

**COPFS AND AUDIT & RISK COMMITTEE**  
**MINUTES OF THE MEETING HELD ON 23 AUGUST 2018**  
**CROWN OFFICE, 25 CHAMBERS STREET, EDINBURGH**

**Present:**

**Members**

Robert Tinlin	Non-Executive Director – Chair
Annie Gunner Logan	Non-Executive Director
David Watt	Non-Executive Director

**In Attendance**

David Harvie	Crown Agent
Ian Walford	Deputy Chief Executive
Evelyn Aitken	Head of Management Accounting and Planning
William Wilkie	Audit Manager, SG Internal Audit
Stuart Dickson	Senior SG Internal Audit Manager
Gillian Woolman	Assistant Director Audit Services, Audit Scotland
Esther Scoburgh	Audit Manager, Audit Scotland
June Campbell	Corporate Office

**Apologies**

Stephen Woodhouse	COPFS Director of Finance
Stephanie Harold	Senior Auditor, Audit Scotland

**Welcome**

1. The Chair welcomed everyone to the meeting.

**Feedback on pre meetings**

2. Non-Executive Director's (NXD's) discussed today's Agenda at their meeting followed by a short meeting with External Audit.

**Minutes of Previous Meetings – 30 May and 5 July 2018**

3. The minutes were agreed by the Audit & Risk Committee (ARC).

**Declaration of Interests**

4. The Chair received confirmation from the ARC that there were none.

## **COPFS ARC Action Tracker**

5. Actions 1 and 5 are open but are ongoing or relevant to a future ARC meeting. Action 2- the COPFS draft Finance Strategy is in development. Indicative allocation for 2019-18 not yet available. The Resources Committee (RC) will consider the updated draft at their meeting next week with a view to submitting it to the Executive Board (EB) at their September meeting. ARC requested a copy of the draft is circulated to the committee. All other actions are closed.

## **Audit Action Tracker**

6. The updated tracker included details of action plans being undertaken by management in respect of Internal Audit (IA) recommendations with target dates. ARC would like to see further improvements:
  - no obscure abbreviations/acronyms - plain English
  - tighter timescales
  - removal of recommendations where already implemented
  - current status updated appropriately as some did not reflect EB conversation.
7. Work is ongoing in respect of integration between Human Resources, Payroll and Finance of system processes and controls linked with development of a suite of Corporate Apps that will enhance corporate systems. Huge potential for increased efficient use of resources and reduction in risk of data error - scheduled to go live in autumn 2018.
8. 'Validation of KPI' entry requires updating to reflect approval given by EB at their August meeting in respect of Operational Performance Committee proposals.

**Action:** Finance Director will review audit action tracker in light of discussion.

## **Accounting Policies**

9. The Finance Director provided details of the accounting changes which do not apply to the COPFS Annual Report and Accounts. Following discussion it was **agreed** the ARC will look at the impact and adoption of Accounting Policies prior to the start of the finance year clarifying our interpretation of the impact with Audit Scotland.

**Action:** Finance Director/Head of Management Accounting and Planning to consider points raised by NXD.

**Action:** Secretariat to include Accounting Policies as an item on February ARC agenda.

## **Finance report**

10. The Crown Agent provided a brief overview of COPFS expansion plan following Scottish Government's agreement to COPFS request for additional funding in

relation to the change in COPFS work profile. A recruitment exercise for 140 additional permanent posts is in process with a view to having the majority of new staff in place by September/October (all additional staff to be in place by March 2019). The ARC recognised the challenges COPFS face in respect of the timescale and numbers involved. RMG is to consider further definition of potential risks on Corporate Risk Register.

