



CROWN OFFICE
& PROCURATOR
FISCAL SERVICE

SCOTLAND'S PROSECUTION SERVICE

Annual Report and Accounts
For the year ended 31 March 2018

Laid before the Scottish Parliament by the Scottish Ministers on 31 July 2018
Reference SG/2018/113

Crown Office and Procurator Fiscal Service

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2018

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THE PERFORMANCE REPORT

Overview

1. This overview provides a short summary outlining the purpose of the Crown Office and Procurator Fiscal Service (COPFS), key risks to the achievements of its objectives and how it has performed during the year.
2. COPFS is the sole public prosecution authority in Scotland and is located in 47 offices across Scotland. It is responsible for making decisions about what should happen in respect of allegations of criminal conduct and, where there is sufficient evidence in law, deciding on appropriate prosecution action in the public interest.
3. COPFS has the duty to investigate all deaths which require further explanation, and is responsible for deciding whether criminal proceedings or a Fatal Accident Inquiry should be held, and for conducting such proceedings and inquiries. Responsibility for investigating allegations of criminal conduct against police officers also rests with COPFS with prosecution being undertaken on the instruction of Crown Counsel.
4. COPFS's Proceeds of Crime and Civil Recovery Units investigate and recover proceeds of drugs trafficking and other serious crime. COPFS also provides a Victim Information and Advice Service across Scotland.
5. COPFS works closely with other criminal justice organisations to help make Scotland a safer place, and plays a pivotal role in maintaining the security and confidence of all communities across Scotland in the prosecution system – making the criminal justice system more accessible and more responsive. The core values of COPFS are impartiality, integrity, sensitivity, respect and professionalism.
6. The Scotland Act 1998 - section 57(2) came into force on 20 May 1999 and embedded the European Convention on Human Rights into Scottish Law. Our prosecution code states the following:

"The Human Rights Act 1998 and the Scotland Act 1998 in general require Scottish prosecutors to act in a way which is compatible with the European Convention on Human Rights and European Union Law. Prosecutors will also have regard to relevant international obligations in accordance with the decision in the House of Lords in *Whaley v Lord Advocate* 2008 SC (HL)107."
7. When developing prosecution policy, consideration is always given to the human rights of victims, witnesses and accused persons. We consider judgements from the European Court of Human Rights and consult widely on our prosecution policies and processes to ensure a balanced approach which meets our obligations in terms of the Convention. New policies and all project work within COPFS undergo Equality Impact Assessments to ensure that the proposed changes meet the needs of the diverse communities in Scotland. COPFS's focus is operational effectiveness in all cases, while continuing to give priority to the most serious crimes. We support the Justice vision of a Just, Safe and Resilient Scotland.
8. COPFS works closely with a range of stakeholders including the Scottish Government, Police Scotland and the Scottish Courts and Tribunals Service.
9. The Victims and Witnesses (Scotland) Act 2014 has impacted upon COPFS in terms of the number of witnesses now deemed vulnerable and also right of victims to review decisions not to take action in the case where they are involved. We are optimising the use of technology to improve the level of service that is provided to victims and witnesses. The Criminal Justice (Scotland) Act 2016 was implemented in part in

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2016-17 and with further elements introduced in 2017-18. This includes major reform in the key business area of Sheriff and Jury prosecutions and Police Powers. A full implementation board and team are in place to ensure COPFS effectively manage the changes required.

10. Over the next three years there are likely to be further legislative changes which impact on COPFS and the wider justice system. Through our Policy Division, we will continue to inform, influence and maximise opportunities to improve the justice system and outcomes for the people of Scotland.

Justice Committee Inquiry

11. The Justice Committee of the Scottish Parliament conducted a wide-ranging inquiry into COPFS during 2016-17 and published its report on 25 April 2017. A debate in Scottish Parliament on the report took place on 6 June 2017. The report and COPFS response can be found at www.parliamentary.scot

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Statement by the Crown Agent and Chief Executive on performance for the period

Period of accounts

12. This report and accounts are for the year ended 31 March 2018.

Purpose and activities of the organisation

The scope of these accounts

13. These accounts reflect the assets and liabilities of COPFS. A separate set of accounts is produced for the Queen's and Lord Treasurer's Remembrancer (QLTR), which is a separate organisation with a separate Accountable Officer, but which shares the same Audit and Risk Committee as COPFS.

Key issues and risks

Principal Risks and Uncertainties facing the business

14. COPFS manages risk in accordance with recognised best practice (based on processes used across the Scottish Government). There is a corporate level Risk Register which is reviewed by our Risk Management Group on a 6 weekly basis (drawing information from lower level registers within COPFS). The Group reports to our Executive Board and the Audit and Risk Committee to provide assurance that risk is appropriately managed and progressed.

15. During 2017-18 we have re-evaluated the risks that we, as an organisation, face. The key risks affecting us include ensuring front line delivery is protected from the consequences of information technology failure and that resources are properly balanced against operational requirements. We will continue to ensure that these risks are managed through the Risk Management Group.

Health and Safety

16. COPFS aims to provide a safe and healthy working environment for all staff and, so far as is reasonably practicable, have systems and procedures in place which will ensure that all equipment, plant and premises are safe and free from adverse effects to health. We apply the Scottish Government's Health and Safety Management Systems and procedures and we have a Health and Safety Committee structure. We work in partnership with Trade Union representatives to address any safety issues and help to encourage a pro-active safety culture.

17. As part of the Facilities Management shared service provided by the Scottish Courts and Tribunal Service (SCTS), the SCTS is now providing specialist advice, guidance and training to COPFS staff. This has introduced a Health and Safety incident reporting system, which all COPFS staff have access to.

Financial Performance

18. Our aim has been to reduce costs whilst maintaining service delivery and to continue to provide value for money. Our financial target is not to overspend, but to utilise funding to maximum effect.

19. COPFS has taken a number of steps in seeking to ensure continued operational delivery despite reduced real terms funding; these include developing and publishing strategies covering Finance, Digital, Estates and Workforce. These can be found on our website at [COPFS Business and Strategy Plans](#). Underlying these was a Finance Sustainability Project as contingency planning based on various scenarios, including no cash increase in funding for four years. Our top priority is to reduce non-staff running costs as far as possible, to improve efficiency and thereby minimise impact on our greatest resource, our staff. This work fed into our various strategies above and the budgets we have set for 2018-19.

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20. In line with the Scottish Government and other central government bodies in the UK, COPFS has implemented full reporting of the Annual Accounts under International Financial Reporting Standards (IFRS). The results for the year are reported in the accounts, they record total outturn (resource and capital) of £112.75m (2016-17; £112.7m) against the updated budget of £113.07m (2016-17; £114.45m).

2017-18	Original Approved Budget £m	Updated Budget £m	Outturn £m	Variance £m
Cash Resource Expenditure	104.45	104.52	104.04	0.48
Non-Cash Resource Expenditure	4.00	4.00	3.73	0.27
Total Resource Expenditure	108.45	108.52	107.77	0.75
Capital Expenditure	3.60	3.60	4.04	(0.44)
AME Impairment	-	0.95	0.94	0.01
Total	112.05	113.07	112.75	0.32

Note: The variance on resource expenditure is largely due to an underspend of non-cash depreciation charges of £0.27m. The Resource and AME expenditure are reflected in the Statement of Comprehensive Net Expenditure. AME impairment is accelerated depreciation on assets where the additions do not add to the market value of the asset and shown in Note 3 to the Accounts.

21. The table below further breaks down our total spend to show what areas we spend our resources on:

Business Area	Annual Spend	
	2017-18 £'000	2016-17 £'000
High Court and Major Cases	18,994	18,042
Local Court	39,092	38,193
Operational Support	10,451	10,987
Post Mortems	8,423	8,305
Specialist Casework	10,016	9,898
Centrally Managed Spend	17,059	18,751
Capital Spend	4,043	3,904
Non Cash and AME spend	4,672	4,674
Total	112,750	112,754

22. Total property, plant and equipment and intangible asset additions in the financial year were £4m (2016-17; £3.9m) in respect of capital refurbishments and investment in IT, to support the internal delivery of all our objectives (notes 5 and 6 on pages 46 to 49).

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23. The table below shows our consumption of resources, excluding Capital Costs, by each of the objectives from the strategic plan in line with our Statement of Comprehensive Net Expenditure, page 33:

Objectives	2017-18			2016-17
	Gross £000s	Income £000s	Net £000s	Restated Net £000s
To ensure criminal cases are effectively and independently investigated and prosecuted or have other proportionate action taken in the public interest. To ensure financial gain achieved by criminal means is removed from criminals using proceeds of crime laws. To ensure that a level of services which takes account of individual needs and characteristics is provided to all.	95,390	(1,312)	94,078	95,366
To ensure that victims, nearest relatives and witnesses and those accused of an offense are treated with dignity and respect.	3,597	-	3,597	3,133
To ensure deaths which need further explanation are appropriately and promptly investigated.	11,033	-	11,033	10,351
Net Operating Costs	110,020	(1,312)	108,708	108,850

24. As these tables demonstrate, we ensure that the resources available to COPFS are maximised and spent in accordance with our Strategic Plan.

25. During 2017-18 a new financial scheme of delegation was put in place which balances the requirement to manage our resources corporately with a sufficient degree of local accountability and incentives. There are a series of relevant strategies and plans feeding in to the Financial Strategy (e.g. Estates strategy, Digital strategy, Prosecution Policy Review, Workforce Planning strategy, Fair Futures, Case Management in Court and Corporate Apps, Procurement improvement plan). Owners, project executives and managers from across COPFS are responsible for taking each strand forward and delivering agreed benefits; each owner is accountable ultimately to one of the three Committees of the Executive Board. The interdependencies between the various strategies and work streams are being mapped to ensure that they are fully understood and are managed accordingly to ensure and underpin the delivery of our strategic financial targets.

