

# CROWN OFFICE & PROCURATOR FISCAL SERVICE

## SCOTLAND'S PROSECUTION SERVICE

**Annual Report and Accounts**

**For the year ended 31 March 2017**

Laid before the Scottish Parliament by the Scottish Ministers on 18 July 2017  
Reference SG/2017/111

# Crown Office and Procurator Fiscal Service

## ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2017

Section	Contents	Page Number
1	<b>The Performance Report</b> Principal Activities 1 Statement by the Crown Agent and Chief Executive on performance for the period 3 Purpose and activities of the organisation 3 Key issues and risks 3 Financial Performance 3 Performance Analysis / Key Performance Indicators 5 Environmental Sustainability 6	
2	<b>The Accountability Report</b> Directors' Report 7 Governance Statement 8 Statement of the Accountable Officer's Responsibilities 12 Remuneration and Staff Report 13 Parliamentary accountability report 23 Independent Auditor's report 24	
3	<b>The Financial Statements</b> Statement of Comprehensive Net Expenditure 28 Statement of Financial Position 29 Statement of Cash Flows 30 Statement of Changes in Taxpayers' Equity 31 Notes to the Accounts 32	
4	<b>Accounts Direction by Scottish Ministers</b>	50

# **Crown Office and Procurator Fiscal Service**

## **THE PERFORMANCE REPORT**

### **Principal Activities**

1. Crown Office and Procurator Fiscal Service (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.
2. 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.
3. 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.
4. 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.
5. The criminal justice system maintains the security and confidence of the people of Scotland by providing just and effective means to investigate crimes and bring offenders to justice. COPFS plays a central role. As an employer, COPFS also offers development opportunities for those we employ, benefiting the individuals, the organisation, the justice system and Scotland as a whole.
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 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 Strategy for Justice in Scotland, and in particular its priorities of:
  - Reducing crime, particularly violent and serious organised crime;
  - Tackling hate crime and sectarianism;
  - Supporting victims and witnesses;
  - Increasing public confidence and reducing fear of crime.

## **Crown Office and Procurator Fiscal Service**

8. COPFS works closely with a range of stakeholders including the Scottish Government, Police Scotland and the Scottish Courts and Tribunals Service.

### **Shaping The Future**

9. Following a review of our organisation we have implemented a change to our structure which successfully led to a move to full function based working from April 2016, the four functions being High Court, Local Court, Operational Support and Specialist Casework. This is allowing improved focus and consistency on the different aspects of our work.

### **Legislative changes**

10. 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 2016/17. 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.

11. 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**

12. The Justice Committee of the Scottish Parliament conducted a wide-ranging inquiry into COPFS in the course of 2016-17 and published its report on 25 April 2017 ([link to report](#)). A debate in the Scottish Parliament on the report took place on 6 June 2017. COPFS is considering the recommendations made by the Committee.

## **Crown Office and Procurator Fiscal Service**

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

### **Period of accounts**

13. This report and accounts are for the year ended 31 March 2017.

### **Purpose and activities of the organisation**

#### **The scope of these accounts**

14. 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**

15. 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.

16. During 2016-17 we have re-evaluated the risks that we, as an organisation, face. The key risks affecting us include ensuring we can recruit and develop the best staff, 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, Safety and the Environment**

17. 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.

18. 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.

19. 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.

#### **Financial Performance**

20. 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.

## Crown Office and Procurator Fiscal Service

21. 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 2017-18.

22. 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 £112.7m (2015-16; £113.2m) against the updated budget of £114.45m (2015-16; £113.85m).

2016-17	Original Approved Budget £m	Updated Budget £m	Outturn £m	Variance £m
Cash Resource Expenditure	103.50	104.45	104.09	0.36
Non-Cash Resource Expenditure	5.40	5.40	3.75	1.65
Total Resource Expenditure	108.90	109.85	107.84	2.01
Capital Expenditure	3.60	3.60	3.94	(0.34)
AME Impairment	-	1.00	0.93	0.07
Total	112.50	114.45	112.71	1.74

Note: The variance on resource expenditure is largely due to an underspend of non-cash depreciation charges of £1.65m. 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 2 to the Accounts.

23. Total property, plant and equipment and intangible asset additions in the financial year were £3.9m (2015-16; £3.7m) in respect of capital refurbishments and investment in IT (notes 4 and 5 on pages 40 to 43).

### Payment policy and performance

24. 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 2016-17 performance against the 30 day target was 97.76%, (2015-16; 98.91%).

25. COPFS also aspires to pay all undisputed invoices within 10 working days. During 2016-17 COPFS paid 93.63% within the 10 day period (2015-16; 95.6%).

26. In 2016-17, in line with the government policy, no interest was paid under the terms of the Late Payment of Commercial Debt (Interest) Act (2015-16; Nil).

