

## **SCOTTISH CRIMINAL CASES REVIEW COMMISSION**

### **MINUTES OF THE MEETING OF THE AUDIT COMMITTEE ON TUESDAY 2 DECEMBER 2014, 10.30AM, PORTLAND HOUSE**

#### **FOR DISCLOSURE VIA THE PUBLICATION SCHEME**

**(There have been no edits to these minutes)**

#### **Members of the Audit Committee:**

Mr Stewart Campbell, Chairman  
Professor Brian Caddy  
Mr Gerrard Bann

#### **In attendance:**

Mr Jim Montgomery, Internal Audit Manager, Scottish Government  
Mr William Wilkie, Senior Internal Auditor, Scottish Government  
Mr Richard Smith, Senior Auditor, Audit Scotland  
Mr Gerard Sinclair, Chief Executive  
Mr Chris Reddick, Director of Corporate Services

#### **1.0 Apologies**

- 1.1 Mr Haseeb from Audit Scotland had submitted his apologies.
- 1.2 Mr Campbell welcomed Mr Montgomery to his first Audit Committee meeting at the Commission. Mr Montgomery provided Members with an overview of his background and role within the internal audit team.

#### **2.0 Minutes of the Audit Committee meeting held on 5 June 2014**

The Audit Committee noted the minutes of the meeting held on 5 June 2014 having previously agreed them by email.

#### **3.0 Matters Arising**

- 3.1 Mr Reddick referred to 3.2 of the minutes and confirmed that the new Framework Document had been approved by Public Bodies team at Scottish Government and that it was now operational.
- 3.2 Professor Caddy referred to 4.6 of the minutes and asked if any advice and assistance had been provided in respect of cloud computing. Mr Wilkie confirmed that he had provided Mr Reddick with guidance following the last meeting of the Audit Committee. Mr Reddick confirmed that this had been received and the guidance was extensive.

- 3.3 Professor Caddy referred to 5.3 of the minutes and asked for an update on the issues that had been experienced with DWP in respect of pension information for the 2013-14 Remuneration Report. Mr Reddick provided an overview of the delays that had been experienced during the 2013-14 year-end process, noting that senior staff pension details had eventually been received in time for audit review and sign off of the accounts. He confirmed that the Commission would be dealing directly with DWP as part of the 2014-15 year-end process instead of going through Scottish Government to ensure that the process was more efficient. He also confirmed that DWP would be asked for assurances over the accuracy of pension data supplied for the Remuneration Report.
- 3.4 Mr Campbell asked if the process could be started earlier in the year to reduce the risk of information being supplied late. Mr Reddick confirmed that the overall year-end timetable was in the process of being agreed with Accountancy Services and external audit. In respect of the pension information from DWP, he confirmed that the process is normally commenced once DWP issues its annual guidance on submission of pension data. He did however agree to contact DWP in order to ascertain if the process could be commenced earlier than this.

#### **4.0 Finance Report**

- 4.1 Mr Reddick provided a summary of the quarterly finance report to 30 September 2014 which he confirmed had been provided to the Audit Committee for information in order to demonstrate the financial pressures on the Commission during 2014-15. He confirmed that the quarterly finance report had been considered by the Board in October 2014 at which point it had been agreed that a separate funding report should be prepared for discussion with Justice Directorate. Mr Reddick identified the main pressures in the Commission ordinary activities primarily arising as a result of increased investigations costs.
- 4.2 Mr Reddick then provided an overview of the additional funding paper, outlining the main assumptions in forecasting additional costs to 31 March 2015 based on the potential progress of the exceptional case being considered. Mr Reddick confirmed that this paper had been discussed at the last quarterly sponsor meeting in November 2014 where approval had been provided for the additional funding requirements. He also noted that the level of funding was dependent on the progress of the application.
- 4.3 Mr Wilkie confirmed that both papers were useful in setting out some of the background for 2014-15 in terms of funding and financial management. Mr Montgomery also noted that this was a good example of the tie in with the Commission's risk management strategy in terms of exceptional cases and funding arrangements.
- 4.4 Mr Campbell noted that this was the first time Members had seen the additional funding and queried if this had been presented to the Board. Mr Sinclair confirmed that he had provided a verbal update on the anticipated

additional funding requirements at the Board meeting in November 2014 as well as the outcome from the sponsor meeting in November 2014. In respect of the additional funding requirements for Members' Fees & Expenses, Mr Campbell raised the issue of the practicality of Board Members being replaced in June/July 2015 and his views in possible extensions to existing appointments. He asked that this matter, including the funding paper be discussed more with the Chairman and the Board at the Policy meeting on 19 December 2014.

- 4.5 Mr Campbell also referred to section 5 of the funding paper and in particular the Commission's ongoing arrangements for secure remote and office email. Mr Reddick provided a full update on the current testing of the Egress Switch mail system including anticipated full implementation timescales along with the benefits of this system. Mr Campbell noted that it would be useful to have a note of the full plans in respect of Egress Switch and asked that a paper be prepared for the Policy meeting on 19 December 2014.

