

Crown Office and Procurator Fiscal Service

2018/19 Annual Audit Report



 AUDIT SCOTLAND

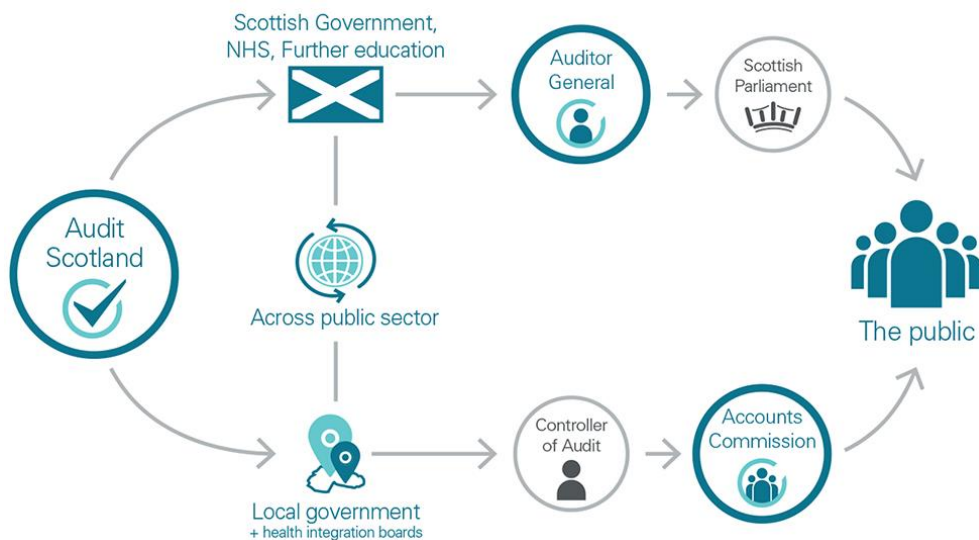
Prepared for the Crown Office and Procurator Fiscal Service and the Auditor General for Scotland

July 2019

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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Key messages

2018/19 annual report and accounts

- 1 The financial statements of COPFS give a true and fair view of the state of affairs of COPFS as at 31 March 2019 and of the net expenditure for the year then ended; and have been properly prepared in accordance with the financial reporting framework.
- 2 The expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.
- 3 The audited part of the remuneration and staff report, performance report and governance statement were all consistent with the financial statements and properly prepared in accordance with the relevant legislation and directions made by Scottish Ministers.

Financial management

- 4 We concluded that COPFS has appropriate and effective arrangements in place for financial management.
- 5 COPFS have a well-managed IT function where processes and procedures are documented. The increase in staff and a focussed, strategic approach have improved the organisation's ability to take advantage of digital opportunities.
- 6 Systems of internal control operated appropriately and effectively in 2018/19.

Financial sustainability

- 7 The 2019/20 budget was formally approved on 30 May 2019. The budget should be prepared and presented to the Executive Board for approval prior to the start of the new financial year.
- 8 The financial strategy for the period 2018/19 – 2022/23 remained in draft for the full 2018/19 year. COPFS should ensure financial plans are updated and formalised to ensure that appropriate levels of financial planning are in place to inform medium to long term plans.

Governance and transparency

- 9 COPFS has effective governance arrangements in place that support the scrutiny of decisions made by the Executive Board and the Audit and Risk Committee.
- 10 COPFS is open and transparent in the way it conducts its business, however there is some scope for improvement.

Value for money

- 11** COPFS has an effective Operational Performance Committee, however it needs to progress the agreed internal audit recommendations to further refine arrangements around key performance indicators.

Introduction

1. This report summarises the findings from our 2018/19 audit of the Crown Office and Procurator Fiscal Service (COPFS).

2. The scope of our audit was set out in our Annual Audit Plan presented to the 7 February 2019 meeting of the Audit and Risk Committee. This report comprises the findings from:

- an audit of the COPFS' annual report and accounts
- consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) as illustrated in [Exhibit 1](#).

Exhibit 1 Audit dimensions



Source: *Code of Audit Practice 2016*

3. The main elements of our audit work in 2018/19 have been:

- a review of the COPFS' main financial systems
- an audit of COPFS' 2018/19 annual report and accounts including the certification of an independent auditor's report setting out my opinions
- consideration of the four audit dimensions of public audit
- a 2018/19 IT Overview report.

Adding value through the audit

4. We add value to the COPFS through the audit by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations for improvements that have been accepted by management
- reporting our findings and conclusions in public
- sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides, and
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

5. In so doing, we aim to help promote improved standards of governance, better management and decision making and more effective use of resources.

Responsibilities and reporting

6. COPFS has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing an annual report and accounts that are in accordance with the accounts direction from the Scottish Ministers. The COPFS annual report and accounts includes the following:

- Performance Report
- Accountability Report (which includes the Corporate Governance Report, Remuneration and Staff Report and Parliamentary and Accountability Report)
- Financial statements and supporting notes.

7. COPFS is also responsible for establishing appropriate and effective arrangements for governance, propriety and regularity that enable the board to successfully deliver its objectives.

8. Our responsibilities as independent auditor are established by the Public Finance and Accountability (Scotland) Act 2000 and the [Code of Audit Practice 2016](#), and supplementary guidance and International Standards on Auditing in the UK.

9. As public sector auditors we give independent opinions on the annual report and accounts. Additionally, we conclude on:

- the appropriateness and effectiveness of the performance management arrangements,
- the suitability and effectiveness of corporate governance arrangements,
- the financial position and arrangements for securing financial sustainability.

10. In doing this we aim to support improvement and accountability. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#) and supplementary guidance.

11. This report raises matters from the audit of the annual report and accounts and consideration of the audit dimensions. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its

responsibility to address the issues we raise and to maintain adequate systems of control.

12. Our annual audit report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, responsible officers and dates for implementation. It also includes any outstanding actions from last year and progress against these.

13. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2018/19 audit fee of £102,020, as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

14. This report is addressed to both the COPFS and the Auditor General for Scotland and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

15. We would like to thank all management and staff for their cooperation and assistance during the audit.

Part 1

Audit of 2018/19 annual report and accounts



Main judgements

The financial statements of COPFS give a true and fair view of the state of affairs of COPFS as at 31 March 2019 and of the net expenditure for the year then ended; and have been properly prepared in accordance with the financial reporting framework.

The expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

The audited part of the remuneration and staff report, performance report and governance statement were all consistent with the financial statements and properly prepared in accordance with the relevant legislation and directions made by Scottish Ministers.

The annual report and accounts are the principal means of accounting for the stewardship of resources and performance in the use of those resources.

Audit opinions on the annual report and accounts

16. The annual report and accounts for the year ended 31 March 2019 were approved by the Audit and Risk Committee on 3 July 2019. We reported within the independent auditor's report that:

- the financial statements give a true and fair view and were properly prepared
- expenditure and income were regular and in accordance with applicable enactments and guidance issued by Scottish Ministers
- the audited part of the remuneration and staff report, performance report and governance statement were all consistent with the financial statements and properly prepared in accordance with the relevant legislation and directions made by Scottish Ministers.

17. Additionally, we have nothing to report in respect of misstatements in information other than the financial statements, the adequacy of accounting records and the information and explanations we received.

Submission of annual report and accounts for audit

18. We received the unaudited annual report and accounts on 14 May 2019 in line with our agreed audit timetable.

19. The working papers provided with the unaudited financial statements were of a good standard and finance staff provided support to the audit team which helped ensure the final accounts audit process ran smoothly.

Risk of material misstatement

20. [Appendix 2](#) provides a description of those assessed risks of material misstatement we highlighted in our 2018/19 Annual Audit Plan including consideration of the wider audit dimensions. These related to provisions and contingent liabilities, non-current assets and budgetary pressures faced by COPFS. It summarises the work we have done to gain assurance over the outcome of these risks.

Materiality

21. Misstatements are material if they could reasonably be expected to influence the economic decisions of users taken based on the financial statements. The assessment of what is material is a matter of professional judgement and involves considering both the amount and nature of the misstatement. With regards to the annual accounts, we assess the materiality of uncorrected misstatements both individually and collectively.

22. We carried out our initial assessment of materiality for the annual report and accounts during the planning phase of the audit. On receipt of the unaudited annual report and accounts we reviewed our materiality calculations and amended them based on the figures reported within the financial statements. These are summarised in [Exhibit 2](#).

Exhibit 2 Materiality values

Materiality level	Amount
Overall materiality	£1.2 million
Performance materiality	£720,000
Reporting threshold	£10,000

Source: COPFS 2018/19 Unaudited Annual Report and Accounts

Significant findings from the audit in accordance with ISA 260

23. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices covering accounting policies, accounting estimates and financial statements disclosures.


24. The significant findings are summarised in [Exhibit 3](#). Where a finding has resulted in a recommendation to management, a cross reference to the Action Plan in [Appendix 1](#) has been included.

Qualitative aspects of the audit

25. We have no significant findings to report around the qualitative aspects (e.g. accounting policies, accounting estimates/judgements, significant financial statement disclosures, impact of uncertainties etc) of the 2018/19 accounting practices.

Exhibit 3

Significant findings from the audit of financial statements

Issue	Resolution
<p>1. Presentation of cash and cash equivalents</p> <p>In the draft accounts we identified that an item classified as other liabilities was a cash overdraft in the ledger. It arose from a payment run being processed on the last Friday in March and the cash drawdown being received on the first Monday in April. However, on further examination it was confirmed that at no point had the bank been overdrawn. This is an important distinction for a central government body.</p>	<p>Officers have taken steps and advice from Scottish Government officials to re-present the final trade creditors and cash and cash equivalents balances and we are satisfied with the accounting entries.</p> <p>Officers should review cash management arrangements to ensure that cash balances are properly recorded at year end.</p>
<p>2. Performance report</p> <p>The Performance Report which was presented for audit required improvement in a number of areas to ensure that it complied with the minimum FReM requirements.</p> <p>The report submitted for audit did not adequately ‘tell the story’ of how the organisation’s performed during 2018/19. In particular, the report lacked information on performance in key areas and reporting of performance against key objectives and key performance indicators.</p>	<p>Officers revised the performance report and provided an improved final version for audit which met the requirements set out in the FReM.</p> <p>COPFS should continue to work to improve the structure and content of the performance report which is included in the annual report and accounts so that it accurately reflects the year looking back.</p> <p> Recommendation 1 (refer appendix 1, action plan)</p>

How we evaluate misstatements

26. Several adjustments were made to the unaudited annual report and accounts arising from our audit. Certain adjustments related to reclassifications: IT assets in the fixed asset register, and apprenticeship levy charges in the statement of comprehensive net expenditure. The most significant adjustment arose from a 2019/20 drawdown of funding being incorrectly recognised in 2018/19. The impact of this adjustment was to decrease trade receivables and to decrease the general fund (£3.723m). The overall financial position, i.e. net assets, consequently decreased by £3.723m.

27. All of these were corrected and there are no unadjusted errors to report.

28. It is our responsibility to request that all misstatements, other than those below the reporting threshold, are corrected although the final decision on making the correction lies with those charged with governance considering advice from senior officers and materiality. Management have adjusted for all the items above. There were no unadjusted items below our reporting threshold.

Follow up of prior year recommendations

29. COPFS has made progress in implementing our prior year audit recommendations. We have reported the progress of these prior year actions in [Appendix 1](#). They are identified by the prefix b/f (brought forward). Seven agreed actions were raised in 2017/18, and of these:

- Two have been fully implemented – these related to the management of fixed asset disposals and, capacity within the core finance team.
- Four have been partially actioned and remain an area which COPFS will require to focus on over the coming years. Our 2018/19 IT Overview has

raised a number of recommendations and will be followed up as part of the 2019/20 audit.

- One action requires further work and has been reported again given its importance – this relates to long term financial planning.

30. Overall COPFS has made good progress in implementing the 2017/18 recommendations however further work is required to address the following areas:

- ICT recommendations – these have been followed up and reported separately in our 2018/19 IT Overview presented to the Audit and Risk Committee on 3 July
- the need for a published financial strategy to support medium to long term plans
- continued and ongoing work to improve the fixed asset register with regards to reclassifications and asset transfers, especially with IT assets as noted in recommendation 2 below ([refer Appendix 1, action plan](#)).



Recommendation 2 – reclassification of assets

Improvements to the process of transferring and reclassifying assets is still required. A log or reconciliation of assets being transferred out of ‘under development’ to ‘developed/in use’ should be maintained. This would help evidence what has been reclassified in year and support the movements in the fixed asset register and provide reassurance over the accuracy of the figures.