Performance Analysis

26. Decisions on whether to prosecute or issue a Non-Court disposal are made by the Procurator Fiscal in accordance with the Lord Advocate's Guidelines and in accordance with [Prosecution Policy and Guidance](#).

27. COPFS has a national database which stores operational information about our cases. We use it to help us manage our casework effectively and, although it is not a statistical database, we are able to use some of the information it provides to help us monitor aspects of our performance.

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The table below shows the number of reports that we receive on an annual basis as well as the outcomes.

	2017-18	2016-17
Criminal Reports Received	177,801	195,731
Death Reports Received	10,865	10,931
Total Reports Received	188,666	206,662
Non-Court Disposals (1)		
No Action	20,526	20,792
Warning Letters	8,764	8,236
Conditional Offers of Fixed Penalties Paid	6,408	8,370
Fiscal Fines Paid / Accepted	21,642	21,321
Compensation Orders Accepted	1,181	664
Combined Fiscal Fines / Compensation Orders Accepted	1,956	2,224
Other Non-court disposals	10,458	10,990
Total Non-Court Disposals	70,935	72,597
Total No Further Action (2)	22,209	29,937

Notes

- (1) COPFS receives reports about crimes from the police and other reporting agencies and then decides what action to take, including whether to prosecute someone. We also look into deaths that need further explanation and investigate allegations of criminal conduct against police officers.
- (2) No Further Action = cases which were closed after proceedings have been commenced or attempted (e.g. cases which were closed because the accused died, the accused could not be traced, a key witness was not available, etc.)

28. Information on Court Disposals is no longer collated centrally by COPFS. Information on court disposals is available from the Management Information Analysis Team at the Scottish Courts and Tribunal Service (SCTS).

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29. During 2017-18, COPFS has seen a marked increase in both the number of High Court level sexual offence cases being reported, up some 50% during the year, and the number of lengthy and complex cases both for prosecutions, death investigations and serious and organised crime cases.

30. Our published targets are set by the Law Officers and are monitored regularly by the Operational Performance Committee of the Executive Board, with corrective action put in place should it appear that delivery of the targets might be at risk.

Performance against our published targets during 2017-18 was:

Business Area	Target	Performance	
		2017-18	2016-17
Bail Cases: Serve Indictment*	Serve within timebar**	100%	100%
Take/Implement Decision	Process 75% within 4 weeks	77%	76%
Investigation of Deaths	Investigate 80% within 12 weeks	89%	89%
Investigation of Criminal Allegations against the Police	Investigate 90% within 12 weeks	92%	93%

* An indictment is a document setting out the charge(s) of crimes or offences against an accused in more serious cases. A case on indictment is tried by judge sitting with a jury in the High Court (in the most serious cases), or the sheriff court. This is termed Solemn procedure.

**There are strict time limits which regulate the maximum time allowed between an accused's appearance on petition (the normal first step in solemn procedure) and the service of an Indictment on him/her. The time allowed depends on whether (s)he is granted bail by the court or remanded in custody.

31. The main risk to the delivery of these targets is that operational resources are not effectively balanced against workloads. A range of controls are in place to mitigate this risk.

Payment policy and performance

32. COPFS requires that all suppliers' invoices not in dispute are paid within the terms of the relevant contract. COPFS aims to pay 100% of invoices, including disputed invoices once the dispute has been settled, on time in accordance with those terms. Beyond this, in line with the Scottish Government, COPFS has, for many years, had a target for payment within 30 days. In 2017-18 performance against the 30 day target was 98.04% (2016-17; 97.76%).

33. COPFS also aspires to pay all undisputed invoices within 10 working days. During 2017-18 COPFS paid 95.83% within the 10 day period (2016-17; 93.63%).

34. In 2017-18, in line with the government policy, no interest was paid under the terms of the Late Payment of Commercial Debt (Interest) Act (2016-17; Nil).

Environmental and Sustainability

35. COPFS is committed to improving environmental performance as part of our wider commitment to sustainable development. We recognise our legal and ethical responsibilities to protect and enhance the environment and are working towards sustainable practices in the use and disposal of materials, energy, and transport and landscape management.

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36. COPFS has implemented various projects that not only provide cash savings and a more efficient service, but supports the sustainability agenda for the organisation. One of these was the installation of a solar PV system at Hamilton COPFS which has saved 10,500 kWh of electricity or 3,667 kgCO₂e in the six months, October 2017 to March 2018, since installation. This is equivalent to an estimated £1,140 in electricity costs.

37. Sustainability is considered a key investment driver and is considered during the investment decision making process. Projects which are evaluated as providing a better way of working and supporting core delivery are being rolled out across the organisation.

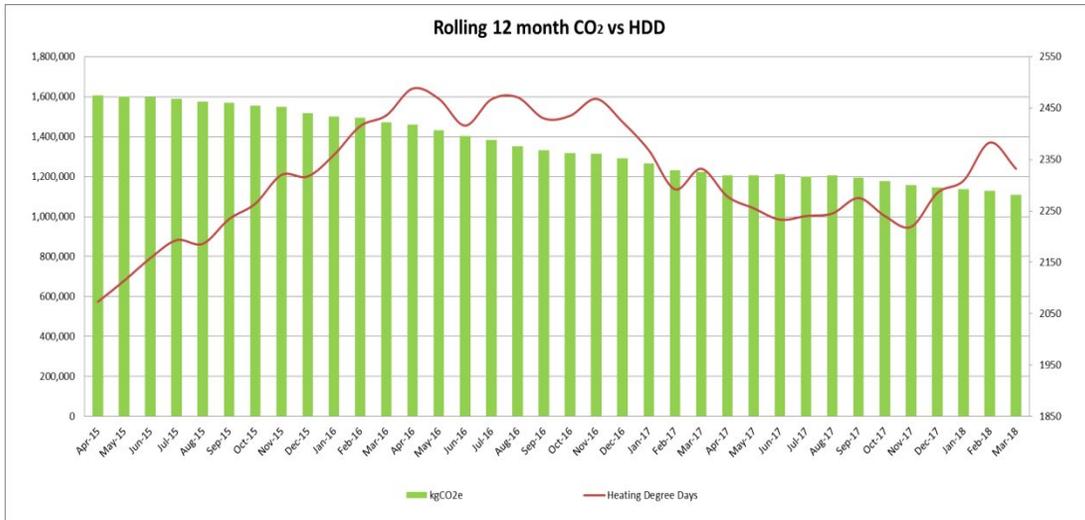
38. COPFS attained the Carbon Trust Standard this year in recognition of its efforts to reduce carbon emissions across the estate. This report showed an absolute reduction in CO₂ of 10.3% over the last three years covering electricity, gas, pool car fuel and fugitive emissions.

39. In relation to waste and recycling, services are managed by the Facilities Management provider who are working with COPFS and the Carbon Trust to develop a Carbon Management Plan, one focus of which is achieving Zero Waste to Landfill, by increasing the percentage of waste recycled at its sites. The plan will also help identify projects to reduce electricity and gas consumption and reduce environmental impact.

40. Our key impacts arise from waste generation, energy use, and resource consumption. We are seeking to minimise these impacts through continual improvement in our environmental performance. To achieve this we are focussing on the following areas in particular:

- Reduction of greenhouse gases through continual improvement in energy efficiency in the design and operation of all our buildings where possible. COPFS has a CO₂ reduction target of 2.5% per year compared to a baseline period of April 2016-March 2017. As of March 2018 we have exceeded this by reducing our 12 month rolling CO₂e (carbon dioxide equivalent) emissions by 9.4%. This is a result of a 2.8% decrease in electricity, and a 1.8% increase in gas consumption due to a particularly cold year. Also taken into account is the change in UK emissions factors.
- Efficient waste management through seeking to reduce, reuse and recycle wherever possible.
- Reduction of water consumption by installing water efficient measures in our buildings where possible.

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Note: Heating degree days is a measurement designed to measure the demand of energy needed to heat a building

The above figure shows a steady decrease in COPFS carbon emissions over the last three years, despite an overall increase in heating degree days (the number of days where the outside air temperature is below 15.5°C, indicating increased building heating demand).

David Harvie
Accountable Officer
Date:

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THE ACCOUNTABILITY REPORT

DIRECTORS' REPORT

Details of Ministers, Directors and Senior Officers

41. COPFS Ministers and their responsibilities were:

Lord Advocate	Mr James Wolffe QC	Head of the systems of criminal prosecution and investigation of deaths in Scotland
Solicitor General	Ms Alison Di Rollo QC	Deputy to Lord Advocate

42. The members of the Executive Board during the year were:

David Harvie	Crown Agent and Chief Executive – Accountable Officer (Chair)
John Dunn	Deputy Crown Agent Local Court
Lindsey Miller	Deputy Crown Agent Serious Casework
John Logue	Deputy Crown Agent Operational Support
Ian Walford	Deputy Chief Executive
Lesslie Young	Non-Executive Director
Douglas Hutchens	Non-Executive Director
Robert Tinlin	Non-Executive Director
John Cooper	Non-Executive Director
Fiona McLean	Non-Executive Director

Non-Executive Directors

43. Non-Executive Directors (NXDs) bring an external perspective to the consideration of corporate management issues such as staffing, planning, budget monitoring, training and development, accommodation strategy and relations with stakeholders. COPFS carried out an external recruitment exercise during the year to replace those NXDs whose terms of office expired.

