

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

**Present:**

**Members**

Douglas Hutchens	Non-Executive Director – Chair
Stuart Smith	Non-Executive Director
Annie Gunner Logan	Non-Executive Director
Morag McNeill	Non-Executive Director Observer

**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
Mark Howells	COPFS Director of Procurement
Keith Dargie	COPFS Director of Information Services
William Willkie	SG Internal Audit
Sharon Fairweather	Director of Internal Audit in Scottish Government
Gordon Smail	Assistant Director, Audit Services
Esther Scoburgh	Audit Manager
Stephanie Harold	Senior Auditor, Audit Scotland
June Campbell	Corporate Office

**Apologies**

Liam Murphy	Risk Champion/Procurator Fiscal(Specialist Casework)
Janice Irvine	Director of Human Resources

**Welcome**

1. The Chair welcomed everyone to the meeting and introduced the new Non-Executive Directors (NXD) and Audit Team members.
2. The Deputy Chief Executive explained Ronnie Hinds is no longer taking up the position as Chair. Douglas Hutchens has agreed to return in this role until the end of 2017. COPFS plan to recruit three further NXDs to take up post from the

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beginning of 2018 in respect of the ARC and two other committees/Executive Board. The Crown Agent thanked Douglas and Stuart for agreeing to cover until the end of the year.

### **Declarations of Interests**

3. No items were recorded.

### **Feedback on pre meeting**

4. The Chair advised that the NXDs meeting with COPFS Finance covered a more detailed understanding of Finances, Human Resources and the Justice Committee Report updates. These would all be discussed further in the meeting. The meeting with the Audit teams was an informative discussion and had been very constructive.

Action: The Chair requested that future ARC agendas include a standing item for the Queen's and Lord Treasurer's Remembrancer (QLTR).

### **Minutes of Previous Meeting – 24 February 2017**

5. The NXDs would like to see an action point on page 3 in connection with paragraph 18: A six months' update to be provided to the ARC in respect of COPFS Digital Strategy. The minutes were otherwise agreed.

### **Matters Arising/Action Point Tracker/Internal External Audit Action tracker:**

#### **COPFS ARC Action Tracker**

6. All actions arising from February meeting have been completed.

#### **Matters Arising; Internal Audit Action Tracker**

7. COPFS Director of Information Services provided an update on the action points arising from the risks identified by Internal Audit.
  - a. Information Services Division (ISD) is working closely with the COPFS Procurement Team to manage purchasing and procurement with an IT Procurement Manager now in place to assist.
  - b. The COPFS Digital Strategy published in January is in alignment with the Justice Digital Strategy.
  - c. ISD has enhanced its governance methods. The Director of Information Services has put in place a structured Digital Strategy planning framework to aide implementation and delivery of the strategy including governance and progressing the development of business continuity and resilience systems.

Action: The NXDs requested a note and presentation from the Director of Information Services at the November ARC meeting regarding progress made.

8. Finance provided the Committee with an unaudited outturn position as at 31 March. This detailed a cash underspend with a capital overspend. The net effect of this is a Cash underspend which falls within agreed guidelines. Non cash also underspent. This position is currently subject to external audit and may change following any adjustments advised during the audit.

### **Finance Strategy/FSP update**

9. The DCE provided the Committee with an overview of the progress made since the February ARC meeting including Financial Sustainability Project (FSP)/Savings Targets Update, Risk Assessment and Savings Delivery Interdependencies.

10. The NXDs requested a report of any savings identified at the August ARC meeting.

Action: a report of savings identified to be provided to the Committee at the August meeting.

Action: the Director of Procurement was asked to provide the latest estimated completion date for the audit of charges under Post Mortem and toxicology contracts.

Action: the Committee asked if the interdependencies map might be simplified.

### **Procurement Update**

11. The Director of Procurement provided the committee with an update of the progress made recently and the planned future actions.

12. A reduction in non-staff costs rather than staff costs remain COPFS priority in achieving the anticipated required savings and to help live within the allocated budget.

13. A fixed term dedicated IT procurement business partner joined the Procurement Team on the 24 May 2017

14. Delegated Procurement Authority (the ability to enter COPFS Into a contract) will, in future (with a provisional implementation date of 1 July 2017) be limited to the Crown Agent, Deputy Crown Agents, Deputy Chief Executive and staff in the Central Procurement Team. This is designed to ensure a disciplined and methodical approach to all future procurement exercises.

