Scottish Courts and Tribunals Service

MINUTES

SCTS AUDIT AND RISK COMMITTEE
MEETING: 7 November 2022, via WebEx

Members Present:
Maggie Craig, Non-Executive Member SCTS Board (Chair)
Lynsey Walker, Non-Executive Member SCTS Board
Nigel Paul, Non-Executive Member
Simon Cunningham, Non-Executive Member

Attended:
Eric McQueen, Chief Executive, SCTS
Noel Rehfisch, Interim Deputy Chief Executive, SCTS
Alice Wallace, Chief Finance Officer, SCTS
Gillian Battison, Head of Financial Governance, SCTS
Jim Montgomery, Internal Audit, Scottish Government
William Wilkie, Internal Audit, Scottish Government
Steven D'Arcy, Interim Corporate Secretary, SCTS
Karen Lawrie, Head of Secretariat, SCTS (Minutes)

Apologies:
Sheriff Principal Craig Turnbull, Non-Executive Member SCTS Board
Michael Oliphant, Audit Scotland

1. Declaration of Interests

1.1 There were no declarations of interest from Members.

2. Minutes of the Meeting of 1 August 2022

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 meetings in August and October. The Committee's Annual Report was welcomed at the August meeting and the recommendation to approve the SCTS Annual Report and Accounts was accepted. The SCTS Annual Report and Accounts were published in September. In October the Board had visited Barlinnie, Shotts and Glenochil prisons.

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 Committee noted that a recruitment exercise for the role of Director Finance Procurement had not identified a suitable candidate. Interim measures were now in place. A further recruitment campaign would commence in mid-2023. Since the last meeting a number of posts in the team had been filled.

4.3   The Executive reported on the progress of the Oracle Fusion Shared Services Programme. Since the last meeting the Scottish Government had revised the implementation date of the system to October 20023. The SCTS high level action plan had been updated to reflect the revised date. SCTS officials continued to engage with the Scottish Government on the development of the system and individual portals. Funding had also been secured to support the additional resource required to manage the implementation of the programme.

4.4   The Committee welcomed the updated action plan and risk register associated with the Oracle Fusion Cloud system implementation. They welcomed the continued assurance provided by the Executive in regard to the transition to the new accounting system mid-financial year. The need for ongoing input and representation from SCTS into the programme was recognised and earlier requests for SCTS representation on appropriate groups would be reiterated.

5.   Internal Audit

Progress Report
5.1   Internal Audit reported that work on the 2022-23 Annual audit plan was on track for completion by the end of March 2023. The draft report on Climate Change and Decarbonisation would be issued shortly. Field Work for the Equality and Diversity review had commenced. The follow-up Cyber Security Audit had been completed with no issues reported.

5.2   The Committee welcomed the update on progress.

5.3   Members noted that a Review of Criminal Court Backlogs by Audit Scotland was underway. The scope of the audit would focus principally on the issue of court backlogs, however the Executive had stressed the importance of those backlogs being assessed in the context of the broader justice system, in view of the interdependencies in the process. It was anticipated that the findings of the review would be published in mid-2023.

6.   Assurance and Best Value Framework

6.1   The Committee considered the Assurance and Best Value Framework (ABV), presented as part of its annual work programme. The framework provided an overview of the assurance sources in place across the organisation in relation to key functions, services and best value themes.

6.2   Members agreed that the framework provided a good overview of the assurances in place. The framework would be maintained and updated to ensure it continued to provide an accurate assessment of the assurance sources available to the organisation.

7. Review of Core Work Plan and Deep Dive Sessions for 2023-24

7.1 The Core Work Plan and proposed Deep Dive Sessions for 2023-24 were reviewed. Members discussed and agreed the deep dive sessions for coming year. Whist it would be important to retain a degree of flexibility around the sessions to accommodate events that may take place the provisional topics agreed for Deep Dive sessions in the coming year were:

- Workforce Planning and Leadership Development (April 2023)
- Social Security Appeals Implementation (August 2023)
- Criminal Recovery Programme (November 2023)
- Net Zero Strategy (January 2024)

7.2 Members agreed that a deep dive session was not required in regard to the Oracle Fusion Shared Services Programme as updates were provided at each meeting.