44. As at the 31 March 2018, The Audit and Risk Committee had three Non-Executive Members. During 2017-18 there was a change in NXD appointments and those who served during 2017-18 are detailed below:

- Douglas Hutchens was appointed as a NXD of the Audit and Risk Committee from 1 September 2012 by the Permanent Secretary. He was appointed as Chair of the Audit and Risk Committee from 1 September 2013 and also attended the Executive Board. He ceased to be a COPFS NXD on 31 March 2018;
- Stuart Smith was appointed as a NXD of the Audit and Risk Committee from 1 September 2012 by the Permanent Secretary and attended the COPFS Risk Management Group. He ceased to be a COPFS NXD in January 2018.
- Lesslie Young was appointed as a NXD from 9 November 2015 by the Crown Agent and attends the COPFS Executive Board.
- Morag McNeill was appointed a NXD by the Permanent Secretary on 1 April 2017 and attended the Audit and Risk Committee. She resigned as an NXD on 7 February 2018.

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- Annie Gunner Logan was appointed a NXD by the Permanent Secretary on 1 April 2017 and attends the Audit and Risk Committee.
- Robert Tinlin MBE was appointed a NXD on 1 January 2018 by the Crown Agent and attends the Executive Board. He took over as Chair of the Audit and Risk Committee in May 2018.
- John Cooper CB, DSO, MBE was appointed a NXD by the Crown Agent on 1 January 2018 and attends the Executive Board and the Resources Committee.
- David Watt was appointed a NXD by the Crown Agent on 1 January 2018 and attends the Audit and Risk Committee and chairs the Risk Management Group.
- Fiona McLean was appointed a NXD by the Crown Agent on 1 January 2018 and attends the Executive Board.

GOVERNANCE STATEMENT

Purpose of the Governance Statement

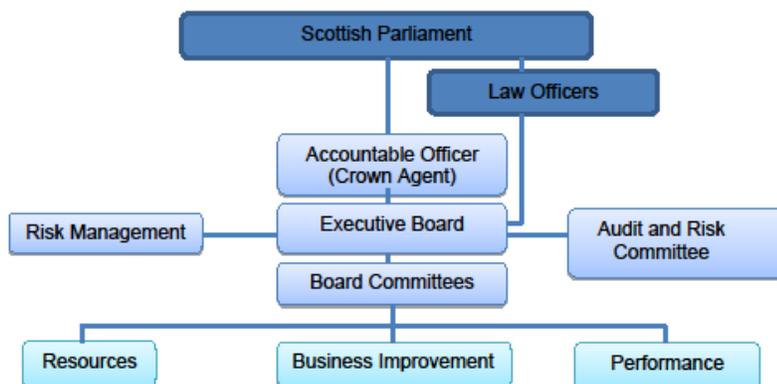
45. The Governance Statement is intended to not only outline the COPFS governance framework but to comment on its effectiveness.

Scope of responsibility

46. As Accountable Officer for COPFS (under the terms of the Public Finance & Accountability (Scotland) Act 2000), I am responsible for ensuring that appropriate arrangements are in place for governance and that these arrangements support the Scottish Government's Purpose and the achievement of Scottish Ministers' policies, aims and objectives. This includes maintaining an adequate and effective system of internal control, which supports the achievement of COPFS's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible in accordance with the responsibilities assigned to me.

COPFS's Governance framework

47. COPFS's Governance Framework comprises the systems, processes, culture and values by which it is directed and controlled. It enables the organisation to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. The framework structure is, as described below.



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48. COPFS complies with the principles of corporate governance as outlined in the Scottish Public Finance Manual, the [Civil Service Code](#); relevant elements of the Good Governance Standard for Public Services produced by the Independent Commission on [Good Governance in Public Services](#).

49. The Scottish Public Finance Manual (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds (link: [SPFM](#)). The SPFM is supplemented, within COPFS, by the Finance Manual - Money Matters booklets which provide more detailed guidance relevant to COPFS.

Law Officers

50. The Law Officers set the strategic priorities for COPFS, set prosecutorial priorities and approve the Strategic Plan and Objectives for COPFS.

Crown Agent

51. The Crown Agent is accountable to the Law Officers for the delivery of efficient and effective prosecution of crime and investigation of deaths, in accordance with their priorities and prosecutorial policies. The Crown Agent is the Accountable Officer for COPFS and, as such, answerable to the Scottish Parliament for the regularity and propriety of COPFS' finance and the stewardship of public monies.

Executive Board

52. The Executive Board provides strategic leadership to COPFS and is collectively responsible for delivering COPFS's vision, aim and objectives. Its role is the provision of advice, challenge, support and assurance to the Crown Agent, with a focus on:

- performance and outcomes;
- people and capability;
- finance and risk;
- organisational efficiency;
- corporate wellbeing.

53. The Board has the following 3 Sub-Committees, each chaired by a Deputy Crown Agent:

Resources Committee

54. Responsible for ensuring resources are managed properly across the Service. The Committee includes Finance, Human Resources, Information Systems and Estates and may have sub-committees looking at workforce planning and non-staff costs. The Shared Services Group with the Scottish Courts and Tribunals Service (SCTS) reports to this Committee as does the Joint Health & Safety Committee with SCTS.

Business Improvement Committee

55. Responsible for monitoring project and programme delivery, in particular the Improvement Programme, major investment projects and policy changes.

Operational Performance Committee

56. Responsible for the oversight of performance and delivery of targets, including implementation and reaping the full benefits of the Improvement Programme and wider justice system initiatives, delivery and efficiency of front line operations and coordination of engagement with key stakeholders.

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The Audit and Risk Committee (ARC)

57. The ARC, which comprises three Non-Executive Directors, supports the Accountable Officers (COPFS and QLTR) in their responsibilities for issues of risk, control and governance over their respective organisations. The ARC is chaired by a Non-Executive Director.

58. Each year the ARC meets quarterly with an additional meeting to consider and approve the annual accounts. The Committee met five times during 2017-18. A member of the ARC attends the Executive Board, providing feedback on the last ARC meeting at the next Executive Board meeting.

59. The ARC carried out a self-assessment exercise and agreed action points in November 2017.

Risk Management Group (RMG)

60. The RMG is responsible for ensuring that risk is managed at corporate level and below. It was chaired by the Deputy Chief Executive but is now chaired by a Non-Executive Director and includes COPFS's Risk Champion (who attends ARC), a representative of the Heads of Business Management, and the Director of Finance. It meets every six weeks and reviews each risk on a rolling programme in conjunction with the relevant risk owner, who attends RMG for that purpose.

Internal Audit

61. A programme of internal audit work is conducted by the Scottish Government Internal Audit Directorate. The annual audit plan is agreed by the Audit and Risk Committee ahead of the start of the financial year.

62. In financial year 2017-18 SG Internal Audit completed three main audits which were:

- a. Procurement and Contract Management;
- b. Validation of KPIs;
- c. Transitional Finance and Governance Phase 2.

63. Each audit provides a level of assurance ranging from Insufficient to Substantial. These are reviewed and discussed at the Audit and Risk Committee. The levels of assurance show the following:

- Insufficient Assurance – controls are not acceptable and have notable weaknesses;
- Limited Assurance – controls are developing but weak;
- Reasonable Assurance – controls are adequate but require improvement;
- Substantial Assurance – controls are robust and well managed.

64. Of the three audits completed during 2017-18, the first was reported as Reasonable assurance, the second as Limited and the third as Substantial. The final Annual Assurance Report will not be available until the July Audit and Risk Committee meeting but it is anticipated that the overall opinion on COPFS risk management, control and governance arrangements during the year will be Reasonable Assurance.

Counter fraud activity

65. COPFS has a whistle-blowing framework, which explains to staff what they should do in the event that they have concerns. This is outlined in Money Matters Booklet Number 10 – Fraud and Whistle Blowing, and provides the contact details of an independent (Scottish Government) contact as well as those of senior COPFS staff.

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66. COPFS also participated in the last [National Fraud Initiative](#) exercise led by Audit Scotland and will continue to do so going forward.

Data security framework

67. COPFS has policies and related guidance on information risk to ensure that it meets prescribed information assurance standards and requirements.

68. All security incidents are reported to the Departmental Security Committee. Any which could result in the loss or potential loss of data are dealt with in accordance with COPFS Policies and Procedures. Staff training and relevant disciplinary procedures are in place to underpin COPFS's data security framework.

Review of effectiveness

69. As Accountable Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by:

- An Executive Board considers the direction of COPFS's planned changes and operational performance;
- An Audit and Risk Committee whose membership is comprised entirely of Non-Executive Directors, one of whom chairs the meetings and reports to the relevant Scottish Government Audit and Assurance Committee on any significant problems with wider implications;
- A comprehensive set of Certificates of Assurance and supporting checklists which did not include any issues of note which were not addressed. These were provided by each of the Function Leaders and Corporate Services Group Directors/Heads. Certificates are supported by an Internal Control Checklist which covers 15 areas of control e.g. Financial Management, Risk Management, Fraud Prevention and Detection. All Certificates of Assurances were received with no significant failings noted that had not been addressed;
- The work of our internal auditors, who submit to the Audit and Risk Committee regular reports which include Internal Audit's independent opinion on the adequacy and effectiveness of COPFS's systems of internal control together with recommendations for improvement.
- Comments made by the external auditors in their management letter and other reports.

70. Appropriate action is in place to address any weaknesses identified and to ensure the continuous improvement of the system.

Significant Governance Issues

71. During 2017-18 there were 6 breaches of security and data handling and 3 breaches of personal data. All breaches were dealt with in accordance with COPFS Disciplinary Policies and Procedures.

Conclusion

72. During the financial year external audit did identify a control weakness. This was reported to the Audit and Risk Committee and an action plan has been agreed by management to address this. Overall in 2017-18 no significant control weaknesses or issues have arisen, and no significant failures have arisen in the expected standards of good governance, risk management and control. As Accountable Officer, I am satisfied with the adequacy of the internal control and governance arrangements of COPFS.

73. Under the terms of the Public Finance & Accountability (Scotland) Act 2000 there is a statutory duty on the Principal Accountable Officer and designated Accountable Officers to obtain written authority from,

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as the case may be, Ministers or governing boards before taking any action which we consider to be inconsistent with the proper performance of our functions as Accountable Officers.

