the People Committee for their information.

8. Annual Procurement Report

8.1 The SCTS Annual Procurement Report for the financial year 2024-25 was presented. The report summarised the activities that had been carried out by SCTS in delivering the Procurement Strategy as set out in the Procurement Reform (Scotland) Act 2014. The total procurement spend was £79.9m with £4.1m procurement savings achieved. 89 contracts had been awarded with 91% regulated contracts awarded through collaborative agreements. The procurement team had worked with 597 Scottish Suppliers.

8.2 The SCTS catering contract which provides jury lunches in the main was discussed. The Committee noted the geographical spread of the organisation and the possible requirement for local arrangements in remote areas. Members also acknowledged the use of Framework agreements for specialist roles.

8.3 The Committee commended the Procurement Team on an informative and well-presented report. The delivery of the Community benefits through the Facilities Management Services was welcomed by members. The report would now be published on the SCTS website.

9. Data Incidents Report and ICO Audit Update

9.1 The data incidents report was reviewed. It was noted that three reportable incidents had been submitted to the Information Commissioner during the last quarter.

9.2 The Executive provided an update on the ICO Audit completed in 2025. The ICO had completed an interim follow-up assessment in February 2026 to measure the extent to which SCTS had progressed against the agreed actions. They acknowledged that SCTS had made significant progress against the urgent and high priority recommendations and good progress in addressing some medium priority recommendations. The ICO considered that 16 recommendations were completed and 4 partially complete. A final follow up audit would be completed in August. A further update would be presented to the Committee at the next meeting.

9.3 The Committee welcomed the informative update outlining the progress made against the recommendations following the ICO Audit.

10. Annual Assurance – review and outcomes

10.1 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.

10.2 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 2025-26 was underway. The provision of Assurance and collated responses would be submitted to the Accountable Officer in May

10.3 Members were content with the proposed timeline for completion of the Annual Assurance process. The assurances provided to the Accountable Officer would be presented at the next meeting and would include reference to any significant issues identified during the process.

11. Annual Report and Accounts – preparation timetable and Key Accounting changes

11.1 The Committee reviewed the timetable for completion of the Annual Report and Accounts, noting updates to the International Financial Reporting Standards (IFRS) requirements and the Government Financial Reporting Manual which would be observed in the completion of the 2025-26 Annual Report and Accounts. The most significant items for 2025-26 would be the final stage of introduction of mandatory reporting on sustainability (Phase 3) and adoption of IFRS 17 Insurance Contracts. SCTS was also required to include a Taskforce on Climate-related Financial Disclosures which summarised the extent to which SCTS complied with the guidance, the reasons for any non-compliance, and an overview of plans for future reporting.

11.2 Audit Scotland confirmed they were content with the timeline and process for completion of the Annual Report and Accounts 2025-26.

11.3 The Committee were content with the proposed preparation. The SCTS Annual Report and Accounts would be submitted for consideration at the next meeting.

12. Corporate Risk Register

12.1 The Corporate Risk Register was reviewed. The register had been updated since the last meeting. Members noted that, given the ambitions set out in the Corporate Plan 2026–29 and ongoing uncertainty over a commitment to multi-year funding, the Finance & Resources risk remains rated Red (treated score 16), reflecting the potential impact on delivery of core services and key reforms."

13. Resilience and Cyber Security – Audit and Risk Committee Reporting Cycles

13.1 The Committee considered the proposals for a structured programme of cyber and resilience updates, designed to support the SCTS Board's strategic oversight and the Committee's assurance role. The quarterly cycle of updates would provide a coherent annual cycle of scrutiny while allowing the Board to receive regular updates informed by the Committee's consideration of the underlying assurance. Members approved the proposed reporting cycle for cyber security and organisational resilience.

13.2 Members were informed that the SCTS Board had agreed that an additional non-executive member should be appointed to the Committee. The new member would have relevant cyber security and organisational resilience experience to strengthen the Committee's capacity to challenge and scrutinise management assurances in this area. Recruitment would commence in May.

13.3 The Executive reported on the mandatory e-learning undertaken by all staff on an annual basis and the phishing exercises carried out randomly throughout the year, to ensure an organisational wide understanding of cyber security and resilience.

14. Review of Committee Terms of Reference

14.1 The Committee's Term of Reference was considered and approved. These would be published on the SCTS website.

15. Draft Audit and Risk Committee Annual Report to the SCTS Board

15.1 Members reviewed and approved the outline of their draft annual report to the SCTS Board.

15.2 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.

16. Any Other Business

16.1 None.

17. Papers for Scrutiny/Exception Reporting Only

17.1 The following papers had been circulated for scrutiny:

- Action Tracker
- Fraud, Theft and Losses Report
- Core Work Plan 2026-27
- Internal Audit – Culture and Workforce Planning
- Internal Audit – Data Breach Identification and Cause
- Internal Audit – Data and Cyber Security Resilience

18. Date of Next Meeting

18.1 The next meeting would be held on Monday 27 July 2026.

19. Deep Dive Session – 35-hour Working Week

19.1 The Committee welcomed Paul McKinlay, Executive Director Court Operations and Clare Ugunlu, interim Director HR.

19.2 As part of the 2023-24 Pay Award, SCTS gave a commitment to reduce full-time working hours from 37 to 35 without reducing pay or productivity from 1 October 2024. The People Committee had oversight of the cross-organisational working group and the development of the engagement and communication plan to keep SCTS employees, stakeholders and justice partners informed of progress towards the 35-hour working week.

19.3 From October 2024, HR collected and analysed data quarterly, which contributed to the final evaluation report. The analysis showed that headcount, overtime, annual leave and flexi-time trends had all remained broadly stable. Sickness absence for both short and long-term absences had decreased slightly. The volume and nature of flexible working requests remained broadly consistent. The People Survey Overall Engagement Index was also consistent with levels both pre and post implementation. The implementation had achieved a cost-neutral and sustainable operating model which had not affected productivity or service delivery. Feedback received confirmed improved employee morale, wellbeing and work-life balance.

19.4 The Committee welcomed the detailed evaluation of the implementation of the 35 hour working week for staff. They thanked Paul and Clare for their informative update.

Scottish Courts and Tribunals Service
April 2026