

Marlene Anderson  
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15 June 2021

Dear Marlene

**Crown Office and Procurator Fiscal Service  
Management letter 2020/21**

Audit Scotland's Code of Audit Practice requires us to assess the systems of internal control put in place by management. In carrying out this work, we seek to gain assurance that Crown Office and Procurator Fiscal Service (COPFS):

- has systems for recording and processing transactions which provide a sound basis for the preparation of financial statements
- has systems of internal control which provide an adequate means of preventing or detecting material misstatement, error, fraud or corruption
- complies with established policies, procedures, laws and regulation.

**System coverage**

We have reviewed and tested the following key systems as part of the interim audit for financial year 2020/21:

Payroll	General Ledger
Trade Payables (P2P)	Cash and Banking

**2020/21 Control findings**

<b>Control issue noted</b>	<b>Management response / resolution</b>
<p><b>Changes to supplier bank details</b></p> <p>There was no evidence to demonstrate segregation of duties in place for 2 samples tested and we noted that the same individual processed and authorised the change in supplier details. Finance were alerted to this by the employee and a check was done by the Head of Financial Accounting, however this cannot be evidenced.</p> <p>It cannot be evidenced that the process in place for authorising changes in supplier information is followed consistently and therefore the control in place does not work.</p> <p>The checks for changes to supplier bank details represent a key control against fraud. There is an increased risk of fraud and/or error if this control is not operating effectively. We will continue to work with management to determine how they can demonstrate to us that this control has been operating effectively during 2020/21.</p>	<p>COPFS are working with external support to create a new rule that a member of the supplier approval group will not be able to approve a supplier when they need to input a new supplier or make changes to existing suppliers. While it is currently possible for someone to change details and authorise them, staff are aware of the seriousness of this and the consequences. If not alerting senior managers to this happening in error, to enable the manager to check input and evidence, the member of staff is then subject to the disciplinary procedure.</p> <p>A manual check is now being carried out weekly to check input and authorisation.</p>

## Control issue noted

## Management response / resolution

### Segregation of Duties – Witness Claims

During our testing, it wasn't clear who checked and authorised seven (out of 10) samples. For the samples selected that related to the pre-upgrade period, it cannot be evidenced that the process and control in place for authorising witness claims has been followed during 2020/21. We found no issues with the samples selected in the periods after the system upgrade. We will carry out additional substantive testing of witness claims as part of our financial statements audit.

The finance system upgrade was completed in November 2020. Within the upgrade a substantial control within the authorisation matrix makes it impossible for the originator of a journal to authorise and post it. Witness claims are entered through the journal process and the person entering the data is not able to authorise the journal regardless of their position.

It is to be noted that the samples tested included pre-upgrade and post upgrade samples.

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## Prior year controls testing

Our 2019/20 audit testing did not identify any significant control weaknesses. We did identify some less significant issues in relation to changes to supplier bank details. Progress against these actions has been considered and reported above together with our findings for 2020/21.

## Conclusion

On the basis of audit work undertaken and for those key controls tested, we were able to conclude that appropriate and effective internal controls were in place with the exception of the points noted above. Therefore, we are able to take planned controls assurance and have indicated additional audit testing where necessary (witness payments).

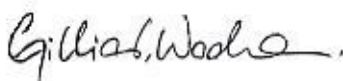
Any weaknesses identified represent those that have come to our attention during the course of normal audit work and therefore are not necessarily all the weaknesses that may exist. It is the responsibility of management to decide on the extent of the internal control system appropriate to COPFS.

All our outputs and any matters of public interest will be published on our website: [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

## Acknowledgement

The contents of this letter have been discussed with relevant officers to confirm factual accuracy. The co-operation and assistance we received during the course of our audit from the COPFS is gratefully acknowledged.

Yours sincerely



Gillian Woolman  
Audit Director

Cc (email):  
Nikolaos Koutris, Head of Financial Accounting & Finance Systems