## Crown Office and Procurator Fiscal Service

### Performance Analysis / Key Performance Indicators

27. 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 2016-17 was:

Business Area	Target	Performance	
		2016-17	2015-16
Bail Cases: Serve Indictment*	Serve within timebar**	100%	100%
Take/Implement Decision	Process 75% within 4 weeks	76%	77%
Investigation of Deaths	Investigate 80% within 12 weeks	89%	92%
Investigation of Criminal Allegations against the Police	Investigate 90% within 12 weeks	93%	92%

\* 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.

28. The table below shows our consumption of resources by each of the objectives from the strategic plan:

Objectives	2016-17			2015-16
	Gross £000s	Income £000s	Net £000s	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.	96,558	(1,280)	95,278	96,064
To ensure that victims, nearest relatives and witnesses and those accused of an offense are treated with dignity and respect.	3,133	-	3,133	2,931
To ensure deaths which need further explanation are appropriately and promptly investigated.	10,351	-	10,351	10,570
<b>Net Operating Costs</b>	<b>110,042</b>	<b>(1,280)</b>	<b>108,762</b>	<b>109,565</b>

## Crown Office and Procurator Fiscal Service

### Environmental Sustainability

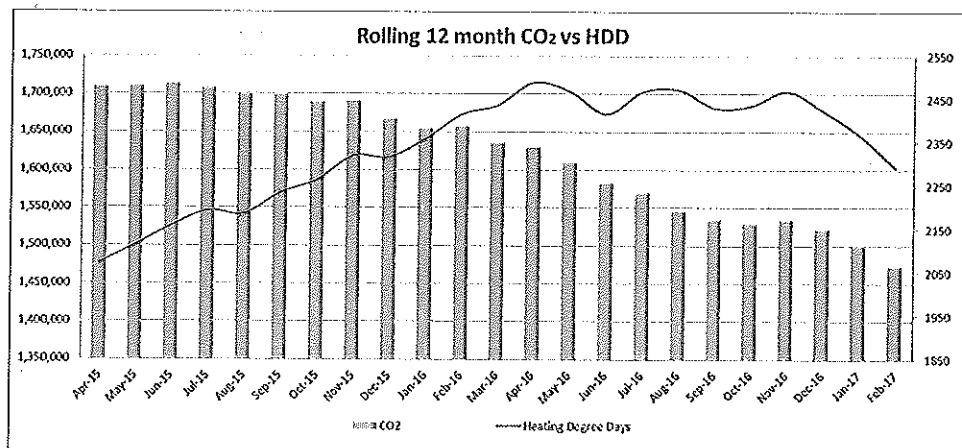
29. COPFS has implemented various projects that not only provide cash savings and a more efficient service, but supports the sustainability agenda for the organisation. Sustainability is considered a key investment driver and is considered during the investment decision making process.

30. Projects which are evaluated as providing a better way of working and supporting core delivery are being rolled out across the organisation.

31. In relation to waste and recycling, COPFS participates in the Scottish Government waste/recycling framework. We are also working with the Carbon Trust to develop a Carbon Management Plan, a 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 improve efficiency and reduce our environmental impact.

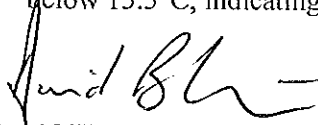
32. Our key impacts arise from waste generation, energy use, and resource consumption. We are seeking to minimise these impacts through continual improvement in our environmental performance. To achieve this we are focussing on the following areas in particular:

- Reduction of greenhouse gases through continual improvement in energy efficiency in the design and operation of all our buildings where possible. COPFS has a reduction target of 2.5% per year compared to a baseline period of April 2014-March 2015, which means that our current target is 5%. As of February 2017 we have exceeded this by reducing our 12 month rolling CO<sub>2</sub>e (carbon dioxide equivalent) emissions by 12.9%.
- 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.



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 two 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: 7.7.17



## **Crown Office and Procurator Fiscal Service**

### **THE ACCOUNTABILITY REPORT**

#### **DIRECTORS' REPORT**

##### **Details of Ministers, Directors and Senior Officers**

##### **33. COPFS Ministers and their responsibilities were:**

<b>Lord Advocate</b>	<b>Mr Frank Mulholland QC</b>	Head of the systems of criminal prosecution and investigation of deaths in Scotland to 1 June 2016
<b>Lord Advocate</b>	<b>Mr James Wolffe QC</b>	Head of the systems of criminal prosecution and investigation of deaths in Scotland from 2 June 2016
<b>Solicitor General</b>	<b>Ms Lesley Thomson QC</b>	Deputy to Lord Advocate to 1 June 2016
<b>Solicitor General</b>	<b>Ms Alison Di Rollo QC</b>	Deputy to Lord Advocate from 2 June 2016

##### **34. The members of the Executive Board during the year were:**

<b>Mr D Harvie</b>	<b>Crown Agent and Chief Executive – Accountable Officer (Chair)</b>
<b>Mr J Dunn</b>	Deputy Crown Agent Local Court
<b>Ms L Miller</b>	Deputy Crown Agent Serious Casework
<b>Mr J Logue</b>	Deputy Crown Agent Operational Support
<b>Mr I Walford</b>	Deputy Chief Executive
<b>Ms E Robertson</b>	Non-Executive Director to 31 January 2017
<b>Ms L Young</b>	Non-Executive Director
<b>Mr D Hutchens</b>	Non-Executive Director from 23 June 2016

##### **Non-Executive Directors**

35. 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.