Part 2

Financial management



Main judgements

COPFS has appropriate and effective arrangements in place for financial management.

COPFS have a well-managed IT function where processes and procedures are documented. The increase in staff and a focussed, strategic approach have improved the organisation's ability to take advantage of digital opportunities.

Systems of internal control operated appropriately and effectively in 2018/19.

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

Financial performance in 2018/19

31. The main financial objective for COPFS is to ensure that the financial outturn for the year is within the budget allocated by Scottish Ministers.

32. COPFS has reported outturn of £121 million, remaining within its overall budget for 2018/19 with an underspend of £0.5 million. The financial performance against Departmental Expenditure Limits (DEL) is shown in [Exhibit 4](#).

Exhibit 4 Performance against DEL in 2018/19

Performance	Initial budget £m	Final budget £m	Outturn £m	Over (under) spend £m
Cash Resource DEL	108.4	111.7	109.8	1.9
Non-cash Resource DEL	4.0	4.0	3.8	0.2
Total resource expenditure	112.4	115.7	113.6	2.1
Capital expenditure	3.6	4.7	6.4	(1.7)
AME impairment		1.2	1.1	0.1
Total	116.0	121.6	121.10	(0.5)

Source: COPFS Annual Report and Accounts 2018/19

2018/19 financial position

33. The Statement of Financial Position summarises what is owned and owed by COPFS. This shows taxpayers' equity – an accounting measurement of the amount invested that has continuing public benefit. It shows how much of this has arisen from the application of revenues and that which has resulted through changes over time in the value of physical assets.

34. The financial statements show that COPFS has net assets of £10.539 million an increase of £2.090 million.

2018/19 budgetary processes

35. We reviewed COPFS' budget setting and monitoring arrangements. The budget setting process for COPFS involves communication with a 'bid' to the Scottish Government (the SG). Prior to the amount being confirmed by the SG, the internal budget setting process begins at COPFS. The budget process is consistent with that used in 2017/18 and there are no specific risks with the process during the year. There were a series of bilateral budget meetings held to develop the 2018/19 budget and options were presented to the Executive Board.

36. The initial budget position COPFS showed a slight increase in actual cash for the year (cash resource), however this was against a back drop of £19.7 million of proposed savings to be achieved by 2022/23. Therefore, this created challenges for longer term financial sustainability and highlights the importance of long term planning.

37. We noted from our review of budget monitoring that while the Executive Board and Audit and Risk Committee receive regular updates on the current financial position these are sometimes only verbal updates. This can make it difficult for senior officers and Non-Executives to carry out effective scrutiny of COPFS' finances. Written finance updates were provided for three out of the five Audit and Risk Committee meetings held during 2018/19. Written updates comparing budget against actual should be made available at each meeting.

38. An indicative 2019/20 budget was provided to the Executive Board in March 2018. During 2018/19 verbal updates had been provided to both the Executive Board and the Audit and Risk Committee. The 2019/20 budget was presented to the Executive Board on 30 May 2019 and approved at that meeting (refer [paragraph 52](#) and [recommendation 3 in appendix 1, action plan](#)).

39. We conclude that COPFS could improve the frequency and method of reporting performance against budget to senior officers that allow members and officers to effectively scrutinise performance.

Systems of internal control

40. As part of our audit we identify and inspect the key internal controls in those accounting systems which we regard as significant to produce the financial statements. Our objective is to gain assurance that COPFS has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements.

41. Our findings from the review of systems of internal control were included in the management report presented to the Audit and Risk Committee on 30 May 2019. We concluded that the controls tested were operating effectively. No significant internal control weaknesses were identified during the audit which could affect COPFS' ability to record, process, summarise and report financial and other relevant data to result in a material misstatement in the financial statements.

Internal audit

42. We reviewed COPFS' internal audit arrangements in accordance International Standard on Auditing (UK) 610 (Using the Work of Internal Auditors) to determine the extent we could use the work of internal audit. COPFS' internal audit function is carried out by the Scottish Government Internal Audit Directorate. The external audit team of the Scottish Government evaluates whether the Directorate conforms to Public Sector Internal Audit Standards (PSIAS). They have concluded their work and reported the findings to the Scottish Government on 24 June 2019. The work carried out (to meet the requirements of ISA 610) found clear improvements in the standard of internal audit work undertaken compared with 2017/18. There were no areas of significant non-compliance with the PSIAS.

43. Work carried out by internal audit during 2018/19 focussed on governance arrangements within COPFS and therefore we did not place formal reliance on the work of internal audit to reduce our financial statements audit testing. However, we did review their reports to inform our wider dimension audit responsibilities where appropriate.

Standards of conduct for prevention and detection of fraud and error

44. Audited bodies are responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery and corruption and to ensure that their affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.

45. We have reviewed the arrangements in place to maintain standards of conduct including the Money Matters 10 (Fraud and Whistleblowing) booklet which was revised in 2017 and Civil Service and Members' Codes of Conduct. There are established procedures for preventing and detecting any breaches of these standards including any instances of corruption.

46. We have concluded that COPFS has appropriate arrangements in place for the prevention and detection of fraud, error and irregularities, bribery and corruption. We are not aware of any specific issues that we need to bring to your attention.

National Fraud Initiative

47. The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise coordinated by Audit Scotland. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify 'matches' that might suggest the existence of fraud or irregularity. NFI activity is summarised in [Exhibit 5](#).

Exhibit 5 NFI activity



280

Matches



10

Recommended for
investigation



271

Completed/closed
investigations

48. One error, totalling £3,582 was identified. This related to a duplicate payment which COPFS has now recovered.

49. Overall, COPFS is pro-active in investigating the NFI matches and reports the outcomes of NFI activity to the Audit and Risk Committee annually.

ICT controls

50. In 2017/18 we carried out a preliminary review of the Digital Strategy developed by COPFS and recommendations were made in our Annual Audit Report following this work. As part of our audit planning for 2018/19 we determined that a full review of the IT arrangements at COPFS was appropriate. An Audit Scotland specialist IT auditor has conducted a high-level review of IT during the first half of 2019. The IT Overview covered the following areas:

- Digital strategy and programme management
- IT organisation, skills and capacity
- Service delivery
- Asset protection and cyber security
- Installation management
- Business continuity planning.

