Scottish Courts and Tribunals Service

MINUTES

SCTS AUDIT AND RISK COMMITTEE
MEETING: 4 November 2024, Parliament House

Members Present:
Maggie Craig, SCTS Board
Lynsey Walker, SCTS Board (Chair)
Claire Robertson, Non-Executive Member
Patrick Bartlett, Non-Executive Member

Attended:
Malcolm Graham, Chief Executive SCTS
Noel Rehfisch, Deputy Chief Executive, SCTS
Steven D'Arcy, Corporate Secretary, SCTS
Alice Wallace, Chief Finance Officer, SCTS
Chris Brown, Director Finance and Procurement, SCTS
Gillian Battison, Head of Financial Governance, SCTS
William Wilkie, Internal Audit, Scottish Government
Dougie Shepherd, Internal Audit, Scottish Government
Tommy Yule, Audit Scotland
Graeme Samson, Audit Scotland,
Karen Lawrie, Head of Secretariat, SCTS (Minutes)

Apologies:
Sheriff Olga Pasportnikov, 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 29 July 2024

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.

4.   Oracle Fusion Shared Services Update

4.1   The Executive reported on key developments following the launch of the Oracle Fusion Cloud Accounting system on 1 October. A phased rollout of modules was underway with Purchase to Pay (purchasing module), cash management (bank statements and reconciliation), order to cash module (customer invoicing) and the general ledger module (journals) now available.

4.2   The SCTS data had been successfully migrated to the new system. A new universal Chart of Accounts (COA) had been implemented and mapped to our previous COA. The first month end closure (October) had commenced. Suppliers had been approved, and fees invoices paid. Invoices had been successfully raised and sent out to customers but further work on manual intervention was required.

4.3   Two significant issues had been identified relating to 'Purchase to Pay end to end accounting' and user access had not been as requested. Core business continued to be delivered by resorting to manual "work arounds" in line with FPU Business Continuity arrangements but were time consuming and workloads were building as a result. These issues had been escalated to the Scottish Government.

4.4   The Executive confirmed that they were continuing to engage with the Scottish Government (SG) using the SG prescribed channels, raising issues as they occurred. Due to the knowledge within the Finance and Procurement Team, a number of solutions to the issues being experienced by SCTS had been proposed to the SG to resolve the issues being encountered.

4.5   The Committee welcomed the update following the launch of the new system. They commended the Finance and Procurement Team on their resilience in adopting a new system whilst managing manual work arounds during this transition period.

5.   Internal Audit

Progress Report – 2024-25
5.1   Internal Audit confirmed that work on the 2024-25 Audit Plan remained on track to be completed by 31 March 2025. Fieldwork had commenced on the Data Breach Identification and Cause review. Fieldwork was ongoing in relation to the Estates Strategy and Vision Review. A follow-up audit on Procurement Governance was ongoing. Planning for the 2025-26 Audit Plan would commence shortly.

5.2   It was reported that the Directorate for Internal Audit and Assurance (DIAA) had successfully appointed a number of new staff, which would assist in the delivery of key audit work in all areas. A refresh of the DIAA Strategy was underway.

5.3   Internal Audit agreed to explore the steps that would need to be taken to allow future reports from the Digital Assurance Office relating to SCTS to be shared with the Committee. It was anticipated that the report relating to the Digital Case Management System for the Office of the Public Guardian would be available for discussion at the next meeting.

5.4   The Committee welcomed the comprehensive update.

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 Committee confirmed that the framework should continue to be maintained and presented annually to provide an accurate assessment of the assurance sources available.

7.   Review of Core Work Plan and Deep Dive Sessions for 2025-26

7.1   The Core Work Plan and proposed Deep Dive Sessions for 2025-26 were reviewed. Members discussed the proposed list of deep dive sessions for the 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:

- Data Breaches (April 2025)
- Change Management (August 2025)
- Financial Sustainability (November 2025)
- Cost Effectiveness/efficiency, including benefits realisation (January 2026)

7.2   Members confirmed that updates on implementation of the Scottish Government Oracle Fusion Shared Services Programme would continue to be provided at each meeting.