36. The Audit and Risk Committee consists solely of three independent Scottish Government Non-Executive Directors. The Executive Board also includes Non-Executive Directors. Those who served as NXDs during 2016-17 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 attends the Executive Board;
- Stuart Smith was appointed as a NXD of the Audit and Risk Committee from 1 September 2012 by the Permanent Secretary and attends the COPFS Risk Management Group;
- Esther Robertson was appointed as a NXD of the Audit and Risk Committee from 1 April 2014 by the Permanent Secretary and attended the COPFS Executive Board. She ceased to be a COPFS Non-Executive Director on 31 January 2017.
- Lesslie Young was appointed as a NXD from 9 November 2015 by the Crown Agent and attends the COPFS Executive Board.

## Crown Office and Procurator Fiscal Service

### Personal data related incidents

37. No personal data security incidents were reported during 2016-17 which have resulted in the loss or potential loss of data.

### GOVERNANCE STATEMENT

#### Purpose of the Governance Statement

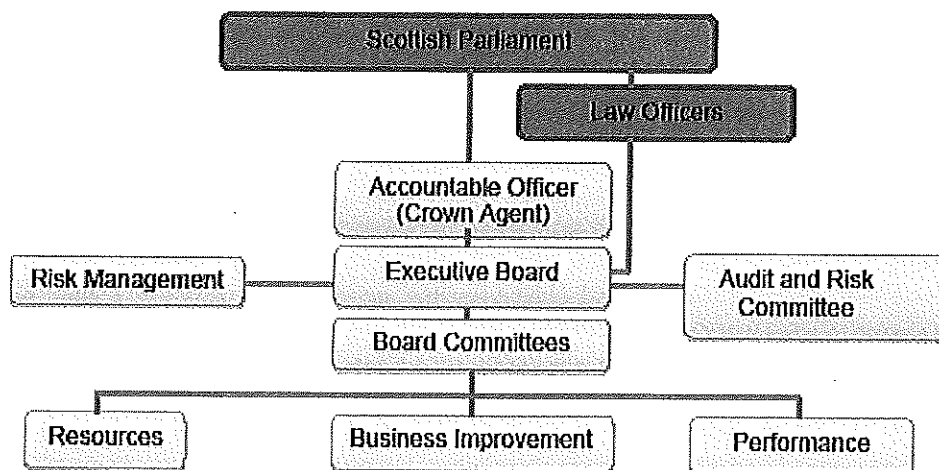
38. The Governance Statement is intended to not only outline COPFS governance framework but to comment on its effectiveness.

#### Scope of responsibility

39. 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

40. 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 was independently reviewed by the former Chief Executive Robert Gordon and a new structure put in place from April 2016, as described below.



41. 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.

## **Crown Office and Procurator Fiscal Service**

42. 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**

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

### **Crown Agent**

44. 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**

45. 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.

46. The Board has the following Committees, each chaired by a Deputy Crown Agent:

#### **Resources Committee**

47. Responsible for ensuring the 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 SCTS reports to this Committee as does the Joint Health & Safety Committee with SCTS.

#### **Business Improvement Committee**

48. Responsible for monitoring project and programme delivery, in particular the Improvement Programme, major investment projects and policy changes. The Information systems group reports to this Committee.

#### **Operational Performance Committee**

49. 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.

#### **The Audit and Risk Committee (ARC)**

50. The ARC, which comprises of 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.

## **Crown Office and Procurator Fiscal Service**

51. Each year the ARC meets quarterly with an additional meeting to consider and approve the annual accounts. The Committee met five times during 2016-17. A member of the ARC attends the Executive Board, providing feedback on the last ARC meeting at the next Executive Board meeting.

52. The ARC is due to carry out its self-assessment exercise in 2017-18 and consider any changes/improvements that may be required.

### **Risk Management Group (RMG)**

53. The RMG is responsible for ensuring that risk is managed at corporate level and below. It is chaired by the Deputy Chief Executive and includes COPFS's Risk Champion (who attends ARC), a representative of the Heads of Business Management, the Director of Finance and a Non-Executive Director. 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**

54. Each year COPFS is the subject of Internal Audit, supplied 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.

55. In financial year 2016-17 SG Internal Audit completed four main audits which were:

- East Federation Review including Financial Management and the Internal Control Framework;
- Controls over Productions in the North including Financial Management and the Internal Control Framework;
- ICT Assurance Review;
- Transitional Structure and Governance, moving from Federation to Functional (Phase 1).

