

COPFS AUDIT & RISK COMMITTEE
MINUTES OF THE MEETING HELD ON 7th FEBRUARY 2019
CROWN OFFICE, 25 CHAMBERS STREET

Present:

Members

Robert Tinlin	Non-Executive Director – Chair
Vanessa Davies	Non-Executive Director
David Watt	Non-Executive Director

In Attendance

David Harvie	Crown Agent
Ian Walford	Deputy Chief Executive
Mark Howells	COPFS Director of Finance and Procurement
William Wilkie	Audit Manager, SG Internal Audit
Esther Scoburgh	Senior Audit Manager, Audit Scotland
Gordon McAllister	Senior Auditor, Audit Scotland
Marlene Anderson	Head of Financial and Systems Accounting

Apologies

Ian Burns	Senior Audit Manager, SG Internal Audit
Gillian Woolman	Audit Director, Audit Services, Audit Scotland
June Campbell	COPFS Secretariat

Welcome, apologies, introductions, declarations of interest and feedback on pre-meetings

1. The Chair welcomed everyone to the meeting. Vanessa Davies (who has replaced Annie Gunner Logan) and Gordon McAllister from Audit Scotland (who had taken over from Stephanie Harold as Audit Scotland, Audit lead) were introduced to the Committee. He noted apologies from June Campbell, Ian Burns and Gillian Woolman.
2. The Chair confirmed that the Non-Executive Directors had held a brief pre-meeting with The IAD Audit Manager to discuss the IAD audit plan for 2019-20.
3. There were no declarations of interest.

Minutes of the previous meeting

4. The minutes of the meeting held on 12 November were approved.

Matters arising/ARC action tracker

5. The Crown Agent gave a brief update on progress with the pathology and mortuary contract negotiations. He said that COPFS was on track to introduce new contractual arrangements with providers.

6. It was agreed that actions 1, 2, 4 and 5 on the action tracker could be closed and that actions 3 and 6 should be left open.

Audit Action Trackers – Update

Internal Audit Tracker – IAD

7.

Audit Title	Recommendation	ARC response
ICT assurance	5	Can be closed
Validation of KPIs	2, 4, 5	Revisit at May meeting
Corporate Processes	5	To remain open
Information Management Assurance Phase 1	1	Revisit at May meeting
	2, 3, 4	It was noted that the updates did not address the recommendations. The Chief Digital Officer would be asked to provide further, more focussed updates for the May meeting including proof that they had been implemented.

External Audit Tracker - Audit Scotland

8.

Recommendation	Subject	ARC response
1	Disposal of assets	Close
2	Development expenditure	Close
3	Digital Strategy	Close
4	IT capital Projects	Close. It was recognised that BPIC was the mechanism that provides assurance to the Executive Board
5	Cyber security	It was recognised that while COPFS had successfully dealt with one specific incident, the threat is on-going. It was confirmed that the risk has been raised at Executive Board level and will continue to be. The RMG will also monitor the risk and on-going mitigating actions.
6	Finance Capacity	Closed. Resource planning is an integral part of the management of the function. An interim finance professional has been recruited via an Agency to ensure continued capacity. One member of the Finance team has obtained AAT accreditation, one member of the Central Procurement Team is studying for a professional qualification and one member of the CPT and one member of Finance have applied for funding to do so.
7	Strategic Financial Planning	Open

Finance update

9. The Director of Finance and Procurement introduced the paper. He said that an underspend on running costs was being forecast but that this was being proactively managed by the Resources Committee: a number of proposals had been submitted for either bringing forward expenditure from 2019-20 or spending money on activity which would bring benefits in future years. He said that planning for the 2019-20 budget was in hand and proposals would be put to the Executive Board in March.

10. The Crown Agent noted that the 2018-19 financial year had been unusual with a significant injection of additional in-year funding to enable COPFS to attain the staffing level required to manage the changing case profile.

Recruitment and associated expenditure had been managed successfully to tie into funding for 2019-20.

11. The Crown Agent advised that work was in hand to ensure that the financial strategy will underpin planned staffing levels, projected case loads and efficiency work. Meeting reasonable public expectations will continue to be a priority for the service.

12. It was confirmed that the Finance Strategy will be updated in the next few weeks following the recent confirmation of our 2019/20 funding.

13. The Committee noted the finance report and update on strategic financial planning.

Internal Audit Update

14. The Audit Manager, SG Internal Audit, introduced the progress report and proposed audit plan for 2019-20. The audit manager advised that a recent recruitment exercise to increase IAD resources had attracted a good response. He also confirmed that there had been an external quality assurance review of the function. Finally he advised that the structure of IAD is likely to change from 1.4.19, the current thinking is around the creation of a Directorate of Assurance.

