

COPFS and QLTR audit and risk committee

Minutes of the meeting held on 5 May 2021 via Microsoft Teams

Present:

Members

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

In Attendance

David Harvie	Crown Agent, Chief Executive and COPFS Accountable Officer
Robert Sandeman	QLTR Accountable Officer
Ian Walford	Deputy Chief Executive
Gillian Woolman	Audit Director, Audit Scotland
Esther Scoburgh	Senior Audit Manager, Audit Scotland
Caitlin Abernethy	QLTR Lead, Audit Scotland
Taiba Hussain	Senior Auditor, Audit Scotland
Jim Montgomery	Senior Internal Audit Manager, SG Internal Audit Division
William Wilkie	Internal Audit Manager, SG Internal Audit Division
Marlene Anderson	COPFS Director of Finance & Procurement
Nikolas Koutris	COPFS Head of Financial Accounting & Finance Systems
Sharon Davies	Head of Management Accounting and Planning
Denise Ralston	COPFS Secretariat

Apologies

Mark Howells	Director of Finance and Procurement (Retiring)
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Welcome / Apologies / Introductions / Declarations of Interest

1. The Chair welcomed everyone to the meeting and Caitlin Abernethy and Taiba Hussain were introduced as new to the Group.

Declarations of Interests

2. There were no declarations of interest.

Feedback on pre-meetings

3. There were no pre-meetings.

Minutes of the Previous Meeting – 24th February 2021

4. The Minutes from the 24th February 2021 ARC meeting were agreed with 3 Action Points arising, subject to one correction at paragraphs 54 and 59 to ensure accuracy.

External Audit Update including Annual Audit Plan, Report on interim audit and progress on final audit

5. GW reminded the Committee that Audit Scotland's 5 years as Auditors has been extended by 1 year due to the COVID pandemic.
6. The COPFS Annual Audit Plan was presented to the committee and discussed highlighting timelines and risks to be considered during the audit.
7. The COPFS Annual Audit Plan was approved.

Matters arising/ARC Tracker

8. There were no new matters arising on the ARC Action Tracker. All action points except for 36 and 37 are now closed. On point 36 a paper is to be brought to committee in Autumn reporting on reducing off-contract spend.

Audit Action Tracker - Internal Audit

9. The Action Tracker was presented to the Committee and discussed. It was agreed that Workforce Planning actions 2 and 4 were complete and would be removed from the tracker.
10. Whilst the workforce planning indicated completion against IAD reporting not completed, IAD advised that one formal follow-up was carried out in mid-

March and further progress on the action is not reassessed by IAD. JM confirmed COPFS has a good track record in implementing recommendations. The position was noted and ARC will determine whether these are to remain on the tracker.

Action: MA to review actions from completed audits on the Audit Action Tracker.

Audit Action Tracker – External Audit

11. In response to audit actions MA confirmed the 2021-22 budget was agreed prior to Year End and approved with Executive Board in March including delegation to individual functions. The Finance Strategy will be presented to the Executive Board at its May meeting and then published.
12. Audit Scotland have begun the interim audit with testing of internal controls and work is progressing well. TH is working closely with NK and DR through the final control sample testing.

COPFS Update

13. The Crown Agent confirmed that, following FDA and PCS ballots of members, over 90% of those who voted had accepted the pay offer. Work is underway to implement the Year 1 step, which will be paid in June backdated to 1st April. The extensive work required to implement the Year 2 and Year 3 steps is underway.
14. The Crown Agent gave an update on outstanding litigation cases.
15. Members welcomed the increased core budget and court recovery funding, and noted that recruitment is underway to fill posts. Adverts have been refreshed to reflect revised pay rates following the outcome of the union ballots.
16. The expanded Court Recovery Programme is scheduled to start in September 2021. High Court evidence led trials are up over 20% compared to pre-COVID, which is positive news. Sheriff and Jury re-recommended slightly later, but evidence led trials are building towards pre-COVID levels. A maximum of 5 trials per day are allocated to each Summary Trials Court.. This is working well, although there remains a long way to go in terms of recovery.
17. It was agreed that a revision to the previous meeting's minutes is required to accurately reflect the litigation update.

QLTR Update

18. RS tabled the revised risk register, an action from the previous meeting. It was noted that an alternative approach to dealing with land has been put to Scottish Government for consideration, where the QLTR would take a greater role in co-ordinating the assessment and transfer of land falling to the Crown as bona vacantia. The committee noted that, if the proposal is accepted, it will likely have a number of implications to work through for the QLTR's business model, and its reporting and monitoring arrangements.

Action: A separate meeting with the committee members, RS, and the QLTR is to be convened to discuss the way forward.

Audit: Audit Scotland Annual Plan for QLTR

19. ES acknowledged there has been a huge change in QLTR since she joined and it is more focused. ES introduced Caitlin Abernethy, QLTR Lead, Audit Scotland to the Group and to present the Audit Plan for QLTR.
20. CA reported that after discussions with Finance Officers 3 key audit risks were identified as detailed in the Audit Plan.

21. The QLTR Annual Audit Plan was approved.
22. Work is ongoing on the draft Annual Accounts which is due to audit on 25th May and Annual Audit Report target date is 25 August.