56. Each audit is given a level of assurance ranging from Insufficient to Substantial. These are reviewed and discussed at the Audit and Risk Committee. Of the four audits completed during 2016-17, the first three were reported as Reasonable assurance with the fourth as Substantial assurance. In the Annual Assurance Report by internal audit the overall opinion on COPFS risk management, control and governance arrangements during the year was Reasonable Assurance.

### **Counter fraud activity**

57. 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.

58. 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**

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

## **Crown Office and Procurator Fiscal Service**

60. All data security incidents reported during 2016-17 which could have resulted in the loss or potential losses of data were 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**

61. 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.

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

### **Significant Governance Issues**

63. A small number of breaches of security and data handling took place during 2016-17. Although breaches occurred, existing control measures ensured that there was no resulting risk to COPFS. These were all dealt with in accordance with COPFS Disciplinary Policies and Procedures.

### **Conclusion**

64. During the financial year, no significant control weaknesses or issues have arisen, and no significant failures have arisen in the expected standards for good governance, risk management and control. As Accountable Officer, I am satisfied with the adequacy of the internal control and governance arrangements of COPFS. External audit reported control weaknesses in their 2016-17 interim audit report; discussions are ongoing about the report but an action plan has been agreed by management to address the points raised.

65. 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, 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.

66. No such written authority was required during the 2016-17 financial year, or the period up to signature of the accounts.

## **Crown Office and Procurator Fiscal Service**

### **STATEMENT OF THE ACCOUNTABLE OFFICER'S RESPONSIBILITIES**

67. 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.

68. 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.

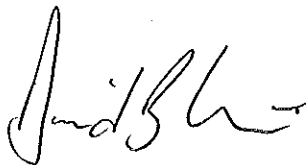
69. In preparing the accounts, the Crown Agent and Chief Executive, as the Accountable Officer, is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- 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.

70. 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.

71. 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.

72. 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:** 7.7.17

## **Crown Office and Procurator Fiscal Service**

### **REMUNERATION AND STAFF REPORT**

#### **Remuneration Policy**

73. 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](http://www.scottish.parliament.uk)).

74. 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).

75. 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.

76. Further information about the work of the SSRB can be found at [www.ome.uk.com](http://www.ome.uk.com).

77. 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.

78. 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**

79. 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.

80. 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.

81. We are committed to applying 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 and Diversity Strategic Group, which is chaired by the Lord Advocate, oversees these plans and determines the way forward for COPFS's equality agenda.

## **Crown Office and Procurator Fiscal Service**

82. We make a significant investment in the development of all of our staff. Development and learning is quality assured and, wherever possible, externally accredited. Our commitment to learning was first recognised by an Investor in People award in 1996 and we have since gone through four reassessments. We are currently accredited at bronze status.

83. The average number of days lost due to sickness absence in 2016-17 was 9.6 days per employee (2015-16 10.18 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**

84. 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 2016-17 was 85 (2015-16; 83).

### **Employee Consultation and Communication**

85. 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**

86. 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.

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

88. 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.

89. 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**

90. The Principal Civil Service Pension Scheme (PCSPS) is an unfunded, multi-employer, defined benefit scheme 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 ([www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)).

91. 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 **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



## Crown Office and Procurator Fiscal Service

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.

92. 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.)

93. 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).

94. Employee contributions are salary-related and range between 3.0% and 8.05% of pensionable earnings for **classic** (and members of **alpha** who were members of **classic** immediately before joining **alpha**) and between 4.6% and 8.05% for members of **premium**, **classic plus** and **nuvos** and all other members of **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 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.

95. 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).

96. 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.)

## **Crown Office and Procurator Fiscal Service**

97. Further details about the Civil Service pension arrangements can be found at the website:  
<http://www.civilservicepensionscheme.org.uk>.

98. For 2016-17, employers' contributions of £10,777,136 were payable to the PCSPS (2015-16; £10,662,790) 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 2016-17 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

99. Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. Employers' contributions of £55,293 (2015-16; £45,712) 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 £2,007 (2015-16; £1,800), 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.

100. Contributions due to the **partnership** pension providers at the balance sheet date were £1,163,754 (31 March 2016; £1,157,222). Contributions prepaid at that date were £0 (31 March 2016; £0).

### **Remuneration**

#### **Salaries**

101. '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**

102. 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**

103. In line with Scottish Government pay policy no bonus/performance pay was paid during 2016-17 or 2015-16.

#### **Cash Equivalent Transfer Values**

104. 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.

105. 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 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)

## Crown Office and Procurator Fiscal Service

(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

106. 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.

107. 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

108. 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 (2015-16; £237) although the NXDs only claim £232 per day (in line with rates paid by the core Scottish Government).