15. The Committee noted the progress report and approved the audit plan. The Committee requested, however, that in future there should be consultation with Non-Executive Directors about the plan before it was submitted to the ARC, and that the scope of each review in 2019-20 should make the link with the corporate risk register more explicit.

16. It was noted that the Risk Management report had been complimentary, confirming that a good structure had been put in place. The Chair of the Risk Management Group confirmed that arrangements felt solid and that the production audit had indicated that arrangements were much improved and that COPFS was in a "good place".

17. It was felt that it would be beneficial to see the annual audit plan within the context of a rolling multi-year Strategic Audit Plan.

18. The Committee asked for confirmation that all mitigating actions on the Corporate Risk Register were covered by one or more of the audits.

19. The Committee also wished to see the links between the planned work and the risks on the corporate risk register more clearly articulated in the text of the plan.

20. The Committee asked that the Workforce Planning audit include the fair futures project and recognise the dynamic environment in recent and future years.

21. The Committee noted the final reports on risk management arrangements and productions and were pleased at the progress which the reports reflected in both areas across COPFS.

Action: IAD to document the links between the planned audit work and the risks on the corporate risk register in the text in the main body of the plan.

Action: IAD to consider a rolling 3 or 5 year strategic audit plan to provide context for each year's plan.

Action: IAD to ensure adequate involvement of NXD's in the preparation of future audit plans.

Audit Scotland

2018/19 COPFS Annual Audit Plan;

2018/19 QLTR Annual Audit Plan

22. The Senior Auditor Manager confirmed that the plans had been discussed with COPFS management and advised that they would re-issue the audit plan with updated management assurances.

23. The Senior Auditor Manager confirmed the audit fees for both COPFS and QLTR.

24. The Committee **approved** in principle the 2018-19 COPFS annual audit plan but agreed that further discussion should take place between Audit Scotland and the Director of Finance and Procurement about the way in which the risks that would be assessed should be articulated, particularly 3, 5, 6 and 7.

25. The Committee **approved** the 2018-19 QLTR annual audit plan.

Corporate Risk Register

26. The Chair of RMG introduced his report covering the minutes of the January 2019 RMG meeting. The Committee noted both and said that they provided a very helpful picture of what had been covered and the work which was being done to address issues that were raised.

27. The DCE introduced the corporate risk register. He said that it had been updated extensively in the light of the budget allocation for COPFS in 2019-20. He said that the only risk whose current score had increased was risk 5 – i.e. 'COPFS does not process casework appropriately'. RMG had taken the view that a (probably) temporary increase was justified because the recruitment of large numbers of additional staff in a relatively short period posed some risks pending the completion of induction and training. The Crown Agent would like the nature of risk 5 and mitigating action that was being taken to be explored by Senior Executive Team (SET) colleagues.

Action: DCE to explore with SET the nature of risk 5 & mitigating action being taken.

Accounting Policies

28. The Head of Financial Accounting and Finance Systems talked the Committee through the paper. In terms of developments in accounting standards, the most relevant to COPFS is IFRS 16 (leases). Marlene confirmed that she is attending a cross-Government SG led working group. The group will be considering an issue common across Government departments regarding dealing with inter-service lease conditions under IFRS16.

29. The Chair of the Risk Management Group asked that note 1.53 be amended.

30. The Committee noted the developments in accounting standards and the draft Accounting Policies note and asked to be appraised of developments.

Action: It was agreed that a draft Accounting Policies note would be submitted to each February ARC meeting.

Brexit

31. The Procurator Fiscal for Policy and Engagement provided an update on planning for a range of Brexit scenarios, covering both plans to ensure continuity of casework involving liaison with EU countries and to manage the wider consequences of the possible scenarios. The Committee noted and were grateful for the update and the assurance provided.

Assurance Mapping

32. The IAD Audit Manager confirmed that he had spoken to the Director of Finance and Procurement and that they would meet in early April with a view to bringing an update to the May ARC meeting.

Action: Update in respect of Assurance Mapping to be provided at May ARC meeting.

Any Other Business

33. The Chair confirmed that he had agreed with COPFS Finance that the Committee members should be given sight of the draft COPFS and QLTR accounts before they were submitted to Audit Scotland, together with the opportunity to comment or question. He also asked that Non-Executive Directors be appraised of developments and any issues as they arise and as the audit progresses.

Action: Director of Finance & Procurement to ensure that committee members receive copies of the accounts ahead of submission to Audit Scotland.

Date of next meeting:

34. The next meeting will take place on 30th May in COPFS.