51. Our overall conclusion is that COPFS have a well-managed IT function. We have identified several areas that need to be addressed along with some housekeeping and improvement opportunities. These recommendations have all been raised separately in our 2018/19 IT Overview report and have been agreed with management. Progress against these recommendations will be followed up as part of our 2019/20 audit of COPFS.

Part 3

Financial sustainability



Main judgements

The 2019/20 budget was formally approved on 30 May 2019. The budget should be prepared and presented to the Executive Board for approval prior to the start of the new financial year.

The financial strategy for the period 2018/19 – 2022/23 remained in draft for the full 2018/19 year. COPFS should ensure financial plans are updated, rolled forward and formalised to ensure that appropriate levels of financial planning are in place to inform medium to long term plans.

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Financial planning

52. In May 2019, the Finance and Procurement update presented to the Audit and Risk Committee highlighted that the uncertainty about the level of funding from the Scottish Government regarding employer's superannuation contributions prevented COPFS from finalising their budget. Prior to this, verbal updates were provided to the Executive Board and the Audit and Risk Committee on progress with the 2019/20 budget. Subsequently, on 30 May 2019, COPFS presented to the Executive Board an updated 2019/20 budget and this was formally agreed.



Recommendation 3 – 2019/20 budget to be finalised

The budget should be prepared and presented to the Executive Board for approval prior to the start of the new financial year. This is a key document critical to ensuring the delivery of key strategies and plans and demonstrates if objectives can be delivered within the available resources.

Changing landscape for public financial management and medium to long term financial planning

53. Scottish public finances are fundamentally changing, with significant tax-raising powers, new powers over borrowing and reserves, and responsibility for some social security benefits. This provides the Scottish Parliament with more policy choices but also means that the Scottish budget is subject to greater uncertainty and complexity.

54. A new Scottish budget process has been introduced, which is based on a year-round continuous cycle of budget setting, scrutiny and evaluation. As part of the new budget process, the Scottish Government published an initial five-year Medium-Term Financial Strategy (MTFS) in May 2018. The five-year outlook for the

Scottish budget, set out in the MTFS, provides useful context for bodies' financial planning.

55. We reviewed the financial planning systems of COPFS and assessed how effective they are in identifying and addressing risks to financial sustainability across the medium and long term.

56. 99% of COPFS' funding is from the Scottish Government budget allocation, determined annually. As we reported in 2017/18, this annual budget process setting should not restrict COPFS from preparing medium to long term financial plans using sensitivity analysis and scenario planning to determine the application of funding.

57. An update on the financial strategy was provided to the Executive Board in September 2018 which presented a £17.8 million funding gap by 2022/23. The biggest cost to the COPFS is its staff and this is an area which is highlighted within the draft financial plans with several assumptions in place and, supported by workforce plans. 2018/19 saw a significant increase in staffing levels funded by additional funding by the Scottish Government to address the increase in serious casework.

58. COPFS aims to achieve its savings on a 50:50 basis between staff and non-staff costs. Key areas identified for savings are in non-staff areas to allow COPFS to deliver its objectives and maintain staff numbers to address the increased workload. The focus for future savings is in estates, witness costs, further reductions to office running costs as well as procurement and contract management. Progress has been made in procurement following the successful recruitment of new staff including a dedicated Head of Procurement. Progress has been made since 2017/18 in the pathology and mortuary contracts project. These are significant, large and complex contracts. The next phase of the project (phase 2) will see further proposals and options for savings identified. Regular updates are provided on this specific project to the Resources Committee.

59. The Financial Strategy 2018/19 to 2022/23 remains in draft and has not yet been finalised, updated or rolled forward to 2023/24. COPFS should update and finalise the financial strategy to ensure that effective financial planning is in place that supports its medium to long term plans. This is a key area for COPFS to address in order to demonstrate that delivery and savings plans are achievable and realistic. It also supports the medium to long term plans and other key strategies within COPFS.

60. COPFS require to make significant savings in the next 5 years and the Financial Strategy is key to ensuring plans are in place to address the savings required. Once this is complete, the other key strategies (digital, estates and workforce) should be reviewed and updated to ensure they are in line with the Financial Strategy. At present these strategies are all dated 2017 and have not yet been subject to further review. There is a risk that decisions being made may not be in accordance with key business objectives.



Recommendation 4 – Financial Strategy requires to be updated and agreed.

The Financial Strategy 2018/19 – 2022/23 needs to be updated, rolled forward and finalised to ensure that effective financial planning is in place that supports medium to long term plans. Once this is done, the other strategies should be reviewed and updated to ensure they are all joined up.

EU Withdrawal

61. There remains significant uncertainty surrounding the terms of the UK's withdrawal from the European Union (EU). EU withdrawal will inevitably have implications for devolved government in Scotland. It is critical that public sector bodies are working to understand, assess and prepare for the impact on their business in three broad areas:

- Workforce – the extent to which potential changes to migration are likely to affect the availability of the people and skills needed to deliver services.
- Funding – the extent to which potential changes to existing EU funding programmes are likely to affect the finances of public bodies and the activity that such funding supports.
- Regulation – the extent to which potential changes to EU regulations are likely to affect the activities of public bodies.

62. COPFS have considered the impact of EU withdrawal on the business in detail. In particular they have focussed on the impact from the loss of EU justice measures and the impact on substantive criminal law in Scotland. Updates have been provided to the Audit and Risk Committee.

63. COPFS have carried out a significant amount of work to ensure that they are well prepared for any potential impact of EU withdrawal under several scenarios.

Part 4

Governance and transparency



Main judgements

COPFS has effective governance arrangements in place that support the scrutiny of decisions made by the Executive Board and the Audit and Risk Committee.

COPFS is open and transparent in the way it conducts its business. However, there is some scope for improvement.

Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision-making and transparent reporting of financial and performance information.

Governance arrangements

64. We reviewed the work of the Executive Board (the Board) and the COPFS' governance structure in 2018/19. There have been no significant changes in year. COPFS has reviewed the structure and governance framework to ensure that it remains effective and appropriate.

65. Papers are published sufficiently in advance of meetings to allow scrutiny. From attendance at the Audit and Risk Committee (ARC), there is effective scrutiny and challenge by the non-executive directors and we observed effective working relationships between non-executive directors and senior staff attending these meetings.

66. The ARC carried out a self-assessment in November 2017. There has been changes in non-executive membership during 2018/19. Therefore, it would be timely to formalise plans to review the performance of the ARC.