### Audited Information

#### Ministers

#### Salaries

109. The salary, pension entitlements and value of any taxable benefits in kind for the Ministers of COPFS for the year ending 31 March 2017 were as follows:

Officials	Salary £000s		Benefits in Kind Nearest £100		Pension Benefits to nearest £000**		Total to nearest £000	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>Mr Frank Mulholland QC</b> – Lord Advocate to 1 June 2016	20,712 (120,265 FYE*)	117,102	-	-	9,000	42,000	30,000	159,000
<b>Mr James Wolffe QC</b> – Lord Advocate from 2 June 2016	99,887 (120,265 FYE*)	-	-	-	39,000	-	139,000	-
<b>Ms Lesley Thomson QC</b> – Solicitor General to 1 June 2016	17,871 (103,769 FYE*)	101,040	-	-	8,000	41,000	26,000	142,000
<b>Ms Alison Di Rollo QC</b> – Solicitor General from 2 June 2016	86,186 (103,769 FYE*)	-	-	-	34,000	-	120,000	-

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.

## Crown Office and Procurator Fiscal Service

110. 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.

111. 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

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

Ministers	Accrued pension at age 65 as at 31 March 2017 £000s	Real increase in pension at age 65 £000s	CETV at 31 March 2017 £000s	CETV at 31 March 2016 £000s	Real increase in CETV £000s
<b>Mr Frank Mulholland</b> QC - Lord Advocate to 1 June 2016	20 – 25	0 – 2.5	343	316	26
<b>Mr James Wolffe</b> QC – Lord Advocate from 2 June 2016	0 – 5	0 – 2.5	36	-	36
<b>Ms Lesley Thomson</b> QC - Solicitor General to 1 June 2016	10 – 15	0 – 2.5	204	192	13
<b>Ms Alison Di Rollo</b> QC – Solicitor General from 2 June 2016	0 – 5	0 – 2.5	32	-	32

## Crown Office and Procurator Fiscal Service

### Executive Directors

113. The Executive Directors' salaries are detailed below:

Officials	Salary £000s		Benefits in Kind Nearest £100		Pension Benefits £000s		Total £000s	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>Mrs Catherine Dyer</b> – Crown Agent and Chief Executive to 31 March 2016	-	125 - 130	-	-	-	37	-	160 – 165
<b>Mr David Harvie</b> – Crown Agent and Chief Executive from 1 April 2016	115 – 120	-	-	-	130	-	245 – 250	-
<b>Mr David Harvie</b> – Procurator Fiscal, West of Scotland to 31 March 2016	-	90 - 95	-	-	-	42	-	135 – 140
<b>Mr John Dunn</b> – Deputy Crown Agent, Local Court	95 – 100	90 - 95	-	-	20	27	115 – 120	120 – 125
<b>Mr John Logue</b> – Deputy Crown Agent, Operational Support	95 – 100	90 - 95	-	-	37	43	130 – 135	135 – 140
<b>Ms Lindsey Miller</b> – Deputy Crown Agent, Serious Casework from 1 April 2016	90 – 95	-	-	-	115	-	205 – 210	-
<b>Mr Liam Murphy</b> – Procurator Fiscal, North of Scotland to 31 March 2016	-	75 - 80	-	-	-	33	-	105 – 110
<b>Mr Ian Walford</b> – Deputy Chief Executive	75 – 80	35 – 40 FYE* 75 – 80	-	-	20	11	95 – 100	50 – 55
Band of Highest Paid Director's Total Remuneration							115 - 120	125 – 130
Range of remuneration for all staff excluding on costs							18 - 115	18 - 128
Median Total COPFS Remuneration excluding on costs							26,312	26,051
Ratio							1:4.4	1:4.9

**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 2016-17, no (2015-16, 0) employee received remuneration in excess of the highest-paid director.

\*FYE = Full year equivalent.

## Crown Office and Procurator Fiscal Service

### Executive Directors' Pensions

114. The Executive Directors' pensions are detailed below:

Senior Managers	Accrued pension at pension age as at 31 March 17 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2017	CETV at 31 March 2016	Real increase in CETV	Employer contribution to partnership pension account
	£000s	£000s	£000s	£000s	£000s	Nearest £100
Mr David Harvie – Crown Agent and Chief Executive from 1 April 2016	30 – 35 plus lump sum of 75 – 80	5 – 7.5 plus lump sum of 10 – 12.5	493	389	82	
Mr John Dunn – Deputy Crown Agent, Local Court	35 – 40 plus lump sum of 110 – 115	0 – 2.5 plus lump sum of 2.5 – 5	765	714	17	
Mr John Logue – Deputy Crown Agent, Operational Support	25 – 30 plus lump sum of 70 – 75	0 – 2.5 plus lump sum of 0 – 2.5	437	402	15	
Ms Lindsey Miller – Deputy Crown Agent, Serious Casework from 1 April 2016	25 – 30 plus lump sum of 70 – 75	5 – 7.5 plus lump sum of 10 – 12.5	409	322	69	
Mr Ian Walford – Deputy Chief Executive	25 – 30 plus lump sum of 85 – 90	0 – 2.5 plus lump sum of 2.5 – 5	583	541	17	