**Action:** RMG to further define potential risks in relation to COPFS Expansion Plan.

11. DCE advised appointment of a Project Manager to oversee COPFS Expansion Plan.
12. Finance will work closely with Functions to monitor spend of additional funds and delivery and will report back to Scottish Government.
13. The committee was asked to note the forecast position at this date. The forecast against budget is showing an overspend, primarily due to uncertainty about the precise impact of the staff pay award, and about aspects of Centrally Managed and Office costs. Finance, Business Managers and Human Resources (HR) are in regular conversation to ensure robust/accurate forecasts.
14. The committee requested a table/paper detailing COPFS spend against work profile for 2018-19 on a quarterly basis.

**Action:** Finance to provide table/paper to ARC on a quarterly basis (in time for November ARC meeting) detailing COPFS spend against work profile.

### **SG Internal Audit Update**

15. Internal Audit (IA) provided a progress report in respect of the 2018-19 COPFS Audit programme which includes five main audits and three follow-up reviews. A further update will be provided at the November ARC meeting.
16. The ARC will review progress in respect of the Internal Audit KPI recommendations at the November ARC meeting.
17. Stuart Dickson is moving to a new role. An interim Audit Manager will attend the November ARC in his place. The committee wished Stuart good luck in his new role and thanked him for his contribution and work. Stuart thanked the committee and for their cooperation over the period he has worked with COPFS.
18. Sharon Fairweather, Director of Internal Audit, will attend the November ARC meeting. Prior to this Billy Wilkie will arrange a meeting with COPFS NXDs and SG Internal Audit.

**Action:** Billy Wilkie to arrange meeting with NXDs and SG Internal Audit.

19. The committee received copies of the Audit Scotland 'Annual Report on Internal Audit' and 'Scottish Government Overview of Internal Audit' for information prior

to this meeting. A COPFS management response to the Audit Scotland report will be provided for discussion at the November ARC.

### **Corporate Risk Register**

20. The Deputy Chief Executive (DCE) provided the ARC with an update on the ongoing work and progress made in developing the new risk register following the risk workshop on 3 May 2018. The new register includes seven strategic risks (previous register had thirteen).
21. Each Function has an individual risk register. At their meetings RMG carries out a deep dive review into Function Registers or a specific corporate risk. RMG reviewed the High Court and Serious Casework registers at their July meeting (outcome detailed in RMG July minutes included in today's ARC papers). The outcome of the agreed refresh of these registers is to be reported back to RMG at their next meeting.
22. The ARC would like to see more specific target dates and actions and controls to have more accountability with visible impact in relation to COPFS Strategic plan but overall are content with the register as it stands at present. RMG will be reviewing the register at their meeting this afternoon. RMG and ARC will revisit the register once the strategic plan is finalised.

**Action:** RMG and ARC to revisit Corporate Risk Register once COPFS Strategic plan is finalised.

23. DCE advised a specific risk register is being progressed in respect of COPFS Expansion plan and will be submitted to the Executive Board (EB) at their September meeting.
24. Internal Audit (IA) advised Scottish Government (SG) have updated their Risk Management Guidance including scorings. IA will send COPFS a copy.

**Action:** IA to send COPFS copy of updated SG Risk Management Guidance.

### **Relationship between ARC and RMG/Terms of Reference (TOR)**

25. ARC would like a covering paper from RMG as well as a copy of the latest Minutes at future meetings. External Audit recommended visible reporting/accountability is required from RMG and ARC to EB. RMG reports to EB every quarter. Following a recommendation by IA an update in respect of the Corporate Risk Register was provided to the Resources Committee for their meeting on 28 August with quarterly updates to follow. Copies of ARC minutes are provided to EB.
26. ARC commissioned DCE to provide more clarity in respect of ARC and RMG TORs/remit and lines of reporting to best provide assurance to EB. RMG will consider alignment of ARC and RMG meetings.

Releasable under the Freedom of Information (Scotland) Act after next meeting

**Action:** DCE tasked to provide clarity and produce a paper in respect of remit of RMG & ARC and reporting to EB for November ARC meeting.

27. RMG will consider membership of their group at meeting later today.

**Any Other Business**

28. None.

**Date of Next Meeting**

29. The next meeting will take place on the 12 November 2018 in COPFS.