

**COPFS AND AUDIT & RISK COMMITTEE
MINUTES OF THE MEETING HELD ON 7 July 2017
CROWN OFFICE, 25 CHAMBERS STREET, EDINBURGH**

Present:

Members

Stuart Smith	Non-Executive Director - Chair
Morag McNeill	Non-Executive Director

In Attendance

David Harvie	Crown Agent, Chief Executive & COPFS Accountable Officer
Ian Walford	Deputy Chief Executive
Stephen Woodhouse	COPFS Director of Finance and QLTR Accountable Officer
Marlene Anderson	COPFS Finance Division
Stuart Dickson	SG Internal Audit
Gordon Smail	Assistant Director, Audit Scotland
Esther Scoburgh	Audit Manager, Audit Scotland
Stephanie Harold	Senior Auditor, Audit Scotland
June Campbell	COPFS

Apologies

Douglas Hutchens	Non-Executive Director
Liam Murphy	Risk Champion/Procurator Fiscal Specialist Casework
Evelyn Aitken	Head of Management Accounting and Planning
Annie Gunner Logan	Non-Executive Director
William Wilkie	SG Internal Audit

Welcome

1. Stuart Smith welcomed everyone to the meeting. He passed on the apologies of Douglas Hutchens, Liam Murphy, Evelyn Aitken, Annie Gunner Logan and William Wilkie.

Declarations of Interests

2. No items were recorded.

COPFS Accounts and Annual Audit

3. The Committee were asked to review and approve the Annual Report and Accounts for the year ended 31 March 2017 prior to them being signed.

4. The Assistant Director, Audit Scotland, provided an outline of the audit process. He anticipated being able to issue an unqualified auditor's report with no modifications. There are no unadjusted misstatements. He thanked COPFS Finance for their timeous and helpful cooperation.

5. The Chair noted a few amendments/clarifications required in respect of the COPFS Annual Report:

- Paragraph 46; only three out of the four committees mentioned are chaired by Deputy Crown Agents. The Audit and Risk Committee (ARC) is Chaired by a Non-Executive Director.
- Paragraph 53; to include Risk Management Group provides updates to the ARC on new and emerging risks.

These will be reflected in 2017-18 accounts.

6. Item 21, page 4 of COPFS Annual Report and Accounts regarding Financial Sustainability was included in the discussions.

7. Audit Scotland has encouraged organisations to look at long term financial planning, considering various Budget scenarios. COPFS has already considered this aspect.

Action: the Chair requested Budget Preparation to be included as an Agenda item at the August ARC meeting.

8. Audit Scotland noted that COPFS has improved openness and transparency in the way it conducts its business. Audit Scotland is inviting organisations to consider whether there is scope to enhance transparency. Since January COPFS has published Minutes from the Executive Board's three sub committees. COPFS also published its Corporate Strategies at the start of this year.

Action; Audit Scotland will advise COPFS of the publication date of their Interim reports which are now reported in public on an ongoing basis.

9. COPFS will include more information on staff and non-staff expenditure variances and on budget changes within their financial reporting for 2017-18 (paragraph 35, page 11 of Annual Audit Report).

10. It was agreed that the second Main Judgement on page 18 of the Annual Audit Report should be removed. Audit Scotland will provide an updated report.

11. The Chair thanked both Internal and External Audit Teams and COPFS Finance for all of the work undertaken.

QLTR Accounts and Annual Audit

12. The Committee were asked to review and approve the Annual Report and Accounts for the year ended 31 March 2017 prior to them being signed.

13. The Assistant Director, Audit Scotland anticipated being able to issue an unqualified auditor's report with no modifications. There are no unadjusted misstatements.

14. Audit Scotland advised the accounts are complete as they are. However, they recommended COPFS should disclose pension benefits for the Accountable Officer in the format set out by FReM and in line with guidance from the Scottish Government. COPFS agreed to disclosure from 2017-18.

15. The Assistant Director, Audit Scotland, explained that the COPFS accounts are prepared on an accrual basis and detail a net resource outturn. The QLTR accounts are prepared on a receipts and payments basis and must properly present the state of affairs of QLTR.

16. Both the Audit Teams and COPFS Finance were satisfied with the timeous and helpful cooperation they had experienced from each other in the process of preparing the Annual Audit Report and the COPFS and QLTR Accounts.

Any Other Business

17. COPFS & QLTR 2016-17 Accounts are now ready to sign. The Chair thanked everyone for their input and for the hard work of all involved to achieve the financial outcome.

Date of next meeting: Monday 14 August 2017