## **5.0 Internal Audit**

### **Internal Audit Plan 2014-15**

- 5.1 Mr Reddick confirmed that the Internal Audit Plan for 2014-15 had been circulated for information only as this had been agreed at the meeting on 5 June 2014. Mr Campbell asked that Boardbooks implementation be specifically included within the 2014-15 plan. Mr Wilkie confirmed a full ICT audit was scheduled for 2015-16 but would include aspects of the Boardbooks system within the 2014-15 which he would scope out with Mr Reddick at their meeting on 17 December 2014.
- 5.2 Mr Wilkie also confirmed that a full follow up review of recommendations from 2013-14 would be carried out during the 2014-15 review.

### **Internal Audit Progress Report – November 2014**

- 5.3 Mr Wilkie provided Members with an overview of the internal audit progress report, confirming that a planning meeting had been scheduled on 17 December 2014, at which point dates for the audit work in February/March 2015 would be agreed.

### **Audit Assurance & Recommendation Categories**

- 5.4 Mr Wilkie provided Members with an overview of the new assurance rating scheme which had been approved in September 2014. He confirmed that this included a new "insufficient assurance" rating as well as updated descriptions for each rating. Mr Campbell confirmed that this was useful to put ratings into context.

## **6.0 External Audit**

### **2014-15 External Audit Annual Plan**

- 6.1 Mr Smith presented the 2014-15 External Audit Plan, confirming that this had been produced with the assistance of management, in respect of audit issues and risks during 2014-15. He specifically referred Members to the audit fee, confirming that this was increasing marginally in 2014-15. He also drew Members' attention to the assessment of audit issues and risks along with the 2014-15 schedule of audit outputs.
- 6.2 Mr Reddick confirmed that previous delays in obtaining pension information from DWP had been included although this had been fully discussed earlier and he would be taking forward actions in respect of this issue. Mr Montgomery confirmed that he had identified similar issues within other organisations.
- 6.3 Mr Bann referred to the new IT support arrangements outlined in paragraph 28. Mr Reddick confirmed that the new contract was now in place and that a large part of the contract was covered on a "pay as you go" basis which was anticipated to produce real savings for the Commission. He confirmed that a full assessment of actual savings would be undertaken as part of the year-end process.

## **7.0 Best Value Update**

- 7.1 Mr Reddick referred Members to the copy of the Business Plan Objectives report which had been included with papers for information. He confirmed that all of the best value actions had been incorporated within the 2014-15 Business Plan Objectives in order to avoid any unnecessary duplication and that this report was what management used on a monthly basis to monitor progress of objectives. He provided a summary of progress to date in 2014-15.
- 7.2 Mr Campbell confirmed that this was a useful report and queried why it wasn't presented to the Board for information. Mr Reddick confirmed that this was a management tool to oversee the implementation of business plan objectives, which had previously been agreed by the Board, and in his view it only became a Board matter if management were not achieving the agreed objectives. Mr Campbell asked the auditors for their view on this matter.
- 7.3 Mr Wilkie confirmed that this was typically a management tool dealing with operational matters which would not routinely go to the Board. Mr Montgomery endorsed this view and confirmed that any matters of concern could certainly be dealt with by exception. Mr Reddick noted that it could certainly be presented to the Audit Committee for information, as

had been done on this occasion, as it was a simple way of showing progress in respect of Best Value as well as Business Plan Objectives.

- 7.4 Mr Campbell referred to the objective in respect of the development of an operational risk register. Mr Reddick provided an update on this confirming that each member of the management team had been tasked with identifying key operational risk based on their core responsibilities contained within their job descriptions. Once complete this would form the basis to assess these risks and develop an operational risk register for management use and to feed into the Corporate Risk Register. Mr Campbell confirmed that this made sense and he looked forward to a further progress update.

## **8.0 Risk Management**

- 8.1 Mr Reddick provided the Audit Committee with a full update on the Corporate Risk Register, confirming that there were only minor changes in to the last version which had been considered by the Board. After full discussion the Audit Committee agreed that Mr Reddick should update the register in respect of completed and no longer relevant actions before providing an update to the Board in January 2015.
- 8.2 Mr Campbell asked Mr Montgomery for his views on the Commission's risk management system. Mr Montgomery confirmed that the methodology was very familiar, that it appeared to be appropriate for the Commission and on this basis was of assistance to internal audit in their work.

## **9.0 Business Continuity Planning**

Mr Reddick provided Members with an update on the Commission's Business Continuity Planning arrangements confirming that the plan had been updated to reflect all changes to personnel and key contacts. He also confirmed that a real life test of the plan had been undertaken in respect of reinstating backed up data and that this had been successfully achieved with minimal disruption. He also confirmed that a further planned test would be undertaken prior to year-end.

## **10.0 AOB**

There was no other competent business.

## **11.0 Date of Next Meeting**

Mr Reddick agreed to circulate proposed dates for an interim meeting in April 2015.

**Management left the meeting at this point in order to give Members the opportunity to have a private discussion with the auditors.**

**Chris Reddick**  
18 December 2014