

SCOTTISH CRIMINAL CASES REVIEW COMMISSION

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE ON THURSDAY 4 JUNE 2015 2.30PM, PORTLAND HOUSE

FOR DISCLOSURE VIA THE PUBLICATION SCHEME

In line with the Commission's Disclosure policy, various paragraphs may have been edited or deleted from these minutes as the information contained therein relates to specific case information and/or personnel-related matters. Where the summary of discussion has been edited or the names have been deleted, this is indicated at the start of the relevant paragraph or section.

Members of the Audit Committee:

Mr Stewart Campbell, Chairman
Professor Brian Caddy

In attendance:

Mr Richard Smith, Senior Auditor, Audit Scotland
Mr William Wilkie, Senior Internal Auditor, Scottish Government
Mrs Jean Couper, Chairman, SCCRC
Mr Gerard Sinclair, Chief Executive, SCCRC
Mr Chris Reddick, Director of Corporate Services, SCCRC
Mr Jim McShane, Legal Officer, SCCRC
Miss Mary Frances Ralston, Legal Officer, SCCRC (minutes)

1.0 Apologies

Mr Bann, Mr Haseeb (Audit Scotland) and Mr Montgomery (SG: Internal Audit) had submitted their apologies.

2.0 Minutes of the Audit Committee meeting held on 8 April 2015

The Audit Committee approved the minutes of the meeting held on 8 April 2015 subject to minor amendment. The Audit Committee also approved the version for the publication scheme subject to the same minor amendments.

3.0 Matters Arising

3.1 Mr Reddick confirmed that the revised Internal Audit Report had been issued to all Members.

4.0 Audit Committee – Terms of Reference

- 4.1 Professor Caddy stated that he was content with the three main areas of the Terms of Reference.
- 4.2 Mr Campbell queried whether it would be possible to include a specific reference to the need for the Audit Committee to regularly review payment performance. He pointed out that the Commission's payment performance had been at 90% for the last two or three years. He considered that an element of challenge was needed at the half yearly stage so that the Board was aware of the position and could ask for a different approach.
- 4.3 Mrs Couper considered that the Terms of Reference were fully compliant with what was required. She agreed with Mr Reddick that payment is a management issue. She also agreed that it was worth considering including it in the half yearly report to the Board. She suggested that a footnote could be inserted if there was a clear reason why the target had not been reached.
- 4.4 Mr Campbell asked for clarification of the meaning of "performance management arrangements". Mr Reddick explained that it meant the general performance management framework established by and operated by management in order to monitor performance against business plan and strategic objectives. He suggested that he would provide an overview of the management framework at the Spring meeting. Mrs Couper agreed that would be helpful.
- 4.5 Mr Wilkie referred to the wording of the Terms of Reference which made it a requirement for the Internal Audit terms of reference to go to the Audit Committee for agreement which would not normally happen. After discussion it was agreed that the wording should be updated to refer to Internal Audit Plans.

5.0 External Audit

2014-15 Annual Accounts

- 5.1 Mr Reddick presented the draft 2014-15 Annual Accounts and took Members through the document page by page. In particular he highlighted minor changes from the previous year's accounts.
- 5.2 Mrs Couper referred to the Directors' Report and asked if there was any reason why the average number of sick days per employee had increased from 1.2 days in 2013-2014 to 3.9 days in 2014-2015. Mr Reddick confirmed that there was no specific reason and pointed out that the average number of sick days remained low.
- 5.3 Ms Couper referred to the Remuneration Report and considered that it should be amended to make clear the Chief Executive's performance is assessed by the Chairman using a system of annual appraisal and the

performance conditions are based on achievement of the personal objectives as well as of the Commission's Corporate Plan objectives.

- 5.4 Mrs Couper referred to the Notes to the Accounts for the year ended 31 March 2015 and queried the figure of 5 years for amortisation for IT fixed assets as she thought this had previously been changed to 3 years. Mr Reddick confirmed that he would look into this matter.
- 5.5 Mr Campbell suggested that the listing of "physical attack or threat to staff" at the end of the list of key risk areas might be seen by others to infer a kind of hierarchy or risk. Professor Caddy suggested making this list alphabetical. Mr Reddick confirmed that the order was based on how the risks had been listed in the Corporate Risk Register and was not based on score or priority. He confirmed that this approach had been adopted for a number of years and consideration could be given to changing this in future.
- 5.6 Mr Campbell referred to the footnote to "the number of formal complaints received" at page 4 of the Annual Accounts and suggested deletion of "with" in line 2 and substitution therefor of "but". Mr Reddick stated that the wording had been approved by the Board and that it also featured in the Strategic Management Report. Mrs Couper pointed out the need for consistency with other documents.
- 5.7 Mr Campbell queried the figure shown for the provision for Dilapidation. Mr Reddick explained the dilapidations calculation and agreed to amend the wording so that it was clearer.