7.3   Members also discussed the requirement to have assurance over sustainability reporting. It was clarified that the Estates Committee has delegated responsibility from the SCTS Board for the delivery of the SCTS Carbon Reduction commitment programme. Members were also advised that new sustainability disclosure requirements would be reported on in the SCTS Annual Report and Accounts (ARA). The ARA will be externally audited, and the Committee will be asked, at their July meeting, to recommend to the SCTS Board that the ARA should be published. In doing so, the Committee must have regard to whether the SCTS had adhered to its statutory reporting requirements and guidance.

8.   Corporate Risk Register

8.1   The Corporate Risk Register was reviewed. Members scrutinised the risk scoring, which had been reviewed and updated by the Executive since the last meeting. The revised scorings were accepted.

9.   Data Incident Report

9.1   The Executive summarised the work underway to address the occurrences of Data Breaches within the SCTS. Following the reporting of a number of breaches to the Information Commissioners Office (ICO) and a subsequent meeting with the ICO, proportionate mitigations had been put in place and an action plan developed to monitor progress.

9.2   The Committee acknowledged the complex processes that must be followed by SCTS staff in operational roles. Members noted the mandatory annual data breach e-learning modules for staff and welcomed the introduction of Data Breach awareness sessions which highlighted the different types of breaches that could occur. An update on progress with the Data Breach Action Plan and the Internal Audit Report on Data Breach Identification and Cause review would be provided at the April meeting.

10.   Annual Counter Fraud Strategy and Policy

10.1   The Committee reviewed the updated SCTS Counter Fraud Strategy and Counter Fraud Policy. The Head of Financial Governance reported that a high-level fraud risk assessment had been completed which included the Oracle Fusion Cloud system introduced on 1 October. A more detailed review (to provide further assurance around the financial controls in operation and to ensure the system workflows incorporated appropriate segregations of duties) would be conducted in due course. Fraud risk profiling in SCTS business units and a comparison of SCTS counter fraud activity against recommended practice would be completed in 2025.

10.2 The Committee welcomed the updated suite of Counter Fraud documents and proposed activities.

11.   Management Checklists Update

11.1 The Executive reported on the ongoing activity to enhance the Management Checks carried out throughout the year in Sheriff and Justice of the Peace Courts, Supreme Courts and the Office of the Public Guardian. The introduction of appropriate checks in other business units was being considered

11.2 The Committee acknowledged the assurance provided by the process and the future plans to expand the process throughout the SCTS.

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
- Fraud, Theft and Losses Report
- Core Work Plan 2024-25

13.2 No matters were raised by exception.

14.   Date of Next Meeting

14.1 The next meeting would be held on Monday 20 January 2024.

15.   Deep Dive Session – Sustainability – Journey to Net Zero

15.1 The Committee welcomed Tim Barraclough, Executive Director Tribunals and the Office of the Public Guardian, and Leigh Fraser, Sustainability Manager, to the meeting.

15.2 The strategic vision and goals of the recently published Sustainability Strategy were outlined. The activities undertaken since publication of the strategy were highlighted. These were part of the SCTS' journey to meet the Scottish Government's target for all public bodies to achieve Net Zero by 2045. The primacy of focusing on SCTS' purpose, supporting Justice, whilst making progress towards net zero was recognised. SCTS had received Carbon Reduce Certification, received grants from the Scottish Central Government Energy Efficient Grant Scheme and was developing a sustainability action plan. An energy reduction plan was also embedded in the new Facilities Management Contract manged by OCS.

15.3 The Sustainability Manager was working with the Education and Learning Unit to involve staff members participating in the SCTS talent programme and AO development programme to help develop and implement suggestions on how best to reduce waste, CO_2 and paper usage.

15.4 Members agreed that sustainability needed to be embedded in all aspects of the organisation with communications vitally important. They discussed the balance between achieving targets against the needs of the organisation. It was acknowledged that, given the geographical spread of the SCTS estate and the nature of its business, a level of travel would remain essential, however thought was being given to how this could be sustainably achieved.

15.5 The Committee thanked Tim and Leigh for their informative presentation. Whilst regular monitoring of the Estates data was carried out by the Estates Committee, members would receive regular updates on the sustainability action plan as it aligned to SCTS Risk Register.

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November 2024