

COPFS AUDIT & RISK COMMITTEE
MINUTES OF THE MEETING HELD ON 21st AUGUST 2020
VIA MS 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	Accountable Officer for QLTR
Ian Walford	Deputy Chief Executive
Mark Howells	COPFS Director of Finance and Procurement (DFP)
Gillian Woolman	Audit Director, Audit Services, Audit Scotland
William Wilkie	Audit Manager, SG Internal Audit
Marlene Anderson	COPFS Head of Finance (HoF)
Sharon Davies	Head of Financial Account and Finance Systems
Alison Duff	COPFS Secretariat
Colette Weir	COPFS Secretariat

Apologies

Esther Scoburgh	Senior Audit Manager, Audit Scotland
Gordon McAllister	Senior Auditor, Audit Scotland
Jim Montgomery	Senior Internal Audit Manager, SG Internal Audit
Lindsey Millar	Deputy Crown Agent

Welcome / Apologies / Introductions / Declarations of Interest

1. The Chair welcomed everyone to the meeting.

Declarations of Interests

2. None

Feedback on pre-meetings

3. The Chair advised that the Annual Report and Accounts had been agreed with the exception of one point. The Committee agreed that a special meeting will be convened once this point is resolved.

Minutes of the Previous Meetings – 29th May and 3rd July

4. The Minutes from the 29th May ARC meeting were agreed. The Minutes from the 3rd July ARC meeting were agreed with the following amendments; David Watt's declaration of interest to be amended from Audit Scotland to the Advisory Audit Board of the Scottish Parliamentary Corporate Body and Colette Weir added to the "In Attendance" List.

Matters Arising / COPFS ARC Action Tracker

5. The Committee noted the progress made with actions, as reported by action owners.

Actions:

1, 13, 21 remain open;

5 and 24 will be updated at the next meeting as the DCA for High Court/Specialist Casework Group could not attend today;

9. Scheduled for February 2021 with Head of Management Accounting and Planning to update on consultations on, and improvements to, internal reporting.

20. Quality Control results to be shared with Audit and Risk Committee; and
;23. Shared and published on the website and closed.

Audit Scotland (AS) identified an omission on the action tracker regarding the conclusion of the Annual Report and Accounts and proposed that this be added.

Action: Secretariat to delete the closed actions from the tracker and add the 2019/2020 Annual Report and Accounts to the tracker.

Audit Action Trackers - Internal and External

6. The Committee noted the progress recorded on the trackers.

The Crown Agent undertook to provide a "Lessons Learned to date" paper in light of the current COVID-19 situation. The NXDs requested that updates be highlighted more clearly in future.

Internal Audit Action Tracker

7. DFP spoke to the paper. WW provided a brief update on the current year's audit work and the Committee agreed that this would be kept under review given the Covid-19 situation. WW provided the Audit Scotland report on IAD services for information with apologies for the late issue and the Committee agreed to undertake consultation by email and to add any issues to the Agenda for the November ARC meeting.

Action: WW to ensure dissemination of the Audit Scotland Report and to add any emerging issues if identified to the Agenda for the November ARC meeting.

External Audit Action Tracker

13. DFP advised that as the annual accounts have not yet been signed off, the External Audit Report for 2019-20 cannot be completed.

14. In terms of outstanding actions:

The Crown Agent advised that the Strategic Plan and the Business Plan are complete, published and on the website and that the Minutes, with the exception of the ARC Minutes from the May and July meetings (which have been approved today), are also up to date and published on the website;

The Chair recommended that COPFS ensure that each year's Budget is finalised as far ahead of the start of the financial year as possible taking account of the caveats outlined by the DFP who provided an explanation of the timing of spending reviews and the implications for development of the COPFS' budgets. A positive in the future for budget setting is that, if issues arise, the DFP will have a three year financial plan/strategy to guide us.

The DFP advised that following the publication of the Strategic Plan and the Business Plan the interim Finance Strategy and interim Medium Term Financial Plan will be updated and replaced with substantive versions with a target of the end of September.

15. The Committee noted the progress made.

Progress on Assurance Mapping work

16. DFP spoke to his paper. He explained that significant changes are taking place in IT this month and next, which will impact the assessment. He had, therefore, agreed with the Chief Digital Officer that an update will be provided to the November ARC.
17. DFP outlined the assessments for the other 3 areas in the group.

18. DW requested that the controls are reviewed with a view to identifying where controls could be reduced or removed without adversely affecting the RAG status. The Committee complimented the work as usable and referable by the wider organisation. VD agreed that where possible controls should be slimmed down and that the IT section should be reviewed at the November ARC meeting.
19. The Chair requested that dates / timelines are added to ensure the Committee can identify the date of the last review and where these require intervention.
20. DPF updated that the framework has been accepted and responded to by the business areas without issue, confirming that the framework has not added significant work.
21. The Chair expressed his thanks to all the teams for creating an effective process without creating an additional burden.

Action: Chief Digital Officer to provide an update to the November ARC meeting.

