Scottish Courts and Tribunals Service

MINUTES

SCTS AUDIT AND RISK COMMITTEE
MEETING: 2 November 2015 – Parliament House, Edinburgh

Members Present:
>   Joe Al-Gharabally, Non-Executive Member SCTS Board (Chair)
>   Tony McGrath, Non-Executive Member SCTS Board (Deputy Chair)
>   Simon Catto, Non-Executive Member SCTS Board
>   Angus Mackenzie – Non-Executive Member (External)
>   Dr Brian Keighley– Non-Executive Member (External)

Attended:
>   Eric McQueen, Chief Executive, SCTS
>   Richard Maconachie, Chief Finance Officer, SCTS
>   Lesley Watt, Interim Director Finance, SCTS
>   Irene Andrew, Head of Financial Controls and Service Improvement, SCTS
>   Mark Roberts, Senior Manager, 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
>   Karen Lawrie, Executive Support, Secretariat, SCTS (Minutes)

Apologies:
>   Angela Cullen, Assistant Director, Audit Scotland

1.	**Declaration of Interests**

1.1   There were no new declarations of interest from Members.

2.	**Minutes of the Meeting of 3 August 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 and no matters arising.

4.	**Internal Audit Progress Update (SCTS/ARC/Nov15/27)**

4.1   Internal Audit updated Members with a summary of their activities across SCTS since the last meeting. The Peer Review Assurance review, part of the 2014-15 Audit Programme, had been finalised with a Reasonable assurance level provided.

4.2   From the 2015-16 SCTS Internal Audit Plan two of the four main audit reviews have commenced, one is at draft report stage and the second is underway. Of the five follow-up reviews two have been completed, with the remainder on-track.

4.3   The Committee thanked Internal Audit for the quality of the reports provided to the meeting and suggested the inclusion of references to key corporate risks in their summary report in order to clarify the risks to which activity related. Internal Audit confirmed that future reports would contain information on key risks as well as details on audit conclusion assurance ratings.

5.   External Audit Presentation (SCTS/ARC/Aug15/28)

Efficiency of prosecuting Criminal Cases through the Sheriff Courts

5.1   Mark Roberts, Audit Scotland, gave a presentation summarising the key messages from the "*Efficiency of Prosecuting Criminal Cases through the Sheriff Courts*" report which was published by Audit Scotland on 24 September 2015.

5.2   Members discussed the key messages delivered in the presentation focussing on the full costs associated with prosecuting criminal cases through the sheriff court system. The Committee noted the report and challenged the extent to which its findings could be used to drive change, due to the lack of defined practical actions it contained. The Executive informed the Committee that it had considered the recommendations made in the report, which were aimed at criminal justice partners collectively, and were working in conjunction with the Scottish Government and those partners to deliver appropriate responses. The report's recommendations had also been considered at the October meeting of the SCTS Board – where the view had been expressed that neither further refinement of the current system nor increased spending would, of its own, resolve the issues highlighted. On that basis the Executive, in collaboration with justice partners, were also considering the potential for more significant reform of the system, as outlined in the report of the Evidence and Procedure Review, in an effort to address some of the more fundamental root causes that led to churn and delay.

Audit Scotland Annual Report 2014-15

5.3   The report was circulated to Members for information prior to being published on the Audit Scotland website. The Committee sought and received assurances around the management responses and, in particular, the inclusion of tribunal operations in the planning and guidance processes following the merger of the Scottish Courts Service and Scottish Tribunals Service on 1 April. The Committee agreed that it would hold a future meeting at a Tribunals location, in order to develop its understanding of tribunal business and operations.

6.   Assurance Framework and Best Value Tracker (SCTS/ARC/Nov15/30)

6.1   At the meeting in April Members considered and approved the SCTS Assurance Tracker and suggested that assurance reporting should be extended to provide evidence and assurance that the organisation was delivering on Best Value themes. Rather than produce an entirely separate tracker for this purpose it was agreed that the assurance tracker should be broadened both to highlight where exiting assurances supported delivery of Best Value themes and to capture further assurance sources to evidence delivery of the themes where appropriate.

6.2   The Committee welcomed the updated Assurance and Best Value Tracker, and considered how it could be used to drive the culture of continuous improvement – drawing on evidence sources such as annual staff surveys, leadership through coaching and the innovative approach taken to continuous improvement by Tribunal Operations colleagues.