8. Counter Fraud Update

8.1 The Committee reviewed the revised SCTS Counter Fraud Strategy and Counter Fraud Policy. The Head of Financial Governance reported on planned activities which included a comparison of the SCTS approach against best practice; liaison with the Scottish Government; regarding fraud risk profiling and assessments; and consideration of any guidance issued by the newly formed Public Sector Fraud Authority. SCTS would also participate in the Fraud Awareness week in mid-November, with sessions planned to raise staff awareness of potential fraud both at work and at home.

8.2 The Committee welcomed the updated suite of Counter Fraud documents and plans in place to raise staff awareness.

9. Update on Management Checklists Review

9.1 The Executive reported on the progress underway to introduce an enhanced Management Checklist process. Ahead of the launch of the new process in January 2023, a timetable had been developed informing Sheriff Court and Justice of the Peace Court staff of the regularity of the checks and the deadlines. Seminars and training for the new checklists had been developed to ensure a smooth transition to the new process. Work was now underway to introduce Management Checks in other business units.

9.2 The Committee acknowledged the good progress made and the future plans to expand the process throughout the SCTS. Members noted that as part of their Internal Audit plan a follow-up review of Governance and Assurance would be undertaken which would include the enhanced management checklists review.

10. Corporate Risk Register

10.1 The Corporate Risk Register was reviewed. Members noted that the risk scoring had remained static, apart from Risk 6 on Finance and Resources, which had increased since the last update. Members noted that the risk appetite of the organisation may need to be reconsidered in view of the current political and economic climate.

10.2 A number of risk scores had remained static due to successful actions to mitigate being matched by new developments or emerging risk. Whilst the current risk scores remained accurate it was agreed that the upcoming Board and Committee Risk Workshop would be used to consider any further actions that might be taken to mitigate risk, alongside a reassessment of risk appetite in view of the broader operating environment.

11. Annual Assurance to the Accountable Officer Update

11.1 Members received an update on the progress to improve the responses received to Annual Assurance process in the coming year. An Assurance Group had reflected on the process and agreed improvements to the process for the coming year.

11.2 The Committee noted the ongoing Assurance activity.

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 – Shared Services Programme Core Brief/Corporate Transformation slide pack
- Internal Audit – Quarterly Bulletin 14 – Fraud and Corruption
- Internal Audit – Quarterly Bulletin 15 – Data Protection
- Internal Audit – National Audit Office Update - Audit Priorities
- Internal Audit – Risk in Focus 2023
- Internal Audit – Risk Management Presentation
- Internal Audit – EY Thought Leadership Consideration for DIAA

13.2 One data incident was discussed and no other matters were raised by exception.

14. Date of Next Meeting

14.1 The next meeting would be held on Monday 23 January 2023.

15. Deep Dive Session – Office of the Public Guardian Transformation

15.1   Tim Barraclough (Executive Director, Tribunals and OPG) and Fiona Brown (Public Guardian and Accountant of Court) joined the meeting and led a presentation on the work of the Office of the Public Guardian and Accountant of Court. The Committee discussed the considerable volume of the OPG's work and considered the proposals to improve the OPG services through the development of a modern digital system that would improve reliability, efficiency and the level of service.

15.2   Members discussed the risks associated with reliance on an aged system but were assured that the Executive had taken all possible steps to ensure that functionality of the current system was maintained. The SCTS Lab structure provided a clear agile methodology and framework for managing a large system development such as that proposed.

15.3   The Committee welcomed the informative update. Members noted that a Business Case seeking funding for a new system was being developed and would be submitted to the Scottish Government in early 2023.

Scottish Courts and Tribunals Service
November 2022