74. No such written authority was required during the 2017-18 financial year, or the period up to signature of the accounts.

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STATEMENT OF THE ACCOUNTABLE OFFICER'S RESPONSIBILITIES

75. Under the Accounts Direction issued in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, COPFS is required to prepare for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by COPFS during the year.

76. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of COPFS and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

77. In preparing the accounts, the Crown Agent and Chief Executive, as the Accountable Officer, is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by the Scottish Ministers in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- Prepare the accounts on a going concern basis.

78. The Permanent Secretary has appointed the Chief Executive as Accountable Officer of COPFS. The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding COPFS's assets, are set out in Managing Public Money published by the HM Treasury.

79. I confirm that as far as I am aware, there is no relevant audit information of which the auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors were aware of that information.

80. I confirm that the annual report and accounts as a whole are fair, balanced and understandable and I take responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

David Harvie
Accountable Officer

Date:

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REMUNERATION AND STAFF REPORT

Remuneration Policy

81. The salaries of Scottish Government Ministers (including junior ministers) were established under section 81(1) and (2) of the Scotland Act 1998. They are paid through the Scottish Parliamentary Corporate Body (SPCB) and are reflected in the SPCB's annual accounts (www.scottish.parliament.uk).

82. The remuneration of senior civil servants is set in accordance with the Civil Service Management Code (available at [Civil Service Management Code](#)) and with independent advice from the Review Body on Senior Salaries (SSRB).

83. In reaching its recommendations, the SSRB is to have regard to the following considerations:

- The need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- Regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on Departments to meet the output targets for the delivery of Departmental Services;
- The funds available to Departments as set out in the Government's Departmental Expenditure Limits; and
- The Government's inflation target.

84. Further information about the work of the SSRB can be found at www.ome.uk.com.

85. For staff below the Senior Civil Service grades, COPFS has a separate pay bargaining unit within the Scottish Government and negotiates pay levels within guidance and limits determined by Scottish Government pay policy.

86. The level of remuneration received by all members of staff is dependent on satisfactory performance. The standards required are outlined in our performance management system and staff are appraised on an ongoing basis with formal in-year and year-end reviews. All staff are subject to performance appraisal.

Employment Policies

Staff Relations and Equal Opportunities

87. COPFS is an equal opportunities employer. Policies are in place to promote equality and diversity and to avoid discrimination and unfair treatment. We work hard to remove any barriers to employment or career development in COPFS.

88. Our equal opportunities policy commits us to treat all staff equally, irrespective of their sex, marital status, age, race, ethnic origin, sexual orientation, disability, or religion/belief or because they work part-time. Employment and promotion are based solely on merit. Staff on alternative work patterns are assessed on exactly the same basis as those working full time.

89. We are committed to applying equality and diversity ([Equality and Diversity](#)) principles for our staff and our service users. We continue to develop and implement our business plans with this focus as an integral element. The Equality Board, which is chaired by a Deputy Crown Agent, meets quarterly. This

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board shares good practice around equality and inclusion at both a local and national level ensuring that this is embedded into our day to day processes and practices.

90. We make a significant investment in the development of all of our staff. Development and learning is quality assured and, wherever possible, externally accredited.

91. The average number of days lost due to sickness absence in 2017-18 was 9 days per employee (2016-17: 9.6 days) which has been analysed and discussed by senior management. COPFS has an absence management policy and training is provided to line managers on the operation of the policy.

Employment of Disabled People

92. COPFS adheres to the Civil Service Recruitment Principles and good practice in employing disabled people. As such, our practice is regularly audited by the Civil Service Commission. We are part of the Positive about Disabled People scheme. The average number of disabled employees employed by COPFS in 2017-18 was 69 (2016-17; 85).

Employee Consultation and Communication

93. COPFS is committed to effective communication with its employees and does this by means of office circulars, in-house newsletters, the intranet, and regular team briefings. We have productive relationships with our Trade Unions and operate a Joint Partnership Agreement.

Service Contracts / Appointments

Executive Directors of the Executive Board

94. The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

95. Further information about the work of the Civil Service Commissioners can be found at [Civil Service Commission](#).

96. The appointment of the Crown Agent and Chief Executive was approved by the Permanent Secretary of the Scottish Government. The appointment is for an indefinite period under the terms of the Senior Civil Service contract and may be terminated under the terms of the Civil Service Management Code.

97. The staff members of the Executive Board covered by this report hold appointments which are open-ended. The rules for termination are set out at Chapter 11 of the Civil Service Management Code. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Pensions

98. The Principal Civil Service Pension Scheme (PCSPS) is an unfunded, multi-employer, defined benefit scheme as permitted under IAS 19, but COPFS is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (<http://www.civilservicepensionscheme.org.uk>).

99. Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or

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alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career scheme (**nuvos**) with a normal pension age of 65.

100. These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes.)

101. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

102. Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his / her pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension in return for a lump sum up to the limits set by the Finance Act 2004.

103. The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

104. The accrued pension quoted is the pension that the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha**, the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

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105. Further details about the Civil Service pension arrangements can be found at the website:

<http://www.civilservicepensionscheme.org.uk>.

106. For 2017-18, employers' contributions of £10,915,053 were payable to the PCSPS (2016-17; £10,777,136) at one of four rates in the range 20% to 24.5% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

107. Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. Employers' contributions of £57,408 (2016-17; £55,293) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £2,092 (2016-17; £2,007), 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

108. Contributions due to the **partnership** pension providers at the balance sheet date were £1,181,285.07 (31 March 2017; £1,163,754). Contributions prepaid at that date were £0 (31 March 2017; £0).

Remuneration

Salaries

109. 'Salary' includes gross salary; overtime; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. The salary detailed reflects the salary for the period of the year the individual was a member of the Executive Board.

Benefits in kind

110. The monetary value of benefits in kind covers any benefits provided by the employer and treated by Her Majesty's Revenue and Customs as a taxable emolument.

Bonuses

111. In line with Scottish Government pay policy no bonus/performance pay was paid during 2017-18 or 2016-17.

Cash Equivalent Transfer Values

112. A Cash Equivalent Transfer Value (CETV) is an actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

113. The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional

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pension benefit accrued to the member as a result of their buying additional pension benefits at their own expense. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

114. This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

115. The CETV information for inclusion in the accounts was provided by [MyCSP](#). The CETV opening/closing positions are as per the dates shown in the salary table below for those joining/leaving the scheme.

Remuneration of Non-Executive Directors

116. Our Non-Executive Directors are non-salaried but receive a fee and expenses in line with their duties. The current fee is £237 per day (2016-17; £237) although the NXDs only claim £232 per day (in line with rates paid by the core Scottish Government).

Audited Information

Ministers

Salaries

117. The salary, pension entitlements and value of any taxable benefits in kind for the Ministers of COPFS for the year ending 31 March 2018 were as follows:

Officials	Salary £		Benefits in Kind Nearest £100		Pension Benefits to nearest £000**		Total to nearest £000	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
James Wolffe QC – Lord Advocate from 2 June 2016	122,431	99,887 (120,265 FYE*)	-	-	47,000	39,000	169,000	139,000
Alison Di Rollo QC – Solicitor General from 2 June 2016	105,638	86,186 (103,769 FYE*)	-	-	41,000	34,000	147,000	120,000
Frank Mulholland QC – Lord Advocate to 1 June 2016	-	20,712 (120,265 FYE*)	-	-	-	9,000	-	30,000
Lesley Thomson QC – Solicitor General to 1 June 2016	-	17,871 (103,769 FYE*)	-	-	-	8,000	-	26,000

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Note: * FYE = Full year equivalent

** The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

118. The Scottish Parliamentary Corporate Body (SPCB) is required under Chapter 46, Section 81 of the Scotland Act 1998 to make provision for the payment of salaries to officeholders of the Scottish Parliament and Ministers. A resolution of the Scottish Parliament to pay salaries in accordance with the Scottish Parliamentary Scheme was passed by the Scottish Parliament on a free vote on 21 March 2002.

119. The Scheme determines that SPCB should decide the salary levels for Members and Office Holders including the Law Officers. The Scheme sets MSP's salary levels and Ministerial salary levels from 1 April 2002 and also determines that these salary rates should be increased annually from 1 April in line with the percentage increase in Westminster MPs' salaries.

Pensions

120. The Ministers are members of the Scottish Parliamentary Pension Scheme.

Ministers	Accrued pension at age 65 as at 31 March 2018 £000s	Real increase in pension at age 65 £000s	CETV at 31 March 2018 £000s	CETV at 31 March 2017 £000s	Real increase in CETV £000s
James Wolffe QC – Lord Advocate	5 – 10	2.5 – 5	83	36	33
Alison Di Rollo QC – Solicitor General	0 – 5	2.5 – 5	74	32	29
Frank Mulholland QC – Lord Advocate to 1 June 2016	-	-	-	343	-
Lesley Thomson QC – Solicitor General to 1 June 2016	-	-	-	204	-

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Executive Directors

121. The Executive Directors' salaries are detailed below:

Officials	Salary £000s		Benefits in Kind Nearest £100		Pension Benefits £000s		Total £000s	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
David Harvie – Crown Agent and Chief Executive	115 – 120	115 – 120	-	-	61	130	180 - 185	245 – 250
John Dunn – Deputy Crown Agent, Local Court	95 – 100	95 – 100	-	-	12	20	110 -115	115 – 120
John Logue – Deputy Crown Agent, Operational Support	95 – 100	95 – 100	-	-	32	37	130 - 135	130 – 135
Lindsey Miller – Deputy Crown Agent, Serious Casework	90 – 95	90 – 95	-	-	39	115	130 - 135	205 – 210
Ian Walford – Deputy Chief Executive	75 – 80	75 – 80	-	-	10	20	85 - 90	95 – 100
Band of Highest Paid Director's Total Remuneration							115 - 120	115 – 120
Range of remuneration for all staff excluding on costs							18 - 120	18 - 115
Median Total COPFS Remuneration excluding on costs							26,575	26,312
Ratio							1:4.4	1:4.4

Note: Remuneration for Senior Civil Servants is determined by the Senior Salaries Review Body.