2014-15 Proposed Annual Report (name deleted)

- 5.6 Mr Smith summarised the proposed 2014-15 Annual Report confirming that an unqualified audit opinion was being provided. He also provided a summary of the three points giving rise to recommendation which included the changes to the FReM and the impact on the 2015-16 accounts preparation, monitoring of expenditure in respect of one case and the level of cash and cash equivalents held at 31 March 2015 to adequately cover liabilities.
- 5.7 Mr Smith referred to page 5 of the Proposed Annual Report. Mrs Couper stated that the Board had deleted the reference to general case investigation expenditure as it related to specific case investigation expenditure.
- 5.8 Mr Smith referred to paragraphs 31 and 32 at page 11 of the Proposed Annual Report and provided Members with additional information in respect of their duty to report on both an accruals and cash basis.
- 5.9 Mr Sinclair referred to page 17 of the Proposed Annual Report and sought clarity on the term "significant" used to describe audit risks, suggesting that

“specific” might be more appropriate. After discussion it was agreed that more appropriate wording would be useful.

5.10 Mr Sinclair thanked the independent auditors for their work and the production of two very clear audit reports. He expressed his appreciation of the way they had rendered the process both easy and comprehensible. Mr Smith paid tribute to the contribution made by Ms Kirsty Glass. After further discussion the Audit Committee recommended that the accounts be signed by the Accountable Officer.

6.0 Audit Committee – Draft Annual Report 2014-15

In response to a request by Mr Campbell, Mr Reddick confirmed that the Terms of Reference would be moved to the back of the Annual Report and that the other amendments suggested by Mr Campbell to the Report would be incorporated therein. A discussion ensued as to whether the membership of the Audit Committee should be inserted under the heading “Basis of Opinion”. Mr Campbell considered that it would be helpful to do so as the Annual Report is a stand-alone document. Mr Sinclair confirmed that the Annual Report is a report to him. Mrs Couper noted that it is an internal document. It was agreed that Mr Reddick would insert the membership of the Audit Committee and make the other agreed amendments to the Report, and thereafter get it signed off.

7.0 Risk Management – Corporate Risk Register

Mr Reddick provided the Audit Committee with a full update on the Corporate Risk Register. He referred to the development of the Operational Risk Register and confirmed that all the risk registers had been agreed and were in the process of being rationalised into a single Operational Risk Register. Mr Campbell noted that there had been many changes over the last eight years and that it had become more user-friendly and sensible. Mr Sinclair and Mrs Couper agreed with Mr Campbell.

8.0 Best Value Action Plan - Update

Mr Reddick provided Members with an update on the Best Value Action Plan.

9.0 Audit Committee Effectiveness

Mr Reddick stated that questionnaires had been circulated as agreed. A few questionnaires are still outstanding. Mr Reddick confirmed that once these have been received he will compile a formal report.

10.0 Business Continuity Plan

Mr Reddick stated that he would circulate the updated version of the Business Continuity Plan at the start of July 2015. Tests had been carried out on 2014-2015

and a further test would take place at the end of the summer. He confirmed that the back-up system has been reviewed and updated accordingly.

11.0 Any Other Competent Business

11.1 Mr Wilkie confirmed that the Scottish Government's Head of Internal Audit had left at the end of April 2015 and that Mr Les Henderson was now Acting Head of Internal Audit. He also reported that there is to be a review of the Internal Audit Division and that any proposed changes will be reported to the Commission in due course.

11.2 It was agreed that there was nothing to be raised in a private meeting with either the Internal or External Auditors.

11.3 Mrs Couper on behalf of the Board and the staff of the Commission thanked Mr Campbell and Professor Caddy for their forbearance and resilience over the last eight years and that that it had been a great assurance to all that the Audit Committee had been in such diligent hands.

12.0 Date of Next Meeting

Thursday 3 December 2015 @ 14:30

Mary Frances Ralston
5 June 2015