67. We concluded that the arrangements in place are adequate and support good governance and accountability.

Openness and transparency

68. There is an increasing focus on how public money is used and what is achieved. In that regard, openness and transparency supports understanding and scrutiny. Transparency means that the public have access to understandable, relevant and timely information about how the board is taking decisions and how it is using resources such as money, people and assets.

69. There is evidence from a number of sources which demonstrates COPFS' commitment to transparency including:

- Minutes of the Executive Board, its three sub-committees and the Audit and Risk Committee are publicly available on COPFS' website.

- COPFS' business plan, strategic plan and corporate strategies are available on the COPFS website although these now need to be reviewed and updated as most are dated 2017.
- COPFS report on the handling of freedom of information (FOI) and environmental information requests (EIR) on its website. In addition, since July 2018, COPFS have reported a register on their website of requests which have received a full or partial response in the prior week.

70. Up to date minutes for the Executive Board and the Audit and Risk Committee are available on the website. However, the minutes for both the Operational Performance Committee and Business Improvement Committee have not been brought up to date from August 2017 and April 2018 respectively. COPFS should ensure that the minutes of these committees are published in a timely manner to enhance transparency and openness.



Recommendation 5 – review and update plans and strategies

The business plan, strategic plan and corporate strategies should be reviewed, updated and added to the website once approved.



Recommendation 6 – published minutes should be up-to-date

COPFS should ensure that the minutes of its committees are published in a timely manner to enhance transparency and openness.

Performance report

71. In addition to the opinion on the performance report covered in Part 1 of this report, we also consider the qualitative aspects of the performance report included in the annual report and accounts. The purpose of a performance report is to provide information on a body, its main objectives and strategies, and the principal risks that it faces. It is required to provide a fair, balanced and understandable analysis of a body's performance and, is essential in helping stakeholders understand the financial statements.

72. As noted in the significant findings section in Part 1 of this report, the performance report which was presented for audit required improvement in a number of areas to ensure compliance with FReM requirements. The report did not fully 'tell the story' of the business in 2018/19. In particular, the report lacked information on performance and reporting of performance against key objectives and key performance indicators.

73. Officers revised the performance report and provided an improved final version for audit which met the requirements set out in the FReM.

74. COPFS should continue to work to improve the structure and content of the 2019/20 performance report which is a critical part to the annual report and accounts (refer [Appendix 1, action plan point 1](#)).

Part 5

Value for money



Main judgements

COPFS has an effective Operational Performance Committee. However, it needs to progress the agreed internal audit recommendations to further refine arrangements around its Key Performance Indicators.

Value for money is concerned with using resources effectively and continually improving services.

Best value

75. *Ministerial guidance to Accountable Officers* for public bodies and the *Scottish Public Finance Manual* (SPFM) sets out the accountable officer's duty to ensure that arrangements are in place to secure best value .

Performance management

76. The performance of COPFS is monitored by the Operational Performance Committee (a sub-committee of the Executive Board) which reports to the Executive Board. The Board has responsibility for the oversight of performance and delivery of targets. COPFS key performance indicators (KPIs) are reported in the Statistics (Performance) area of COPFS website quarterly.

77. The work on performance management and KPIs was reviewed by internal audit in 2017/18 and the Operational Performance Committee is taking forward a number of recommendations. This includes developing a formalised KPI strategy which will be developed following the completion and approval of the new strategic plan for COPFS. This will be supplemented with guidance about what each KPI is measuring and the factors which would contribute to the failure of a KPI.

78. The Operational Performance Committee have now started to measure KPIs. However, the reporting process is still in a transitional phase. A priority for the committee is on finalising the reporting process, both in terms of information and how it is presented to ensure that COPFS have a more systematic approach to functional reporting that aligns with the new KPIs.

79. We conclude that COPFS has an effective performance management committee, but further work is required to address the internal audit recommendations on KPIs. Work is ongoing to address this in COPFS.

Procurement

80. The Procurement Strategy was issued in January 2017 and this has been supported by strategic objectives with the aim of saving approximately £1 million per year over a 5-year period.

81. The staffing complement has increased in this area during 2018/19 including the appointment of a new Head of Procurement who will take up post in June 2019. The additional staff will assist with contract management. Some staff are also

working towards the CiPs Procurement and Supply qualification to further increase the in-house knowledge and expertise in this area.

National performance audit reports

82. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. These are outlined in [Appendix 3](#).