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

In 2017-18, no (2016-17, 0) employee received remuneration in excess of the highest-paid director.

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Executive Directors' Pensions

122. The Executive Directors' pensions are detailed below:

Senior Managers	Accrued pension at pension age as at 31 March 18 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2018	CETV at 31 March 2017	Real increase in CETV	Employer contribution to partnership pension account
	£000s	£000s	£000s	£000s	£000s	Nearest £100
David Harvie – Crown Agent and Chief Executive	35 - 40 plus lump sum of 80 - 85	2.5 - 5 plus lump sum of 0 - 2.5	559	493	31	-
John Dunn – Deputy Crown Agent, Local Court	35 - 40 plus lump sum of 115 - 120	0 - 2.5 plus lump sum of 2.5 - 5	827	765	10	-
John Logue – Deputy Crown Agent, Operational Support	30 - 35 plus lump sum of 75 - 80	0 - 2.5 plus lump sum of 0	480	437	11	-
Lindsey Miller – Deputy Crown Agent, Serious Casework	30 - 35 plus lump sum of 70 - 75	0 - 2.5 plus lump sum of 0 - 2.5	456	409	17	-
Ian Walford – Deputy Chief Executive	30 – 35 plus lump sum of 90 - 95	0 – 2.5 plus lump sum of 0 – 2.5	632	583	9	-

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Non-Executive Directors (NXDs) of the Executive Board

123. NXD remuneration is listed below:

Name	2017-18		2016-17	
	Remuneration £000s	Benefits in Kind	Remuneration £000s	Benefits in Kind
Douglas Hutchens	5 - 10	-	0 - 5	-
Stuart Smith	0 - 5	-	0 - 5	-
Lesslie Young	0 - 5	-	0 - 5	-
Esther Robertson until 31 January 2017	-	-	0 - 5	-
Morag McNeill from 1 April 2017 to 7 February 2018	0 - 5	-	-	-
Annie Gunner Logan from 1 April 2017	0 - 5	-	-	-
Robert Tinlin from 1 January 2018	0 - 5	-	-	-
John Cooper from 1 January 2018	0 - 5	-	-	-
David Watt from 1 January 2018	0 - 5	-	-	-
Fiona McLean from 1 January 2018	0 - 5	-	-	-

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124. Staff costs account for 67% of our running costs budget. But our staff are not just our biggest single cost, they are, by far, our single biggest asset. We simply could not have achieved what we have done without the commitment and professionalism shown by our staff. Staff costs comprise of:

	Officials	Ministers	2017-18 Total	2016-17 Total
	£000s	£000s	£000s	£000s
Wages and Salaries	55,290	228	55,518	54,348
Social Security Costs	5,785	29	5,814	5,678
Other Pension Costs	10,975	46	11,021	10,879
Sub-Total	72,050	303	72,353	70,905
Inward Secondments	319	-	319	345
Early Departure Costs	2	-	2	5
Injury Benefit Claims	(2)	-	(2)	48
Agency, Temporary and Contract Staff	1,544	-	1,544	979
Sub-Total	73,913	303	74,216	72,282
Less Recoveries in Respect of Outward Secondments	(240)	-	(240)	(238)
Total	73,673	303	73,976	72,044

Note 1. Ministers are paid by the Scottish Parliamentary Corporate Body.

Note 2. 2016-17 totals include Ministers salaries of £298,000.

125. The following table summarises some key information about our workforce:

Full Time Equivalent for Staff	All		Male		Female	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Senior Civil Servants	17	18	9	9	8	9
Executive Board Directors	5	5	4	4	1	1
Other permanent staff	1,442	1,335	434	393	1,008	942
Fixed term appointments	104	242	34	86	70	156
Secondees	8	4	3	2	5	2
Agency staff	22	13	16	10	6	3
Sub-Total	1,598	1,617	500	504	1,098	1,113
Non-Executive Directors	7	4	4	2	3	2
Total	1,605	1,621	504	506	1,101	1,115

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Severance payments

Compensation for Loss of Office

126. In accordance with the Scottish Government's no compulsory redundancies policy, no employees left under compulsory severance terms during 2017-18 (2016-17; Nil).

127. Number of individuals who took early severance or other agreed packages:

Cost band	Number of other departures agreed 2017-18	Total number of exit packages by cost band 2017-18	Number of other departures agreed 2016-17	Total number of exit packages by cost band 2016-17
< £10,000	1	1	-	-
£10,001 - £25,000	-	-	1	1
£25,001 - £50,000	-	-	-	-
£50,001 - £100,000	1	1	-	-
£100,001 - £150,000	-	-	-	-
£150,001 - £200,000	-	-	-	-
Total number of exit packages	2	2	1	1
Total cost	£82,026	£82,026	£12,255	£12,255

128. Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full, in the year of agreement. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service Pension Scheme.

129. Ill-health retirement costs are met by the Civil Service Pension Scheme and are not included in the table. There were 3 ill health retirements during 2017-18 (2016-17; 0).

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PARLIAMENTARY ACCOUNTABILITY REPORT

Regularity of Expenditure

130. 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 Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000.

131. The sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

Fees and Charges

132. COPFS main source of income comes directly as funding from the Scottish Government. A small element of income £1.25m is received through recharges for services to QLTR amounting to £0.34m and LINETS (Legal Information Network for Scotland) amounting to £0.91m. A further £0.07m was received during 2017-18. LINETS is a subscription service held by COPFS to provide access to legal information by Scottish legal practitioners across the public sector.

Long Term Trends

133. COPFS has carried out scenario analysis through to 2022-23 and has published a finance strategy to consider the impact of potential funding pressures. We are continuing to assess workloads and staffing requirements, and to identify opportunities for savings within the organisation.

Losses and Special Payments

134. There were no substantial losses or special payments incurred during 2017-18 (2016-17; Nil).

David Harvie
Accountable Officer

Date:

Crown Office and Procurator Fiscal Service

Independent auditor's report to the Crown Office and Procurator Fiscal Service, the Auditor General for Scotland and the Scottish Parliament

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of the Crown Office and Procurator Fiscal Service for the year ended 31 March 2018 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and Notes to the Accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2017/18 Government Financial Reporting Manual (the 2017/18 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2018 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2017/18 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

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- the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of my auditor's report.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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Report on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects:

- 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 Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

In my opinion, based on the work undertaken in the course of the audit

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

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Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Gillian Woolman, Assistant Director
Audit Scotland
102 West Port
Edinburgh
EH3 9DN

July 2018

Crown Office and Procurator Fiscal Service

FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure (SoCNE)

For the year to 31 March 2018

	Notes	2017-18 £000s	Restated 2016-17 £000s
Administration Costs			
Staff costs*		73,673	71,746
Other Administrative Costs	3	36,347	38,384
Gross Administrative Costs		110,020	110,130
Operating Income Applied	4	(1,312)	(1,280)
Net Administrative Costs		108,708	108,850
Net Operating Costs for the year ended 31 March		108,708	108,850
<u>Other Comprehensive Net Expenditure</u>			
Items that will not be classified to net expenditure			
Net (gain)/loss on revaluation of property, plant & equipment		-	(73)
Total Comprehensive Expenditure for the year ended 31 March		108,708	108,777

*See Staff costs breakdown on page 26

The notes on pages 37 - 55 form part of these accounts.

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Statement of Financial Position as at 31 March 2018

	Notes	31 March 2018 £000s	Restated 31 March 2017 £000s
Non-Current Assets			
Property, Plant and Equipment	5	18,767	19,839
Intangible Assets	6	5,243	4,700
Total Non-Current Assets		24,010	24,539
Current Assets			
Trade and Other Receivables	7	3,694	3,783
Cash and Cash Equivalents	8	2,438	2,741
Total Current Assets		6,132	6,524
Total Assets		30,142	31,063
Current Liabilities			
Trade and Other Payables	9	(15,848)	(14,415)
Provisions	10	(967)	(626)
Total Current Liabilities		(16,815)	(15,041)
Total Assets less Current Liabilities		13,327	16,022
Non-Current Liabilities (> 1 year)			
Other Payables	9	(4,304)	(4,468)
Provisions	10	(574)	(799)
Total Non-Current Liabilities		(4,878)	(5,267)
Total Assets less Total Liabilities		8,449	10,755
Taxpayers' Equity and Other Reserves			
General Fund		(1,319)	(3,256)
Revaluation Reserve	SoCTE*	(7,130)	(7,499)
Total Equity		(8,449)	(10,755)

*Note: SoCTE is the Statement of Changes in Taxpayers' Equity (please see page 36)

The notes on pages 37 - 55 form part of these accounts.

The Accountable Officer authorised these financial statements for issue on the July 2018.