### Non-Executive Directors (NXDs) of the Executive Board

115. NXD remuneration is listed below:

Name	2016-17		2015-16	
	Remuneration £000s	Benefits in Kind	Remuneration £000s	Benefits in Kind
Mr Douglas Hutchens	0 – 5	-	0 – 5	-
Mr Stuart Smith	0 – 5	-	0 – 5	-
Ms Lesslie Young	0 – 5	-	0 – 5	-
Ms Esther Robertson until 31 January 2017	0 – 5	-	0 – 5	-
Ms Marsha Scott until 26 May 2015	-	-	0 – 5	-

## Crown Office and Procurator Fiscal Service

116. Staff costs account for 66% 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 £000s	Ministers £000s	2016-17 Total £000s	2015-16 Total £000s
Wages and Salaries	54,123	225	54,348	53,755
Social Security Costs	5,650	28	5,678	4,481
Other Pension Costs	10,834	45	10,879	10,412
<b>Sub-Total</b>	<b>70,607</b>	<b>298</b>	<b>70,905</b>	<b>68,648</b>
Inward Secondments	345	-	345	502
Early Departure Costs	5	-	5	65
Injury Benefit Claims	48	-	48	(14)
Agency, Temporary and Contract Staff	979	-	979	1,600
<b>Sub-Total</b>	<b>71,984</b>	<b>298</b>	<b>72,282</b>	<b>70,801</b>
Less Recoveries in Respect of Outward Secondments	(238)	-	(238)	(219)
<b>Total</b>	<b>71,746</b>	<b>298</b>	<b>72,044</b>	<b>70,582</b>

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

Note 2. 2015-16 totals include Ministers salaries of £289,000.

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

Full Time Equivalent for Staff	All		Male		Female	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Senior Civil Servants	18	20	9	9	9	11
Executive Board Directors	5	6	4	5	1	1
Other permanent staff	1,335	1,341	393	396	942	945
Fixed term appointments	242	225	86	84	156	141
Seconded	4	8	2	2	2	6
Agency staff	13	7	10	5	3	2
<b>Sub-Total</b>	<b>1,617</b>	<b>1,607</b>	<b>504</b>	<b>501</b>	<b>1,113</b>	<b>1,106</b>
Non-Executive Directors	4	5	2	2	2	3
<b>Total</b>	<b>1,621</b>	<b>1,612</b>	<b>506</b>	<b>503</b>	<b>1,115</b>	<b>1,109</b>

## Crown Office and Procurator Fiscal Service

### Severance payments

#### Compensation for Loss of Office

118. In accordance with the Scottish Government's no compulsory redundancies policy, no employees left under compulsory severance terms during 2016-17 (2015-16; Nil).

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

Cost band	Number of other departures agreed 2016-17	Total number of exit packages by cost band 2016-17	Number of other departures agreed 2015-16	Total number of exit packages by cost band 2015-16
< £10,000	-	-	-	-
£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	1	1	1	1
Total cost	12,255	12,255	£96,240	£96,240

120. 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.

121. Ill-health retirement costs are met by the Civil Service Pension Scheme and are not included in the table. There were no ill health retirements during 2016-17 (2015-16; 6).



## **Crown Office and Procurator Fiscal Service**

### **PARLIAMENTARY ACCOUNTABILITY REPORT**

#### **Regularity of Expenditure**

122. 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.

123. 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**

124. COPFS main source of income comes directly as funding from the Scottish Government. A small element of income £1.28m is received through recharges for services to QLTR amounting to £0.38m and LINETS (Legal Information Network for Scotland) amounting to £0.9m. LINETS is a subscription service held by COPFS to provide access to legal information by Scottish legal practitioners across the public sector.

#### **Remote Contingent Liabilities**

125. COPFS has been subjected to several civil and damages claims. The value of these claims have yet to be finalised but individually are not expected to be material. This reflects the position in 2015-16.

#### **Long Term Trends**

126. COPFS has carried out scenario analysis through to 2019-20 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**

127. There were no substantial losses or special payments incurred during 2016-17 (2015-16; Nil).



**David Harvie**  
**Accountable Officer**

**Date:** 7-7-17

## **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 2017 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 financial statements, 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 2016/17 Government Financial Reporting Manual (the 2016/17 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 2017 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 2016/17 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 in the UK and Ireland (ISAs (UK&I)). 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 Standards for Auditors, 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.

## **Crown Office and Procurator Fiscal Service**

### **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.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation 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&I) 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.

### **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 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 in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the annual report and accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

## **Crown Office and Procurator Fiscal Service**

### **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 other prescribed matters**

I am required by the Auditor General for Scotland to express an opinion on the following matters.