COPFS Update

22. The Crown Agent provided an update on COPFS and Covid-19, expressing thanks to everyone in the organisation for their public health approach to delivering key services, maintaining a flexible and positive approach during an extraordinarily fluid situation. He noted that:

Since the last ARC meeting on 3rd July we now have a “new normal” and this will be continuing for some considerable time:

- Solemn trials have restarted. 4 High Court trials (2 in Glasgow and 2 in Edinburgh);
- Government funding has been secured by SCTS for the remote jury centres which will enable up to 16 jury trials across the country by the end of October; and
- SCTS are seeking funding for a further 18 remote jury centre screens which would expand provision into Sheriff and Jury trials.

He advised that some summary trials have been conducted; however the public health requirements of physical distancing is having an impact on court capacity, so we are not in a position where reinstating pre covid court capacity reinstates trial capacity, resulting in a growing backlog.

The Crown Agent provided an update on the review provisions in the Emergency Legislation. The Committee discussed the benefits of the provisions and the need to maintain them during the recovery phase.

- Reported crime is now back to near normal/pre-covid levels;
- Custody reports are at near normal levels;
- There has been an increase of 50% in police undertakings on last year’s figures.

23. The Chair requested an update on staff morale. The Crown Agent complimented all staff, advising that people were doing extraordinary things, innovating and responding very positively to the challenges experienced in unprecedented circumstances. He confirmed that mental health was a priority for COPFS and further steps were anticipated to enhance the current offering.
24. The Crown Agent advised that COPFS and SCTS were working in partnership, and all efforts would be made to consolidate and enhance this relationship.
25. The Chair and NXDs discussed and noted the risks to COPFS (current and future).

QLTR Update

26. Robert Sandeman (RS) updated the Committee on the work of the QLTR, explaining that:

The office continues to increase its focus on addressing “corporate misbehaviour”. It is now working closely with HMRC and Revenue Scotland and other statutory bodies to ensure that there is a joined up picture in particular cases where there has been poor corporate management prior to strike off, and to inform the approach that the QLTR might take in such cases where they are approached for returns of capital by persons connected with those companies;

The Scottish Land Commission is putting together a paper on the use of vacant and derelict land and, in that work, has taken an interest in the QLTR’s functions. Land reform is likely to feature in the next Government’s programme. It is expected the paper, once published, will be influential in developing policy;

Recent publicity included television exposure for Treasure Trove and a radio programme that features the work of Ultimus Haeres will be broadcast on 6th September;

Looking ahead, within the Ultimus Haeres Unit, levels of referrals remains the same, but the unit has prepared contingency plans in the event of a second wave of COVID-19 in the autumn/winter. The team has been prepared to ensure capacity to manage this. On the QLTR side, the potential impact on business is anticipated to be in/around October when compulsory company strike offs are going to be permitted again. The office is anticipating an increase and will update the ARC on business levels at the next meeting;

The Risk Register is being updated and will be presented at the November ARC meeting.

27. The Chair and the NXDs thanked Bobby and his team (in particular noting the publicity for the Treasure Trove and Ultimus Haeres team), for their work.

Action: RS to update the QLTR Risk Register and present it to the November ARC meeting. RS to update the ARC on business levels at the November ARC meeting.

Finance Report

28. DFP spoke to his paper, highlighting:

- Forecast overspend of £783k is distorted by inclusion of costs of two major cases for which funding has not yet been agreed;
- If all major cases are fully funded, an underspend of £2,184,000 was indicated at the end of Quarter 1 but that this had reduced to approximately £1.4m in the Period 4 forecast;
- £3.2m of in-year funding had been confirmed, as has funding for Evidence on Commission;
- Additional funding has been requested for the major cases; and
- The potential pressure from any Annual Leave carryover (which may be influenced by Covid), the pay settlement for the Senior Civil Service and any additional resourcing for the court recovery programme will increase pressure on our budget.

2020-21 budget setting:

DFP advised positive outcomes from last week's Workshop and that the department is prepared to move forward quickly once funding is agreed.

Capital: While £3.6m has been received this financial year, and further funding is being made available as part of the Autumn Budget Review, COPFS is significantly underfunded in terms of capital.

Finance and Procurement are now fully staffed with the exception of one post which is in recruitment at present. However, a number of staff were new and had taken up posts on promotion, so the team is still developing.

29. The Committee expressed their thanks to the team.

Risk Management

30. DW advised that there would be significant changes to the Risk Register for Local Court, which will be reviewed at the November ARC meeting.

31. The Committee expressed their thanks.

ARC Annual Report

32. The Chair advised that per Scottish Government Guidance, an ARC Annual Report was required, which has been drafted and once complete will be referred to the Executive Board.
33. GW advised that as the Annual Report and Accounts haven't been finalised, External Audit would be happy to include reference to the ARC Annual Report.

Action: RT to add the ARC Annual Report to the next Executive Board meeting.

Action: WW to provide NXDs with form of words for paragraph 3 of the ARC Annual Report to provide context.

COPFS Annual Accounts

34. The Committee noted the Annual Accounts would be dealt with at a special meeting once the remaining item is resolved.

Any Other Business

35. There was no other business.

Date of Next Meeting

36. The next meeting will be on 16th November, 2020, 11:00 to 13:00.

Meeting ends

ARC Secretariat