David Harvie
Accountable Officer

Date:

Crown Office and Procurator Fiscal Service

Statement of Cash Flows for the year ended 31 March 2018

Notes	2017-18 £000s	Restated 2016-17 £000s
Net Cash Outflow from Operating Activities	A (102,403)	(105,560)
Net Cash Outflows from Investment Activities	B (4,061)	(3,869)
Payments from / (to) the Scottish Consolidated Fund for income not applied	161	1,281
Cash flows from Financing Activities	C 106,000	109,500
Increase/(Decrease) in cash in the year	(303)	1,352
Note A – Cash Flows from Operating Activities		
Net Operating Cost	108,708	108,850
Adjust for non-cash transactions	(4,672)	(4,445)
Increase/(Decrease) in receivables and other current assets	(89)	492
(Increase)/Decrease in trade and other payables	(1,428)	511
(Increase)/Decrease in provisions	(116)	152
Net cash outflow from operating activities	102,403	105,560
Note B – Cash Flows from Investing Activities		
Purchase of property, plant and equipment	2,525	2,448
Purchase of intangible assets	1,536	1,424
Proceeds of disposal of property, plant and equipment	-	(3)
Net Cash outflow from Investment Activities	4,061	3,869
Note C – Cash flows from Financing Activities		
From Scottish Consolidated Fund	106,000	109,500
Surrender of excess capital receipts	-	-
Cash flows from financing activities	106,000	109,500
(Increase)/Decrease in cash and cash equivalents	303	(1,352)
Net Cash and Cash Equivalents requirement	106,303	108,148

The notes on pages 37– 55 form part of these accounts.

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Statement of Changes in Taxpayers' Equity (SoCTE) for the year ended 31 March 2018

	Notes	General Fund £000s	Revaluation Reserve £000s	Tax Payers Equity £000s
Balance at 31 March 2016		3,374	7,912	11,286
Net Parliamentary Funding		109,500	-	109,500
Auditor's Remuneration	3	98	-	98
Comprehensive Net Expenditure for the year		(108,850)	-	(108,850)
Revaluation Gains and Losses		-	73	73
Movement of Balance with the SCF		(1,352)		(1,352)
Transfers between reserves		486	(486)	-
Restated Balance at 31 March 2017		3,256	7,499	10,755
Net Parliamentary Funding		106,000	-	106,000
Auditor's Remuneration	3	99	-	99
Comprehensive Net Expenditure for the year		(108,708)	-	(108,708)
Revaluation Gains and Losses		-	-	-
Movement of Balance with the SCF		303	-	303
Transfers between reserves		369	(369)	-
Balance at 31 March 2018		1,319	7,130	8,449

The notes on pages 37 - 55 form part of these accounts.

Crown Office and Procurator Fiscal Service

NOTES TO THE ACCOUNTS

1. Accounting Policies

Period of accounts

1.1 This report and accounts are for the year ended 31 March 2018.

Basis of Accounts

1.2 These accounts have been prepared in accordance with the Accounts Direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 (reproduced at page 56) and in compliance with the principles and disclosure requirements of the *Government Financial Reporting Manual (FRM)*. The accounting policies contained in the FRM, apply International Financial Reporting Standards (IFRS) as adopted or interpreted for the public sector context.

1.3 The particular accounting policies adopted by COPFS have been applied consistently in dealing with items considered material in relation to the accounts.

1.4 The accounts have been prepared using accounting policies, and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles, set out in International Accounting Standard (IAS) 8: *Accounting Policies, Changes in Accounting Estimates and Errors*. Changes in accounting policies which do not give rise to a prior year adjustment are reported in the relevant note. The fundamental accounting concepts of going concern and accruals have been applied consistently.

Basis of Accounting

1.5 The accounts of COPFS form part of the resource accounting departmental boundary of the Scottish Government and will be incorporated in the Scottish Government's Consolidated Accounts.

Accounting Convention

1.6 These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, and, where material, current asset investments and inventories at fair value as determined by the relevant accounting standard.

Going Concern

1.7 A going concern approach has been adopted in the preparation of these financial statements.

Change of Accounting Policies

1.8 There have been no changes to our accounting policies.

Non-current assets

Property, Plant and Equipment (PPE)

Recognition

1.9 All PPE assets have been accounted for as non-current assets unless they are deemed to be held for sale.

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1.10 Title to the freehold land and buildings shown in the accounts is held by the Lord Advocate as a Scottish Minister. From 1 April 1996 the Crown Office assumed responsibility as principal for this accommodation in its capacity as 'major occupier', pursuant to the reorganisation of the management of the Civil Estate. The property which COPFS occupies is therefore capitalised and appears on COPFS's Statement of Financial Position.

Valuation

1.11 Freehold land and buildings have been stated at fair value using open market value under a rolling 5-year programme of professional physical valuations, with desk top valuations in intervening years and a physical valuation exercise undertaken at the end of year 3. The valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual in so far as these terms are consistent with the agreed requirements of HM Treasury's Financial Reporting Manual.

1.12 From 1 April 2007 other non-current assets that have short useful lives or low values or both are no longer revalued using indices but are reported at depreciated historic cost as a proxy for fair value.

1.13 Losses in value reflected in valuations are accounted for in accordance with IAS 36, Impairment of Assets. Such losses are taken to the revaluation reserve to the extent of any previous gain and any further loss is charged to the Statement of Comprehensive Net Expenditure.

Capitalisation

1.14 The minimum levels for capitalisation of a property asset is £10,000 and per individual item of equipment is £5,000. Information and Communications Technology (ICT) systems are capitalised where the pooled value exceeds £1,000.

Subsequent Cost

1.15 Subsequent costs are included in the asset's carrying amount only when it is probable that the future economic benefits associated with the item will flow to COPFS and the value can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Comprehensive Net Expenditure during the financial period during which they are incurred.

Intangible Assets

1.16 Software (including licences), valued at cost, has been treated in the accounts as intangible and is amortised on a straight line basis over the expected life of the asset. Software under development is capitalised at cost and is not subject to depreciation until the asset is brought into use.

1.17 Future economic benefit has been used as the criteria in assessing whether an intangible asset meets the definition and recognition criteria of IAS 38 where assets do not generate income. IAS 38 defines future economic benefit as, 'revenue from the sale of products or services, cost savings, or other benefits resulting from the use of the asset by the entity.'

Depreciation

1.18 Freehold Land is not depreciated.

1.19 Depreciation has been provided at a rate calculated to write off the valuation of freehold buildings and other property, plant and equipment by equal instalments over their estimated useful lives. Lives are normally in the following ranges:

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Buildings	Not exceeding 55 years (based on valuation)
Telephone systems	Not exceeding 5 years
ICT Systems (Computers and Software)	Not exceeding 5 years
Vehicles	Not exceeding 4 years

Assets Held for Sale

1.20 An asset is derecognised and held for sale under IFRS 5 when the following requirements are met:

- It is available for immediate sale;
- A plan is in place, supported by management, and steps have been taken to sell the asset;
- It is actively marketed and there is an expectation that the sale will be made in less than 12 months.

1.21 Assets held for sale include assets where COPFS intends and expects to sell within one year from the date of classification as held for sale. Assets classified as held for sale are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Assets classified as held for sale are not subject to depreciation or amortisation.

Operating Income

1.22 Operating income is income which relates directly to the operating activities of COPFS. It includes income applied without limit and income applied within limit. For income categorised as being applied within limit any excess over that approved, is surrendered to the Scottish Consolidated Fund (SCF). COPFS derives minimal levels of income from LINETS, recharging of services provided to QLTR and some sub-leasing/letting of properties.

Administration and Programme Expenditure

1.23 The Statement of Comprehensive Net Expenditure is analysed between administration and programme costs. COPFS does not have any programme income or expenditure. Administration costs reflect the costs of running COPFS as defined under the administration cost control regime, together with associated operating income. Income is analysed in the notes between that which, under the regime, is allowed to be offset against gross administrative costs in determining the outturn against the administration cost limit, and that operating income which is not.

Parliamentary Funding

1.24 COPFS is largely funded by monies awarded via the Budget Bill which is passed by the Scottish Parliament. This is treated as grant rather than income. This method of presentation is intended to ensure transparency and clarity.

Foreign Currency Exchange

1.25 Transactions which are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the date of each transaction. Foreign currency imprests are translated into sterling at the exchange rate ruling at the time of funding.

Employee Benefits

Retirement Benefits

1.26 Present and past employees are covered by the Civil Service Pension arrangements comprising the Principal Civil Service Pension Scheme (PCSPS) and the Civil Servants and Others Pension Scheme. Both

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are unfunded, defined benefit, contributory, public service occupational pension schemes. It is not possible for COPFS to identify its share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme. Departments, agencies and other bodies covered by these recognise the expected cost of providing pensions for their employees on a systematic and rational basis over the period during which it benefits from their services by payment to the PCSPS of amounts calculated on an accruing basis (relevant disclosures are reported in the Remuneration and Staff Report). Liability for the payment of future benefits is a charge to the PCSPS. There is a separate scheme statement for the PCSPS as a whole. Ministers are covered by the provisions of the Scottish Parliamentary Pension Scheme which is contributory and funded.

Short Term Employee Benefits

1.27 A liability and an expense is recognised for holiday days, bonuses and other short-term benefits when our employees render service that increases their entitlement to these benefits. As a result an accrual has been made for employee benefits earned but not taken.

Provisions

1.28 Under IAS 37, provisions are recognised when:

- COPFS has a present or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation;
- The amount can be reliably estimated.

1.29 Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate set by HM Treasury. The increase in the provision due to the passage of time is recognised as an expense.

Leases

1.30 Where COPFS bears substantially all of the risks and rewards of owning the leased item, it is accounted for as a finance lease under International Accounting Standard (IAS) 17: Leases. IAS17 does not set a quantitative test for assessing the transfer of risks and rewards of ownership. Finance leases are capitalised at the start of the lease term at the fair value of the leased asset, or if lower, the present value of future lease payments is used as a proxy for the purposes of the value of the asset and the associated financial liability. Property, plant and equipment and financial liabilities associated with finance leases are recognised and valued on the same basis as other property, plant and equipment and financial liabilities as set out in the relevant accounting policies.

1.31 Lease payments are apportioned between the finance charges and the lease liability in order to achieve a constant rate of interest on the remaining balance of the liability. Capitalised leased assets are depreciated over the shorter of the lease term and the estimated useful life of the asset.