Appendix 1

Action plan 2018/19



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p>Performance Report</p> <p>The Performance Report which was presented for audit required improvement in a number of areas to ensure that complied with FReM requirements.</p> <p>The report did not adequately tell the story of the business in 2018/19. In particular the report lacked information on performance and reporting of performance against key objectives and key performance indicators.</p> <p>Risk: There is a risk that the performance report does not meet reporting requirements and does not tell the story of business to a user of the annual report and accounts.</p>	<p>COPFS should continue to work to improve the structure and content of the performance report which is included in the annual report and accounts (refer exhibit 3, point 2).</p>	<p>Accepted.</p> <p>COPFS management have committed to a fundamental review of the format and content of the Performance Report and have arranged a meeting with our NXDs in December 2019 in order to allow a considered approach ahead of the production of the 2019/20 accounts.</p> <p>Responsible officer: Director of Finance and Procurement</p> <p>Agreed date: Revised version to be submitted to the February 2020 Audit and Risk Committee for review.</p>
2	<p>Non-current asset reclassification/transfers</p> <p>Recommendations regarding non-current assets that were reported in 2017/18 have been followed up however there remains an issue with how reclassifications and transfers are communicated, recorded and maintained.</p> <p>A number of adjustments were made to the accounts due to the incorrect classification / reclassification of IT assets.</p> <p>Risk: There is a risk that assets are incorrectly recognised in the fixed asset register which has further impact on revaluations, depreciation and amortisation.</p>	<p>Improvements to the process of transferring and reclassifying assets is still required.</p> <p>A log or reconciliation of assets being transferred out of 'under development' to 'developed/in use' should be maintained. This would help evidence what has been reclassified in year and support the movements in the fixed asset register and associated transactions. It will also provide reassurance over the accuracy of the figures (refer paragraph 30).</p>	<p>Accepted.</p> <p>This was partially in place for 2018/19 and further enhancements have been made post year-end to provide a clear audit trail of the reclassification of assets. This recommendation has now been implemented.</p> <p>Responsible officer: Head of Financial Accounting and Finance Systems</p> <p>Agreed date: Immediate</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
3	<p>2019/20 budget to be finalised</p> <p>The 2019/20 budget had not been presented or formally approved by the Executive Board until after the start of the 2019/20 financial year. It was presented and approved on 30 May 2019 at the Executive Board.</p> <p>The annual budget is a key document that informs and demonstrates the ability to deliver business plans and objectives in-year. The absence of an agreed budget will also make it difficult to scrutinise performance and outcomes.</p> <p>Risk: There is a risk that without a formally agreed budget, decisions could be made that have an adverse impact and are not fully informed.</p>	<p>COPFS should present and formally agree budgets prior to the start of the new financial year (refer paragraph 52).</p>	<p>Accepted.</p> <p>COPFS practice for many years was to ensure that the Executive Board could approve a balanced budget at its December meeting giving budget holders 3 months to make any necessary changes/plans before the start of the financial year.</p> <p>Single year Spending Review settlements which are not completed until January and formally approved by Parliament until February have meant that this has not been possible for the last few years.</p> <p>Finalisation of the 2019/20 budget was further delayed because of ongoing discussions with Scottish Government beyond the beginning of the financial year about the consequences of increases in the Employers' pension contributions.</p> <p>Budget allocations were issued to Budget Holders within 2 weeks of conclusion of the discussions with SG.</p> <p>Responsible officer: Director of Finance and Procurement</p> <p>A 3 year spending review settlement in SR19 will allow the 2021/22 and 2022/23 budgets to be set prior to the end of the preceding calendar year.</p>
4	<p>Long term financial planning - Financial Strategy requires to be updated and agreed</p> <p>The 2018/19-2022/23 Financial Strategy has yet to be updated and finalised.</p> <p>This is a key area for COPFS to address in order to demonstrate that delivery and savings plans are achievable and realistic. It also supports medium to long term plans and</p>	<p>The Financial Strategy 2018/19 – 2022/23 needs to be updated and finalised to ensure that effective financial planning is in place that supports its medium to long term plans. Once this is done, the other strategies should be reviewed and updated to ensure they are all joined up. (refer paragraph 58).</p>	<p>Accepted.</p> <p>Publication of an updated COPFS Strategic Plan, Financial Strategy, Medium Term Financial Plan, Estates and IT investment plans and all supporting strategies has been delayed for the reasons outlined above. Immediately following confirmation of the additional funding for the employers' pension</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	<p>other key strategies within COPFS.</p> <p>Risk: There is a risk that without up to date plans in place, the organisation will be unable to demonstrate that plans are affordable, realistic and deliver the longer term savings plans required in line with COPFS objectives.</p>		<p>contributions, work has begun on all of the above.</p> <p>Responsible officer: Deputy Chief Executive, Director of Finance and Procurement, Chief Digital Officer, Director of Estates, Director of HR.</p> <p>Agreed date: 30th September 2019</p>
5	<p>Review and update of plans</p> <p>COPFS' business plan, strategic plan and corporate strategies are available on the COPFS website although these now need to be reviewed and updated as most are dated 2017.</p> <p>Risk: COPFS plans on the website are out-of-date and therefore, relevant and timely information is not available for stakeholders to understand how public money has been used.</p>	<p>The business plan, strategic plan and corporate strategies should be reviewed, updated and added to the website once approved (refer paragraph 69).</p>	<p>Accepted.</p> <p>Please see above.</p> <p>Responsible officer: Crown Agent / Deputy Chief Executive</p> <p>Agreed date: 30th September 2019</p>
6	<p>Published minutes should be up-to-date on the website</p> <p>The minutes for both the Operational Performance Committee and Business Improvement Committee have not been brought up to date from August 2017 and April 2018 respectively.</p> <p>Risk: Minutes on the website are out-of-date and therefore, relevant and timely information is not available for stakeholders to understand how public money has been used or decisions made.</p>	<p>COPFS should ensure that the minutes of its committees are published in a timely manner to enhance transparency and openness (refer paragraph 70).</p>	<p>Accepted</p> <p>Responsible officer: Deputy Crown Agent (SCG/HC); Deputy Crown Agent (Operational Support)</p> <p>Agreed date: Immediate</p>