In my opinion, the auditable 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.

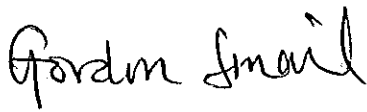
## **Crown Office and Procurator Fiscal Service**

### **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 auditable 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.



Gordon Smail, Assistant Director  
Audit Scotland  
102 West Port  
Edinburgh  
EH3 9DN

10 July 2017

# Crown Office and Procurator Fiscal Service

## FINANCIAL STATEMENTS

### Statement of Comprehensive Net Expenditure

For the year to 31 March 2017

	Notes	2016-17 £000s	2015-16 £000s
<b>Administration Costs</b>			
Staff costs*		71,746	70,293
Other Administrative Costs	2	38,296	40,519
<b>Gross Administrative Costs</b>		<b>110,042</b>	<b>110,812</b>
Operating Income Applied	3	(1,280)	(1,247)
<b>Net Administrative Costs</b>		<b>108,762</b>	<b>109,565</b>
<b>Net Operating Costs for the year ended 31 March 2017</b>		<b>108,762</b>	<b>109,565</b>
<b>Total Comprehensive Expenditure for the year ended 31 March 2017</b>		<b>108,762</b>	<b>109,565</b>

\*See Staff costs breakdown on page 21

The notes on pages 32 - 49 form part of these accounts.

# Crown Office and Procurator Fiscal Service

## Statement of Financial Position as at 31 March 2017

	Notes	31 March 2017 £000s	31 March 2016 £000s
<b>Non-Current Assets</b>			
Property, Plant and Equipment	4	19,839	20,585
Intangible Assets	5	4,700	4,606
<b>Total Non-Current Assets</b>		<b>24,539</b>	<b>25,191</b>
<b>Current Assets</b>			
Assets classified as held for sale	6	-	-
Trade and Other Receivables	7	3,783	3,292
Cash and Cash Equivalents	8	2,741	1,389
<b>Total Current Assets</b>		<b>6,524</b>	<b>4,681</b>
<b>Total Assets</b>		<b>31,063</b>	<b>29,872</b>
<b>Current Liabilities</b>			
Trade and Other Payables	9	(14,415)	(12,396)
Provisions	10	(626)	(848)
<b>Total Current Liabilities</b>		<b>(15,041)</b>	<b>(13,244)</b>
<b>Total Assets less Current Liabilities</b>		<b>16,022</b>	<b>16,628</b>
<b>Non-Current Liabilities (&gt; 1 year)</b>			
Other Payables	9	(4,468)	(4,613)
Provisions	10	(799)	(729)
<b>Total Non-Current Liabilities</b>		<b>(5,267)</b>	<b>(5,342)</b>
<b>Total Assets less Total Liabilities</b>		<b>10,755</b>	<b>11,286</b>
<b>Taxpayers' Equity and Other Reserves</b>			
General Fund		(2,194)	(2,710)
Revaluation Reserve	SOCTE*	(8,561)	(8,576)
<b>Total Equity</b>		<b>(10,755)</b>	<b>(11,286)</b>

\*Note: SOCTE is the Statement of Changes in Taxpayers' Equity (please see page 31)

The notes on pages 32 - 49 form part of these accounts.

The Accountable Officer authorised these financial statements for issue on the 10<sup>th</sup> July 2017.



David Harvie  
Accountable Officer

Date: 7-7-17

## Crown Office and Procurator Fiscal Service

### Statement of Cash Flows for the year ended 31 March 2017

	Notes	2016-17 £000s	2015-16 £000s
Net Cash Outflow from Operating Activities	A	(105,472)	(104,453)
Net Cash Outflows from Investment Activities	B	(3,869)	(2,840)
Payments from / (to) the Scottish Consolidated Fund for income not applied		1,193	910
Cash flows from Financing Activities	C	109,500	106,500
<b>Increase/(Decrease) in cash in the year</b>		<b>1,352</b>	<b>117</b>
<b>Note A – Cash Flows from Operating Activities</b>			
Net Operating Cost		108,762	109,565
Adjust for non-cash transactions		(4,445)	(5,376)
Increase/(Decrease) in receivables and other current assets		492	269
(Increase)/Decrease in trade and other payables		511	256
(Increase)/Decrease in provisions		152	(261)
<b>Net cash outflow from operating activities</b>		<b>105,472</b>	<b>104,453</b>
<b>Note B – Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment		2,448	1,758
Purchase of intangible assets		1,424	1,168
Proceeds of disposal of property, plant and equipment		(3)	(23)
Proceeds of disposal of assets held for sale		-	(63)
<b>Net Cash outflow from Investment Activities</b>		<b>3,869</b>	<b>2,840</b>
<b>Note C – Cash flows from Financing Activities</b>			
From Scottish Consolidated Fund		109,500	106,500
Surrender of excess capital receipts		-	-
Cash flows from financing activities		109,500	106,500
<b>(Increase)/Decrease in cash and cash equivalents</b>		<b>(1,352)</b>	<b>(117)</b>
<b>Net Cash and Cash Equivalents requirement</b>		<b>108,148</b>	<b>106,383</b>

The notes on pages 32 – 49 form part of these accounts.