1.32 Leases where most of the risks and rewards of ownership of the asset remain with the lessor are classified as operating leases. Rentals payable in respect of operating leases will be charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the term of the lease.

Value Added Tax (VAT)

1.33 The majority of services provided by COPFS fall outside the scope of VAT. COPFS can recover VAT on certain contracted-out services. Income and expenditure are shown in the accounts net of VAT where this is recoverable.

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Financial Instruments

1.34 COPFS has no material deposits and all material assets and liabilities are denominated in sterling. COPFS is therefore not exposed to significant interest rate or currency exchange risk.

1.35 The classification of financial assets is determined on initial recognition and comprises only receivables with fixed or determinate payments. Financial assets include other receivables and cash at bank in the Statement of Financial Position. Receivables are recognised at fair value less any provision for non-recovery, which is charged to the Statement of Comprehensive Net Expenditure. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or been substantially transferred from COPFS.

1.36 COPFS has no borrowings and relies primarily on funding from the Scottish Consolidated Fund for its cash requirements. COPFS is therefore not exposed to liquidity risks.

1.37 Financial liabilities are classified at the point of initial recognition and comprise trade and other payables. Financial liabilities are valued at fair value and derecognised when they have been extinguished i.e. discharged, cancelled or expired.

Cash and Cash Equivalents

1.38 Cash and cash equivalents include cash in hand, deposits held on call with banks, and bank overdrafts.

Trade Payables

1.39 Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Segmental Reporting

1.40 COPFS does not report on a segmental basis, but reports on a corporate basis with sub-analysis by objectives and business area as appropriate (see Page 3 Performance Report). This is considered the most suitable method of reporting.

Critical Accounting Estimates and Judgements

1.41 The preparation of the accounts in conformity with IFRS requires the Board and Accountable Officer to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

1.42 Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

1.43 Information about critical judgements in applying accounting policies that have the most significant effects on the amounts recognised in the accounts is as follows:

Early Retirement and Severance Costs

1.44 There are a number of staff who previously took early retirement where COPFS is required to meet the additional cost of benefits beyond the normal PCSPS benefits, that is monthly payments until the individual reaches 60 (when they receive normal PCSPS pension payments).

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1.45 COPFS provided in full for this cost when the decisions were made. In 2017-18 the HM Treasury discount factor was 0.10% and the rate has been applied to the early severance provision (none in 2017-18).

1.46 During 2017-18 the entitlement to severance payments was changed to a maximum of 21 months' salary.

1.47 These payments take the form of a one-off lump sum which if not paid by 31st March 2018 was accrued. No members of staff left under the scheme during 2017-18. No member of staff left under the scheme during 2016-17.

Provision for Injury Benefit Payments

1.48 COPFS is required to meet the cost of payments made to ex-employees who took early retirement on medical grounds, until their death. For the basis of calculating this liability, it has been assumed that the average life expectancy is 75 years. The provision for injury benefit payments has been calculated on this basis with current levels of payment being adjusted for inflation and then reduced to reflect the timing of the payments.

Impending application of newly issued accounting standards not yet effective

IFRS 16 Leases

1.49 IFRS 16 Leases will replace IAS17 Leases and related interpretations. The effective date is 1 January 2019 and will be applied in UK Public Sector from 1 April 2019, therefore financial year 2019-20.

1.50 IFRS 16 brings a significant change in lessee accounting by removing the distinction between operating and finance leases and introducing a single lessee accounting model. The model requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

1.51 The impact for COPFS is that all operating leases will be capitalised and treated similarly to the current finance leases. The valuation model and discount rates for these leases are yet to be determined by HM Treasury.

1.52 Current indications are that the adoption will be on a retrospective application with no restatement basis (cumulative catch up approach) with no prior year restatement. This method is the Treasury preferred option.

1.53 The impact on the accounts has not been determined.

2.Prior Year Adjustments

In 2017-18 COPFS carried out work on the Revaluation Reserve to correct an issue identified in the 2016-17 Annual Audit Report, regarding the transfer between reserves. An adjustment to the opening balances at 1 April 2016 was required in line with IAS8.

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The table below shows the adjustments made:

	Audited Accounts 2016-17	Opening Balance Adjustment	In-Year Adjustment	Restated Accounts 2016-17
	£000s	£000s	£000s	£000s
SoCNE				
Other Administrative Costs	38,296	-	88	38,384
Net (Gain)/Loss on Revaluation of Property Plant & Equipment	-	-	(73)	(73)
SoCTE				
General Fund	2,194	664	398	3,256
Revaluation Reserve	8,561	(664)	(398)	7,499

The opening balance adjustment of £664k is a transfer between the Revaluation Reserve and the General Fund. This transfer represents the difference between the depreciation charge and the depreciation that would have been charged if the asset was carried at historical cost.

The in-year adjustment in SoCNE represents a charge of £88k which was charged to the Revaluation Reserve but has been corrected and has now been charged to the 2016-17 SoCNE.

The in-year adjustment for SoCTE is made up of two balances:

- the above change of £88k which has resulted in a revaluation gain of £73k rather than a loss of £15k; and
- the transfer of £486k of reserves from the Revaluation reserve to the General Fund.

The net of these two balances is the £398k movement shown between the General Fund and Revaluation Reserve.

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3. Other administrative costs

Other Expenditure comprised of:	2017-18	2016-17
	£000s	£000s
Travel and Subsistence	541	706
Training	270	343
Accommodation	8,619	8,581
Legal and Witness Costs	15,346	15,208
Supplies and Services	5,353	6,641
Other Staff and Office Costs	1,546	2,138
(Profit)/Loss on disposal of assets	-	3
Revaluation Adjustment	-	89
Sub-Total	31,675	33,709
Non-Cash Costs:		
Audit Fee	99	98
Impairment	940	927
Depreciation	3,633	3,650
Sub-Total	4,672	4,675
Total Administrative Costs	36,347	38,384

Note: Within Other Administrative Costs for 2017-18 there were £Nil for non-audit services provided by the appointed auditor, Audit Scotland (2016-17; £Nil).

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4. Operating income

	Income Applied	Income Not Applied	2017-18 Total	2016-17 Total
	£000s	£000s	£000s	£000s
Operating Income analysed by classification and activity as follows:				
Administrative income allowable within cost limit*:				
Queen's and Lord Treasurer's Remembrancer (QLTR) costs recharged	336	-	336	378
Legal Information Network for Scotland (LINETS) Subscriptions	910	-	910	902
Other Income applied	66	-	66	-
Sub-Total	1,312	-	1,312	1,280
Other Income (Treated as not applied)**				
Civil Recovery Income	-	1,452	1,452	2,361
Cash Seizures	-	2,233	2,233	1,558
Sub-Total	-	3,685	3,685	3,919
Total	1,312	3,685	4,997	5,199

* Retained Income limit per the Budget Act is £2,000,000 (2016-17 £2,000,000)

** Collected on behalf of HM Treasury / Scottish Consolidated Fund

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5. Property, plant and equipment

2017-18	Land £000s Note 1	Buildings £000s Note 1	IT equip. £000s	Telecomm unications £000s	Vehicles £000s	Total £000s
Cost or Valuation						
As at 1 April 2017	1,325	25,679	9,855	4,382	441	41,682
Additions	-	1,707	120	344	15	2,186
Disposals	-	-	(472)	-	(12)	(484)
Transfer to assets held for sale	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-
At 31 March 2018	1,325	27,386	9,503	4,726	444	43,384
Depreciation						
As at 1 April 2017	-	(10,699)	(8,021)	(2,869)	(254)	(21,843)
Charged in-year	-	(984)	(864)	(401)	(69)	(2,318)
Accelerated Depreciation ²	-	(940)	-	-	-	(940)
Disposals	-	-	472	-	12	484
Transfer to assets held for sale	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-
As at 31 March 2018	-	(12,623)	(8,413)	(3,270)	(311)	(24,617)
Net Book Value						
As at 31 March 2018	1,325	14,763	1,090	1,456	133	18,767
As at 1 April 2017	1,325	14,980	1,834	1,513	187	19,839
Analysis of Asset Financing						
Owned	1,325	5,360	1,090	1,456	133	9,364
Leasehold Buildings	-	4,800	-	-	-	4,800
Finance Leases	-	4,603	-	-	-	4,603
NBV at 31 March 2018	1,325	14,763	1,090	1,456	133	18,767

Note 1: Freehold Land, buildings and Plant were professionally valued at 31 March 2017 by GVA Grimley Limited at existing use open market value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. There was no revaluation carried out in 2017-18. Properties have been valued as fully-equipped operational entities. The valuers were external to the organisation.

Note 2: Funded by AME as reported in Note 3 under Impairment classification.