Finance Report

23. MA presented the Finance update paper. The interim audit is under way and progressing well.
24. 2021/22 Budget allocations have been finalised and approved at the March 2021 Executive Board and also reported to the March Resources Committee meeting.
25. Additional funding for Pay Coherence is available and the Pay Policy increase will be funded within the existing budget. Monitoring of budgets will be ongoing and virements to address pressures will be approved by the Resources Committee .
26. Areas of significant risk were outlined.
27. COPFS has up to £7m available for the Court Recovery Programme. As the court recovery programme becomes a reality, careful monitoring of additional costs is required to enable drawdown of additional COVID consequential funding.

Procurement update

28. MA advised that additional resource was now in place to continue ongoing work looking at off-contract spend.
29. An area of risk has been highlighted in Estates procurement which is to be brought in house to ensure compliance to COPFS standards.
30. In the financial year 2020-21, 136 contracts totalling over £20.3m have been tendered and awarded. Savings made in the same period comprising £664k cash savings and £399k noncash savings totalling £1.063m
31. The replacement of the Contract Register with a more reliable database is now almost complete.

Action: An update of the progress on off contract spend is to be provided at the next meeting.

Annual Report on Fraud – National Fraud Initiative (NFI)

32. NK updated the meeting on progress with NFI and that 310 out of 507 queries have now been investigated. 5 errors have been identified so far with no fraud implications. COPFS is on target to complete the NFI exercise by early June 2021.

33. RT queried how ARC can obtain assurance on assessing risk of, and actions to avoid, fraud. MA confirmed that the Internal Controls Checklist that underpins the Governance statement identifies if there have been any instances of fraud out-with the NFI process.

Risk Management

34. The RMG Annual Report was received.
35. RMG Chair presented his report, advising that, as the most recent meeting was the previous week the minutes were not yet available.
36. DW reported that following the introduction of the new Corporate Risk Register, 'deep dives' have been undertaken at each meeting against a programme which will see each risk examined in some detail over the course of a year, and updated the Committee with the latest "deep dives".
37. DW reported that Toxicology services has moved to high risk regarding the transfer of services from Glasgow University to SPA from April 2022 as this may be delayed to November 2022. DW's interest with Glasgow University was noted.
38. A second risk highlighted is that as SPA seeks to engage staff and procure equipment from Glasgow University an implication is that Glasgow University possibly cannot deliver the service without the equipment and mitigation is in place.
39. The Crown Agent acknowledged that political, operational and reputational risk keeps escalating in this area.
40. The Crown Agent stated it was not within the control of COPFS as COPFS is the client who need the service and SPA have a statutory obligation to provide this service. This should be recognised and taken forward.
41. Chair requested a discussion take place and then bring back to ARC.
42. Discussion of the risk to COPFS resulting from COP26 was discussed and it was confirmed that in-person participation would cause interruption to the Courts Recovery Programme.

Internal Audit update

43. WW presented the Internal Audit Progress Report, confirming that all planned 2020-21 work had been completed by 31st March 2021. Three assurance reports had been issued since the previous ARC meeting: Strategic Relations and Communications ("reasonable assurance"); Case Management in Courts ("substantial"); and, Impact of Fair Futures ("limited"). Planning for the 2021-22 review of Wellbeing and Morale had begun and the outcome would be reported to the August meeting. The Internal Audit Charter 2021-22, Internal

Audit Strategy 2021-22 and revised SG Risk Management Guidance were submitted for information.

44. The Annual Assurance Report for 2020-21 was presented and contained an overall Reasonable Assurance opinion, set against the context of the global pandemic. It was driven in particular by the outcomes of the four assurance reviews (one “substantial”; two “reasonable”; one “limited”). The report took into account the positive COPFS’ record in implementing previous audit recommendations; the strong support from the top; and the positive nature of the 2019-20 External Audit Report. The Committee accepted it as a fair and balanced report..
45. The Chair requested IAD ensure a balanced report on all work of COPFS, from the response to reputational challenges to the way COPFS dealt with COVID.
46. Fair Futures – IW reported there was a cultural change in the organisation including any issues of performance management and recording of it. . He concluded it was a fair report by Internal Audit.
47. DW queried if a lessons learned report would be completed on the CMiC Solemn project. WW advised that this was DIAA understanding and that this would be factored into the CMiC follow-up to be conducted later in 2021-22.

Report on co-operation between internal and external audit.

48. Co-operation was confirmed.

COPFS Assurance Mapping Framework progress report

49. The Summary Report for the last 12 months was accepted.
50. Chair stated that the improvement of the first group review compared to last year’s report provided reassurance. The Committee noted and accepted the report.
51. VD thanked the team for taking this forward and sought clarification that all responsible had ownership of their areas of reporting which MA confirmed.

COPFS Annual Accounts

52. MA reported Year End 2021 figures were being finalised subject to provisions and litigation and indications were slightly under budget on core funding with capital being on budget after transfer from revenue. Any overspend reported will be due to litigation.

ARC Terms of Reference

53. The revised terms of reference were approved. The Chair thanked officers and Internal Audit for their input.

Any Other Business

54. The Chair noted it was the last ARC Meeting before Mark Howells retires and thanked him for his contribution and constructive input to the ARC Meetings and passed on his good wishes for Mark's retirement. Crown Agent and IW also passed on their thanks and good wishes.
55. The ARC will meet again on 6 May to discuss litigation cases. A briefing paper, to inform discussion, is to be circulated.
56. Chair closed the meeting at 11.06am.

Date of Next Meeting

57. The next meeting will be on Wednesday, 25th August, 10:00 to 13:00.

ARC Secretariat

06 May 2021