Follow up of prior year recommendations

b/f	<p>Disposal of IT fixed assets</p> <p>There is some evidence that controls over the disposal of IT assets are being applied, but exceptions identified in our audit testing indicate that the documentation and application</p>	<p>COPFS should ensure that certificates are obtained for all IT assets containing data which have been disposed in year in order to document that they have been cleansed, disposed of and destroyed.</p>	<p>A sample of IT disposals were checked as part of the 2018/19 audit and no issues were identified.</p> <p>Work has taken place to ensure there is better communication and</p>
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No.	Issue/risk	Recommendation	Agreed management action/timing
	<p>of these controls could be further improved.</p> <p>Information is passed to finance by ISD based on the finance team's annual assets review process. Information regarding IT disposals should be processed on a timely basis to finance. Our testing identified 253 assets disposed of in 2016 which were accounted for as disposals in 2017/18.</p> <p>Risk: There is a reputational risk that assets may not have been disposed of correctly and disposal proceeds have not been maximised. In addition, there is a risk that the accounting treatment may not be accurate.</p>	<p>All IT asset disposals should be fully documented. Finance and ISD should work together to process updates to enhance the integrity of the fixed asset register and ensure that disposals are accounted for correctly.</p> <p>COPFS should look to maximise proceeds from the disposal of IT assets, where possible.</p>	<p>documentation of IT asset disposals.</p> <p>This issue is now closed.</p>
b/f	<p>Development expenditure</p> <p>It has not been possible to match the notes to the accounts for intangible assets to the fixed asset register. There are issues with regards to the reclassification of assets from under development to developed assets.</p> <p>Risk: There is a risk that the fixed asset register is not accurate, and assets are not accounted for correctly. There is also a risk of assets becoming impaired before they are used and therefore not providing value for money.</p>	<p>COPFS carry out work to cleanse the data in the fixed asset register.</p> <p>There needs to be effective working processes between finance and ISD to ensure that:</p> <ul style="list-style-type: none"> • Each invoice is correctly coded • Assets are transferred promptly • The fixed asset register should be reviewed to ensure assets are clearly identified as reclassifications • Impairment reviews of development expenditure should take place 	<p>In 2018/19 we found the management and operation of the fixed asset register had improved however there were instances of misclassifications of development expenditure at year end.</p> <p>This continues to be an area for COPFS to improve on.</p>
b/f	<p>Digital strategy</p> <p>The COPFS digital strategy was approved in 2017. The document contains digital concepts and approaches to support the strategic vision. The published digital strategy does not detail how stakeholders engaged with the development of the strategy, but presentations to stakeholder groups on the main transformation phases</p>	<p>A Digital Strategy should be clear and coherent and should consider the needs of stakeholder both internal and external to the organisation. It should place the needs of the business first, instead of the technology and with that consider the impact on its primary users.</p>	<p>The Chief Digital Officer published the Digital Strategy in 2018. The Digital Delivery Plan with details of the implementation stages of the Digital Strategy was published in March 2019.</p> <p>We carried out an IT Overview in 2018/19 which includes a number of agreed recommendations in this area. The report has been presented separately and actions</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	<p>have recently started. Detailed delivery planning should consider the impact of the strategy on stakeholders.</p> <p>Risk: There is a risk that the strategy is seen as a digital technologies initiative instead of a tool to achieve business transformation objectives.</p>		<p>included there will be followed up as part of our 2019/20 audit.</p> <p>This issue is now closed.</p>
b/f	<p>IT Capital projects</p> <p>There is significant IT capital expenditure in year but there is a lack of evidence to show that the costs of these projects have been considered and approved by appropriate committees.</p> <p>Risk: There is a risk that COPFS will not be able to demonstrate value for money for its IT projects and capital expenditure may not be managed effectively.</p>	<p>IT capital projects over the value of £100,000 should be supported by a short business case outlining the costs, benefits and delivery time of the project. It should also include an options appraisal, considering the buy, modify or build options, in line with the Digital Strategy for Scotland, for consideration by the appropriate committee.</p>	<p>We carried out an IT Overview in 2018/19 which includes a number of agreed recommendations. The report has been presented separately and actions included there will be followed up as part of our 2019/20 audit.</p> <p>This issue is now closed.</p>
b/f	<p>Cyber resilience</p> <p>COPFS is both PSN and PSNP accredited and is therefore in a good position to meet the Cyber Essentials accreditation requirements. Information security is noted on the corporate risk register. However cyber resilience and a consideration of its potential risks does not feature specifically at Board level. We feel that cyber resilience could benefit from a higher profile within COPFS.</p> <p>Risk: Cyber risks have both a technical and people angle; neglecting the people angle could expose the organisation to additional risk.</p>	<p>COPFS appears technically well prepared to mitigate the risk of a cyber-attack. However, cyber risk is often a people risk, and technology can only do so much. To promote a more people-centric approach to mitigating cyber risk, the topic warrants a higher profile at board and senior management team level in the organisation.</p>	<p>Information security including cyber resilience is included in the updated corporate risk register. Updates are provided to the Audit and Risk Committee. Cyber Essentials accreditation to be revisited by COPFS in November 2019.</p> <p>This issue is now closed.</p>
b/f	<p>Finance Capacity</p> <p>Although COPFS has been able to deliver both the COPFS and the QLTR accounts, adverse events in finance led to there being increased pressure on key individuals to support the</p>	<p>COPFS should consider if there is appropriate succession planning and sufficient capacity in finance to ensure that there is not a key person dependency issue.</p>	<p>Resourcing remains a challenge within finance given staff movements, promotions, leavers etc. However, we did not encounter any issues during our 2018/19 audit. Key dependencies remain however. This is accepted due to the size of the finance team</p>



No.	Issue/risk	Recommendation	Agreed management action/timing
	<p>accounts process. Succession planning can mitigate this.</p> <p>Risk: There is a risk that there may not be sufficient finance staff to avoid key person dependency issues.</p>		<p>overall. Workforce planning will be revisited as part of our 2019/20 planning process for COPFS.</p> <p>This issue is now closed.</p>
b/f	<p>Long term financial planning</p> <p>COPFS requires to make savings to maintain financial balance to 2022/23. The updated financial strategy identifies over £19 million of savings over the period to 2022/23 which are reliant on on-going projects in digitalisation, estates, workforce planning and procurement.</p> <p>Risk: There is a risk that without a long term financial plan or savings plans, the organisation will fail to achieve objectives.</p>	<p>It is important that longer term plans are in place to ensure savings targets are realistic and being monitored in line with the objectives of the financial strategy.</p>	<p>The financial strategy remained in draft during 2018/19 with officers. Verbal updates were given at the March and April Executive Board meetings which confirmed that the strategy will be updated once the issue of the funding of the pension contributions is resolved.</p> <p>The strategy remained in draft at June 2019.</p> <p>This continues to be an area of risk for COPFS.</p>

Appendix 2

Significant audit risks identified during audit planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual report and accounts and those relating our wider responsibility under the [Code of Audit Practice 2016](#).

Audit Risk	Assurance procedure	Results and conclusions
Risks of material misstatement in the financial statements		
<p>1 Risk of management override of controls</p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls to change the position disclosed in the financial statements.</p>	<p>Detailed testing of journal entries.</p> <p>Review of accounting estimates.</p> <p>Focused testing of accruals and prepayments.</p> <p>Evaluation of significant transactions that are outside the normal course of business.</p>	<p>From controls and substantive testing carried out in the year, there was no evidence of management override of controls.</p>
<p>2 Risk of fraud over expenditure</p> <p>The Financial Reporting Council's Practice Note 10 (revised) requires public sector auditors to give consideration to the risk of fraud over expenditure.</p> <p>The extent of expenditure means that there is an inherent risk of fraud.</p>	<p>System review of accounts payable/P2P focusing on key controls.</p> <p>Focused substantive testing on higher risk and more complex areas such as trade payables and non-current assets.</p>	<p>From system review and substantive testing focused on more complex areas of expenditure, there was no fraud risks identified in relation to expenditure.</p>
<p>3 Provisions and contingent liabilities</p> <p>COPFS is subject to litigation in respect of civil damages claims. COPFS is required to make disclosures in respect of any cases that have not been concluded by the time the annual accounts are signed by the Accountable Officer.</p> <p>It is essential that each of these disclosures is based on sound professional judgement or there is a risk of mis-statement in the accounts.</p>	<p>Substantive testing of provisions and contingent liabilities and contingent liabilities, ensuring valuations and disclosures are in line with the FReM and other relevant guidance.</p> <p>Through our knowledge of the business, review of key documents, and cut-off testing we will assure ourselves to the completeness of these categories.</p>	<p>Provisions and contingent liabilities have been correctly accounted for and disclosed in the annual report and accounts.</p>