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2016-17	Land £000s	Buildings Restated £000s	IT equip. £000s	Telecommu nications £000s	Vehicles £000s	Total £000s
Cost or Valuation						
As at 1 April 2016	1,310	27,134	9,517	3,241	397	41,599
Additions	-	1,033	344	1,141	80	2,598
Disposals	-	-	(6)	-	(36)	(42)
Transfer to assets held for sale	-	-	-	-	-	-
Revaluations	15	(2,488)	-	-	-	(2,473)
At 31 March 2017	1,325	25,679	9,855	4,382	441	41,682
Depreciation						
As at 1 April 2016	-	(11,063)	(7,064)	(2,651)	(236)	(21,014)
Charged in-year	-	(1,167)	(961)	(218)	(52)	(2,398)
Accelerated Depreciation	-	(927)	-	-	-	(927)
Disposals	-	-	4	-	34	38
Transfer to assets held for sale	-	-	-	-	-	-
Revaluations	-	2,458	-	-	-	2,458
As at 31 March 2017	-	(10,699)	(8,021)	(2,869)	(254)	(21,843)
Net Book Value						
As at 31 March 2017	1,325	14,980	1,834	1,513	187	19,839
As at 1 April 2016	1,310	16,071	2,453	590	161	20,585
Analysis of Asset Financing (Restated)						
Owned	1,325	5,165	1,834	1,513	187	10,024
Leasehold Buildings	-	4,919	-	-	-	4,919
Finance Leases	-	4,896	-	-	-	4,896
NBV at 31 March 2017	1,325	14,980	1,834	1,513	187	19,839

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6. Intangible assets

2017-18	Software Developed In-House or by Third Parties £000s	Software Licences £000s	Websites £000s	Development Expenditure £000s	Total £000s
Cost or valuation					
At 1 April 2017	11,710	5,645	139	1,593	19,087
Additions	287	15	-	1,554	1,856
Disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
As at 31 March 2018	11,997	5,660	139	3,147	20,943
Amortisation					
At 1 April 2017	(9,071)	(5,177)	(139)	-	(14,387)
Charged in Year	(1,043)	(270)	-	-	(1,313)
Disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
As at 31 March 2018	(10,114)	(5,447)	(139)	-	(15,700)
Net Book Value					
As at 31 March 2018	1,883	213	-	3,147	5,243
As at 31 March 2017	2,639	468	-	1,593	4,700
Analysis of Asset Financing					
Owned	1,883	213	-	3,147	5,243
Finance Leased	-	-	-	-	-
Contracts	-	-	-	-	-
NBV at 31 March 2018	1,883	213	-	3,147	5,243

Crown Office and Procurator Fiscal Service

2016-17	Software Developed In-House or by Third Parties £000s	Software Licences £000s	Websites £000s	Development Expenditure £000s	Total £000s
Cost or valuation					
At 1 April 2016	10,497	5,524	139	1,581	17,741
Additions	342	121	-	883	1,346
Disposals	-	-	-	-	-
Reclassifications	871	-	-	(871)	-
As at 31 March 2017	11,710	5,645	139	1,593	19,087
Amortisation					
At 1 April 2016	(8,176)	(4,829)	(130)	-	(13,135)
Charged in Year	(895)	(348)	(9)	-	(1,252)
Disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
As at 31 March 2017	(9,071)	(5,177)	(139)	-	(14,387)
Net Book Value					
As at 31 March 2017	2,639	468	-	1,593	4,700
As at 31 March 2016	2,321	695	9	1,581	4,606
Analysis of Asset Financing					
Owned	2,639	468	-	1,593	4,700
Finance Leased Contracts	-	-	-	-	-
NBV at 31 March 2017	2,639	468	-	1,593	4,700

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7. Trade receivables, financial and other assets

	2018 £000s	2017 £000s
Amounts falling due within 1 year		
VAT	582	831
Other Receivables	662	53
Prepayments	2,114	2,521
Accrued Income	336	378
Sub-total	3,694	3,783
Intra-Government Balances		
Amounts falling due within 1 year		
Balances with other Central Government Bodies	1,757	1,420
Balances with Local Authorities		-
Total: Intra-governmental balances	1,757	1,420
Balances with bodies external to government	1,937	2,363
Total receivables at 31 March	3,694	3,783

8. Cash and cash equivalents

	2018 £000s	2017 £000s
At 1 April	2,741	1,389
Net change in cash and cash equivalent balances	(303)	1,352
At 31 March	2,438	2,741
The following balances at 31 March were held at:		
Balances at Government Banking Services	2,207	1,553
Commercial banks and cash in hand	231	1,188
At 31 March	2,438	2,741

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9. Trade Payables and other current liabilities

	2018 £000s	2017 £000s
Amounts falling due within one year:		
Other taxation and Social Security Payables	(2,792)	(2,650)
Trade Payables	(189)	(1,268)
Other Payables	-	(9)
Accruals and Deferred Income	(10,267)	(7,601)
Current part of Finance Leases	(162)	(146)
Cash Seizures	-	-
Balances payable to the Scottish Consolidated Fund	(2,438)	(2,741)
Total due within one year as at 31 March	(15,848)	(14,415)
Amounts falling due after more than one year:		
Finance Leases	(4,304)	(4,468)
Total due after more than one year as at 31 March	(4,304)	(4,468)

10. Provisions for Liabilities and Charges

	Injury Benefit Costs	Other Provisions	2018 Total	2017 Total
	£000s	£000s	£000s	£000s
Balance as at 1 April	700	725	1,425	1,577
Additional provisions made		388	388	47
(Decrease)/Increase due to change in the discount rate	(3)		(3)	48
Amounts incurred and charged against provision	(62)	(187)	(249)	(89)
Provision not required written back		(20)	(20)	(158)
Balance as at 31 March	635	906	1,541	1,425
Payable within one year	61	906	967	626
Provision of over one year	574	-	574	799

Note: Injury benefit provision relates to employees who have sustained injuries at work.
Other provisions predominantly relates to other early departure costs and dilapidations.

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Analysis of expected timing of discounted cashflows

	Injury Benefit Costs	Other Provisions	2018 Total	2017 Total
	£000s	£000s	£000s	£000s
Not later than 1 year	61	906	967	626
Later than 1 year and not later than 5 years	257	-	257	412
Later than 5 years	317	-	317	387
Total	635	906	1,541	1,425

11. Capital commitments

Property, plant and equipment	2018 £000s	2017 £000s
Contracted capital commitments at 31 March not otherwise included in these accounts but not provided for	405	234
Total	405	234

12. Commitments under leases

12a. Operating Leases

Total future minimum lease payments under operating leases are given in the tables below.

Obligations under operating leases for the following periods comprise:

	2018 £000s	Restated 2017 £000s
Buildings		
No later than 1 year	848	1,215
Later than 1 year and no later than 5 years	2,839	2,584
Later than 5 years	1,643	1,891
Total as at 31 March	5,330	5,690

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12b. Finance Leases

Total future minimum lease payments under finance leases are given in the table below for each of the following periods:

	2018 £000s	2017 £000s
Buildings		
No later than 1 year	1,802	1,802
Later than 1 year and no later than 5 years	7,207	7,207
Later than 5 years	34,992	36,794
Total lease payments as at 31 March	44,001	45,803
Less Interest element as at 31 March	(39,535)	(41,190)
Present value of obligations as at 31 March	4,466	4,613

13. Related Party Transactions

COPFS is a separate service of the Scottish Government for funding purposes. During the year, COPFS had a number of material transactions with the Scottish Government, QLTR and The Scottish Courts and Tribunal Service. None of the Executive Board members, key managerial staff or other related parties has undertaken any material transactions with COPFS during the year.

Payments made to the Scottish Courts and Tribunal Service relating to estates services and rental for occupancy of buildings are as follows:

	2017-18 £000s	2016-17 £000s
Scottish Courts and Tribunal Service	3,149	3,076

Income recharged to QLTR for salaries and administration costs, see page 45 are as follows:

	2017-18 £000s	2016-17 £000s
QLTR	(336)	(378)

14. Financial Instruments

This note outlines COPFS's potential risk from the use of financial instruments.

The Executive Board has overall responsibility for the establishment and oversight of COPFS's risk management framework.

COPFS has no derivative financial assets or liabilities.

Crown Office and Procurator Fiscal Service

Financial Assets Description	2018 £'000s	2017 £'000s
Accrued Income	336	378
Other receivables	662	53
Cash and Cash Equivalents	2,438	2,741
Totals	3,436	3,172

Financial Liabilities Description	2018 £'000s	2017 £'000s
Trade Payables	(189)	(1,268)
Accruals	(10,267)	(7,601)
Other payables	-	(9)
Scottish Consolidated Fund	(2,438)	(2,741)
Finance Leases	(4,466)	(4,613)
Totals	(17,360)	(16,232)

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and other institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks and other institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Liquidity risk

Liquidity risk is the risk that COPFS will not be able to meet its financial obligations as they fall due. COPFS's approach to managing liquidity is to ensure that it will have sufficient liquid funds to meet our liabilities as they fall due. COPFS's primary source of liquidity is allocation from the Budget Act for each financial year, approved by the Scottish Parliament. COPFS monitors its bank balances daily and can draw down additional funding within 24 hours. With the exception of finance leases, COPFS has no debt or borrowing facility with any external party.

Liquidity is also managed by the monitoring of actual performance against budgets and forecasts.

Crown Office and Procurator Fiscal Service

15. Cash Requirement

	2017-18
	£000s
Approved Cash Requirement	108,115
Funding not required to be drawn down	(2,115)
Funding drawn down	106,000
Cash Expended	
Operating Costs	102,242
Capital expenditure	4,061
Total Cash Expended	106,303
Net change in cash balance year to 31 March 2018	(303)
Cash Balance due to the SCF as at 31 March 2017	2,741
Total Cash Balance as at 31 March 2018	2,438
Consisting of:	
Funding balance due to the SCF	2,438
Excess income due to the SCF	-

16. Contingent Liabilities

COPFS has been subjected to several civil and damages claims. COPFS is opposing these claims but continues to review each case individually for liabilities that may arise as the legal process progresses. The value of these claims has yet to be finalised.

17. Events after the Reporting Period

There have been no material events between 31 March 2018 and the publication of the accounts that require adjustments to the accounts to be disclosed.

Crown Office and Procurator Fiscal Service

Accounts Direction by Scottish Ministers



LORD ADVOCATE

DIRECTION BY THE SCOTTISH MINISTERS

in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000

1. The statement of accounts for the Crown Office and Procurator Fiscal Service for the financial year ended 31 March 2006 and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the net resource outturn, resources applied to objectives, recognised gains and losses and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
3. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 15 July 2002 is hereby revoked.

A handwritten signature in blue ink, appearing to read 'Alison Stalford', written in a cursive style.

Signed by the authority of the Scottish Ministers

Dated 17 January 2006