Action: the Director of Procurement will arrange training for staff who will have Delegated Procurement Authority.

Action: ARC requested an update on progress of savings made through new procurement strategy/processes at the November ARC meeting.

## **Accounting Policies**

15. The Director of Finance asked the Committee to review and approve the accounting policies prior to their inclusion in the 2016-17 Annual Accounts. There are no changes required for 2016-17 but changes will be required from 2019 regarding accounting treatment of leases due to changes in accounting standards. The committee agreed that they are consistent with the requirements of the Government Financial Reporting Manual and **approved** the accounting policies.

## **SG Internal Audit Update**

16. Internal Audit Annual Assurance Report 2016-17; Internal Audit provided Reasonable Assurance for 2016-17 in respect of risk management, control and governance arrangements. 98% of Internal Audits recommendations have been accepted by COPFS. The Committee noted and **accepted** the level of assurance received.

17. Internal Audit Progress Report 2017-18; Internal Audit advised that the 2017-18 plan is now in progress and that there are no significant issues for committee members to consider at this time. The audit programme consists of four main audits and four follow up reviews. The committee noted the proposed timetable and the progress made to date. Internal Audit will provide an interim update at the next ARC meeting in July and a further update at the August meeting.

## **External Audit-Audit Scotland Update**

18. COPFS Interim Audit Report 2016-17; The Assistant Director, Audit Services, explained that there is a new stage in their report. They now report their findings and conclusions in public on an ongoing basis. Some of the findings are/will be based on planned Internal Audit reviews to avoid duplication of effort.

19. Following discussion it was agreed that an update was required to the report in respect of 'Wider dimension issues and risk' to clarify the way in which ISD report performance and capital spend to the Resources Committee.

Action: Audit Scotland to update Report in respect of the way in which ISD report performance and capital spend to the Resources Committee.

Action: The Non-Executive Directors suggested tabling the national report on Digital Future at the ARC meeting in August. This item is to be included on the Agenda.

## **Corporate Risk Register**

20. The DCE provided an overview of the changes made to the scoring of various risks following in depth reviews carried out by the Risk Management Group (RMG) over the last few months. As well as reviewing individual Corporate Risks the RMG has looked at the High Court, Local Court and Specialist Casework Risk Registers. Two risks, one from the Local Court Register and the other from the High Court Register have been added to the Corporate Risk Register. These were noted by the committee.

## **Corporate Risk 6**

21. “We are able to select, develop & engage the best staff in line with our workforce strategy”; The DCE gave a brief outline of changes made over the last few months in respect of temporary contracts and promotions; this is being addressed with as many posts as possible now being filled on a permanent basis.

22. COPFS has experienced some difficulties recruiting specialists within ISD, HR and Finance. NXDs suggested creative changes rather than just cash flexibility.

23. The Fair Futures Project is looking at improving several issues arising in the people survey including staff engagement, people and performance, recruitment, and wellbeing.

24. Within ten years it is expected that 20% of COPFS staff will be over 60. The NXDs would like to see this highlighted in the Risk Register and Risk Interrogation Questionnaire as it should be seen as a significant long term risk across the organisation.

Action: Highlight that it is expected 20% of COPFS staff will be over 60 within ten years and the implications.

Action: Provide a timetable at paragraph 9 page 5.

## **COPFS ARC Terms of Reference**

25. Various suggestions to amend the draft TOR were made including showing informal links of members who are in both ARC and RMG, considering including a reference to members demitting office if they miss two consecutive meetings and changes to the references to Internal Audit to reflect current titles. The Committee **agreed** that the revised TOR did not need to go back to the committee for approval once the changes were made.

## **Any Other Business**

26. The Chair requested an assessment of the implications of the new Data Protection rules that are coming next year and the preparedness of the organisation; to be included on August agenda.

Action: include new Data Protection changes on August agenda.

27. The Justice Committee report made several recommendations, including areas for improvement in respect of COPFS engagement with victims and witnesses and COPFS general communication with members of the public. COPFS are currently in the process of finalising their response. A debate will take place in Parliament on 6 June.

28. The NXDs suggested a deep dive by the RMG should be carried out in respect of one of the red risks on the Corporate Risk Register next.

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Action: RMG to consider a deep dive review into one of the red risks.

Action: the DCE advised he would send out information to the NXDs in respect of the NXD recruitment.

29. The Chair thanked everyone for their input today.

### **Date of Next Meeting**

30. The next meeting (signing of accounts) will take place on the 7 July 2017 in COPFS.