Audit Risk	Assurance procedure	Results and conclusions
<p>4 Non-current assets</p> <p>In the 2017/18 audit we identified a number of issues relating to non-current assets, particularly IT assets, including: asset management, disposal and development expenditure. In some cases, Finance colleagues were not advised timeously of these events.</p> <p>There is a risk that assets are not managed effectively, disposed of correctly, and that newly developed assets are not accounted for correctly.</p>	<p>Review the new processes put in place, for Finance and ISD, to ensure that information regarding non-current assets is communicated timeously.</p> <p>Substantive testing of disposals with a focus on ISD disposals.</p> <p>Substantive testing of assets moving from under-development to developed.</p> <p>Review work on the impairment review of IT assets.</p>	<p>Our substantive testing identified a number of adjustments however management of the non-current asset register and the processes for recording reclassifications, revaluations and transfers are improving.</p>
<p>5 Budgetary pressures</p> <p>For 2018/19 COPFS' budget has increased in real terms, with the majority of the increased funding having been ring-fenced for recruitment to achieve specific business objectives.</p> <p>Without robust forecasting and monitoring there is a risk that COPFS will be unable to achieve financial balance at year end.</p>	<p>Monitor monthly budget reports and review actions taken by COPFS to address projected under/overspends.</p> <p>Focused substantive testing of expenditure and trade payables.</p>	<p>Reviewed actions taken in year from review of minutes of meetings and discussions on budgeting and forecasting. Overall the accounts were within the total budget allocation at the year end. There was an increase to 2018/19 funding from the Scottish Government to support COPFS' recruitment plans.</p>
<p>Risks identified from the auditor's wider responsibility under the Code of Audit Practice</p>		
<p>6 Financial sustainability</p> <p>COPFS services are demand led and there has been a trend of increasing numbers of serious complex cases.</p> <p>Although the 2019/20 Scottish Government draft budget identified a real increase in cash terms for COPFS for that year, COPFS faces uncertainty over funding in subsequent years.</p> <p>As part of the audit we will be seeking evidence that COPFS has undertaken appropriate levels of financial planning. Without detailed savings plans for each year, there is a risk of short-term decisions being made which may not fit with longer term plans or strategies.</p>	<p>Review detailed savings plans as they emerge.</p> <p>Monitor delivery of the sustainability project including savings planned and achieved and report in our annual audit report.</p>	<p>The financial strategy for the period 2018/19 – 2022/23 is still in draft. COPFS should ensure forward financial plans are updated and formalised to ensure that appropriate levels of financial planning are in place.</p> <p>The increased financial pressures on COPFS continue to be an area of risk which we will continue to monitor throughout the audit cycle.</p> <p>Refer paragraph 30 and appendix 1, action plan, recommendation 4</p>
<p>7 Procurement</p>	<p>Monitor progress against the recommendations which</p>	<p>From attendance at Committees and from review of reports we</p>

Audit Risk	Assurance procedure	Results and conclusions
<p>COPFS aims to make savings through improved contract management and reducing non-contract spend. In addition, 50% of COPFS savings are planned in non-pay expenditure which is one third of costs.</p> <p>COPFS hold a large number of complex contracts that are due for renewal in a short space of time.</p> <p>COPFS have also recently decided to bring procurement over £50,000 in-house and no longer use the shared service facility with the Scottish Government, from 2019/20.</p> <p>There is a risk that the complex contracts plus changing the method of delivering procurement may not bring about the expected savings and may actually increase costs.</p>	<p>internal audit identified in 2017/18 and the 2018/19 internal audit follow up.</p> <p>Review the findings of the PCIP 2 (procurement capability assessment) due to take place in 2019 and monitor progress against recommendations.</p>	<p>noted progress has been made in procurement following the successful recruitment of new staff procurement staff (2) as well as a new dedicated Head of Procurement.</p> <p>Ongoing review, updating and renegotiating pathology and mortuary contracts with key suppliers.</p> <p>Procurement capability assessments for COPFS concluded with positive results around governance, policies and procedures in place.</p>
<p>8 ICT</p> <p>COPFS issued its Digital Strategy in January 2017. However, the action plan to support this was not available at the time of drafting this plan.</p> <p>With the increasing dependency on information technology across all business areas, it is important to establish that best practice is followed in managing those systems.</p> <p>Whilst investment in technology can be significant with ongoing revenue support required in the long term, there is a risk that ineffective use of these resources can be costly and lead to inefficiencies in the ability of the organisation to carry out its primary functions.</p>	<p>In order to form an opinion about the effectiveness of the information technology function, we will carry out an IT Services Review which will cover seven broad topics: strategy, organisation structure, asset protection, service delivery, installation management, data networking and disaster recovery/business continuity.</p> <p>We will review the Digital Strategy action plan when it is available.</p> <p>We will review the updated Digital Cybersecurity and Resiliency Plan when published.</p> <p>We will monitor the results of business continuity and resiliency 'simulation' exercises.</p>	<p>IT Overview report 2018/19 presented to the Audit and Risk Committee in July 2019. A number of recommendations have been agreed and we will follow these up during 2019/20.</p>

Appendix 3

Summary of national performance reports 2018/19

		 2018/19 Reports	
Local government in Scotland: Challenges and performance 2018		Apr	
Councils' use of arm's-length organisations		May	 Scottish Fire and Rescue Service: an update
Scotland's colleges 2018		Jun	
		Jul	 The National Fraud Initiative in Scotland 2016/17
Forth Replacement Crossing		Aug	 Major project and procurement lessons
Children and young people's mental health		Sept	 Superfast broadband for Scotland: further progress update
NHS in Scotland 2018		Oct	
Health and social care integration: update on progress		Nov	 Local government in Scotland: Financial overview 2017/18
		Dec	
		Jan	
		Feb	
		Mar	 Local government in Scotland: Challenges and performance 2019

Central Government relevant reports

[*Scottish Fire and Rescue Service: an update*](#) – May 2018

[*Scotland's colleges 2018*](#) – June 2018

[*The National Fraud Initiative in Scotland 2016/17*](#) – July 2018

[*Forth Replacement Crossing*](#) – August 2018

[*Major project and procurement lessons*](#) – August 2018

[*Superfast broadband for Scotland: further progress update*](#) – September 2018

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2018/19 Annual Audit Report

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