6.3   It was suggested that the document would be more effective if cross referenced to the Corporate Risk Register. The Executive agreed to include a cross-reference to relevant corporate risks and confirmed they would update the document twice a year.

> **Action Point: The Executive to update and maintain the Assurance and Best Value Tracker at least twice per year and provide updates to the Committee when significant changes were made.**

7.   Planning of Core Work Plan for 2016-17 (SCTS/ARC/Nov15/31)

7.1   Members reviewed the draft work programme for 2016-17 agreeing that it provided the correct focus to allow the Committee to properly discharge its responsibilities on behalf of the SCTS Board, by providing oversight of effective governance and management of risk for the coming audit year. Consideration was also given to the potential "deep dive" sessions.

7.2   Following the merger of the Scottish Court Service (SCS) and Scottish Tribunals Service (STS) to form the Scottish Courts and Tribunals Service (SCTS) on 1 April 2015 Members agreed that it would be beneficial to visit a Tribunals location to meet with staff ahead of a Committee meeting, and explore tribunal issues in a more detailed working session thereafter. Deep Dive sessions were agreed as follows: January – Integrated Case Management System; April – Tribunals; August – Cyber security & Data Management/Protection; November – Finance Transformation; January 2017 - to be confirmed at a later meeting.

> **Action Point: Secretariat to arrange for the ARC Committee meeting in April 2016 to be held in a Tribunals location in Hamilton or Glasgow.**

7.3   Following the introduction of new Cabinet Office guidance on whistleblowing which requires SCTS to periodically consider whistleblowing at Board/Committee level, it was agreed that this matter would be added to the Audit and Risk Committee meetings as an annual standing agenda item.

8.   Finance Transformation Programme Update (SCTS/ARC/Nov15/32)

8.1   The Executive informed Members that good progress has been made against the three key areas identified in the Finance Transformation Plan (FTP) which was reviewed and agreed by the Executive Team in February.

8.2   It was noted that Finance staff were exploring viable solutions to the systems currently used as well as looking at alternatives. Any significant changes or deviations from the FTP would be referred to the Executive Team for approval.

8.3   The Committee recognised that the FTP represented a good 'road map' and were content with the action taken by the Executive to date. They agreed that a further update on its implementation should be provided in a workshop session in November 2016.

9.   Any Other Business

9.1   The Chair advised that this would be Tony McGrath's last Audit and Risk Committee meeting as his appointment to the SCTS Board was due to end in December 2015. On behalf of the Committee, the Chair thanked Tony for the commitment and time he had given to the work of the Committee since it was established in 2010.

Papers for Exception Reporting only

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

- Action Tracker
- Data Losses Report
- Fraud, Theft and Losses Report
- SCTS Peer Review Update
- ICMS Project Plan
- Internal Audit Report

The content of each report was noted. Matters were as follows:

Corporate Risk Register
9.3   The Corporate Risk Register was reviewed and discussed. The Executive agreed to re-evaluate several entries to take account of the points raised by Members.

ICT Risk Register & Milestone Chart
9.4   The Committee considered the ICT Risk Register. Due to the complexity and long roll out time associated with several ICT projects, it was suggested that the Executive may wish to review any financial impact resulting from the implementation timescale.

10.   Date of Next Meeting

10.1   18 January 2016 at 11.00am in Parliament House.

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

11.   Post Meeting Deep Dive Sessions – Programme and Project Governance Framework

11.1   Noel Rehfisch, SCTS Corporate Secretary, provided an update on the approach that the SCTS takes to managing significant business change, through the operation of its programme boards and key corporate projects. The level of change that the justice system generally, and SCTS specifically, had coped with over the past few years had been significant. It seemed likely that the volume would remain high over the coming 2-3 years, against a backdrop of tight budgets, hence the need for effective governance to manage the development, approval, control and delivery of change activity.

11.2   The criticality of this area was recognised in the Corporate Risk Register, with key risks identified in relation to the scale and pace of change and the potential impact of future budget constraint. Programme and project disciplines were established to support the delivery of major change initiatives – and the organisation had successfully delivered a number of significant change programmes in recent years, including the court structures programme and the merger of the SCS and STS.

11.3   Committee members reviewed recent developments in the approach taken by the organisation to project management and noted plans for further development. Mapping the impact of change on the organisation would be an important task – in order to ensure that both the SCTS Board and senior team could plan ahead, identify potential stress points and prioritise appropriately - balancing risk against the delivery of further reform.

SCTS Audit & Risk Committee
November 2015