

**COPFS AND AUDIT & RISK COMMITTEE  
MINUTES OF THE MEETING HELD ON 5 JULY 2018  
CROWN OFFICE, 25 CHAMBERS STREET, EDINBURGH**

**Present:**

**Members**

Rob Tinlin	Non-Executive Director - Chair
David Watt	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
Stuart Dickson	SG Senior Internal Audit Manager
Myra Binnie	SG Senior Internal Audit Manager
Gillian Woolman	Assistant Director, Audit Scotland
Stephanie Harold	Senior Auditor, Audit Scotland
June Campbell	COPFS

**Apologies**

Evelyn Aitken	Head of Management Accounting and Planning
Annie Gunner Logan	Non-Executive Director
William Wilkie	SG Internal Audit
Esther Scoburgh	Audit Manager, Audit Scotland

**Welcome**

1. The Chair welcomed everyone to the meeting. He passed on the apologies of Evelyn Aitken, Annie Gunner Logan, Esther Scoburgh and William Wilkie.

**Declarations of Interests**

2. David Watt (Non-Executive Director) updated the committee of the changes in his declaration of interests. He had advised the Crown Agent's office of the relevant changes in advance of this meeting.

**Feedback on pre-meetings**

3. The COPFS Finance Director and the Non-Executive Directors (NXDs) discussed the key features from the accounts and audit reports. The Audit Teams and NXDs discussed ongoing litigation and disposal of IT fixed assets. The Chair thanked both the Audit Teams and COPFS for the production of the accounts and papers under difficult circumstances.

## **2017-18 IAD Annual Assurance Report**

4. Internal Audit (IA) provided an overview of their 2017-18 Annual Assurance Report which included four follow up reviews to confirm implementation of recommendations from previous audits and the results of relevant crosscutting and systems reviews. IA drew the committee's attention to paragraph 8.3 detailing work being undertaken to refresh their IA manual. An update will be provided to the committee at a later date. The committee **accepted** the Annual Assurance statement.

## **QLTR Accounts and Annual Audit**

5. The Committee were asked to review and approve the Annual Report and Accounts for the year ended 31 March 2018 prior to them being signed. The Queen's & Lord Treasurer's Remembrancers (QLTR) accounts are prepared on a receipts and payments basis and must properly present the state of affairs of QLTR. David Watt recommended that the explanation contained in paragraph 54 could be improved upon in next year's accounts.

6. The Assistant Director, Audit Scotland presented the 2017/18 annual audit report. The key recommendation made related to the timeliness of recharges between the QLTR and the COPFS. There are no unadjusted misstatements and she anticipated being able to issue an unqualified auditor's report with no modifications.

7. The committee approved the QLTR 2017-18 accounts and recommended them to the Accountable Officer. The signed accounts should be returned to Audit Scotland with the relevant Letter of Representation (ISA 580).

## **COPFS Accounts and Annual Audit**

8. The Committee were asked to review and approve the Annual Report and Accounts for the year ended 31 March 2018 prior to them being signed. The COPFS accounts are prepared on an accrual basis and detail a net resource outturn.

9. A draft set of the accounts was provided to the committee at the May Audit & Risk Committee meeting. Following on from recommendations at that meeting the narrative has been increased providing more detail. This was welcomed by the NXDs who would like this detail to be provided throughout the year including assurance that the recommendations for improvement at Appendix 1 of the Annual Audit Report are being considered and to have sight of the evidence which supports the Governance Statement.

10. The Crown Agent thanked both the Finance and Audit Teams for their efforts.

11. The Assistant Director, Audit Scotland, presented the 2017/18 annual audit report. As well as providing an outline of the audit process, the audit findings and recommendations reported therein related, in particular, to the disposal and accounting for IT assets and expenditure, and the digital strategy and IT capital projects. As a consequence of changes made between the draft and final accounts she anticipated being able to issue an unqualified auditor's report with no modifications. She advised members of the audit committee that, as part of the quality assurance processes in place in Audit Scotland, technical advice had been received from Professional Support, in Audit Scotland, and that an aspect of the accounts had been subject to a formal Peer Review. There are unadjusted misstatements of £39k, which those charged with governance were content not to adjust for. She thanked COPFS Finance for their timeous and helpful cooperation.

12. The committee approved the COPFS accounts and recommended them to the Accountable Officer. The signed accounts should be returned to Audit Scotland with the relevant Letter of Representation (ISA 580). The signed accounts will be returned by Audit Scotland to COPFS shortly, and laid in the Scottish Parliament in due course.

### **Any Other Business**

13. The Chair thanked everyone for their input and for the hard work of all involved to achieve the financial outcome.

14. The Chair suggested some thought be made in respect of timings of future meetings and the timeous provision of relevant papers.

**Date of next meeting: Thursday 23 August 2018**