## Crown Office and Procurator Fiscal Service

### Statement of Changes in Taxpayers' Equity (SOCTE) for the year ended 31 March 2017

	Notes	General Fund	Revaluation Reserve	Tax Payers Equity
		£000s	£000s	£000s
<b>Balance at 31 March 2015</b>		<b>5,795</b>	<b>8,302</b>	<b>14,097</b>
Net Parliamentary Funding		106,500	-	106,500
Auditor's Remuneration	2	97	-	97
Comprehensive Net Expenditure for the year		(109,565)	-	(109,565)
Revaluation Gains and Losses		-	274	274
Movement of Balance with the SCF		(117)		(117)
<b>Balance at 31 March 2016</b>		<b>2,710</b>	<b>8,576</b>	<b>11,286</b>
Net Parliamentary Funding		109,500	-	109,500
Auditor's Remuneration	2	98	-	98
Comprehensive Net Expenditure for the year		(108,762)	-	(108,762)
Revaluation Gains and Losses		-	(15)	(15)
Movement of Balance with the SCF	15	(1,352)	-	(1,352)
Transfers between reserves		-	-	-
<b>Balance at 31 March 2017</b>		<b>2,194</b>	<b>8,561</b>	<b>10,755</b>

The notes on pages 32 - 49 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 2017.

##### **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 50) and in compliance with the principles and disclosure requirements of the *Government Financial Reporting Manual (FReM)*. The accounting policies contained in the FReM, 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.

## **Crown Office and Procurator Fiscal Service**

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.

## **Crown Office and Procurator Fiscal Service**

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:

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.

## **Crown Office and Procurator Fiscal Service**

### **Employee Benefits**

#### *Retirement Benefits*

1.26 Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which is a defined benefit scheme and is unfunded. 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 the PCSPS 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.

## **Crown Office and Procurator Fiscal Service**

### **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.

### **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 functional units as appropriate (see Page 5 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:

## **Crown Office and Procurator Fiscal Service**

### ***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).

1.45 COPFS provided in full for this cost when the decisions were made. In 2016-17 the HM Treasury discount factor was 0.24% and the rate has been applied to the early severance provision (none in 2016-17).

1.46 During 2016-17 the entitlement to severance payments was changed to a maximum of 18 months' salary.

1.47 These payments take the form of a one-off lump sum which if not paid by 31<sup>st</sup> March 2017 was accrued. No members of staff left under the scheme during 2016-17. One member of staff left under the scheme during 2015-16.

### ***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***

1.49 There are no impending changes.

## Crown Office and Procurator Fiscal Service

### 2. Other administrative costs

Other Expenditure comprised of:	2016-17 £000s	2015-16 £000s
Travel and Subsistence	706	685
Training	343	356
Accommodation	8,581	8,819
Legal and Witness Costs	15,208	17,210
Supplies and Services	6,641	5,910
Other Staff and Office Costs	2,139	2,265
(Profit)/Loss on sale of assets	3	(16)
<b>Sub-Total</b>	<b>33,621</b>	<b>35,229</b>
Non-Cash Costs:		
Audit Fee	98	97
Impairment	927	780
Depreciation	3,650	4,413
<b>Sub-Total</b>	<b>4,675</b>	<b>5,290</b>
<b>Total Administrative Costs</b>	<b>38,296</b>	<b>40,519</b>

Note: Within Other Administrative Costs for 2016-17 there were £Nil for non-audit services provided by the appointed auditor, Audit Scotland (2015-16; £Nil).



## Crown Office and Procurator Fiscal Service

### 3. Operating income

	Income Applied	Income Not Applied	2016-17 Total	2015-16 Total
	£000s	£000s	£000s	£000s
<b>Operating Income analysed by classification and activity as follows:</b>				
Administrative income allowable within cost limit*:				
Queen's and Lord Treasurer's Remembrancer (QLTR) costs recharged	378	-	378	373
Legal Information Network for Scotland (LINETS) Subscriptions	902	-	902	874
Other Income applied	-	-	-	-
<b>Sub-Total</b>	<b>1,280</b>	<b>-</b>	<b>1,280</b>	<b>1,247</b>
<b>Other Income (Treated as not applied)**</b>				
Civil Recovery Income	-	2,361	2,361	1,668
Cash Seizures	-	1,558	1,558	1,157
<b>Sub-Total</b>	<b>-</b>	<b>3,919</b>	<b>3,919</b>	<b>2,825</b>
<b>Total</b>	<b>1,280</b>	<b>3,919</b>	<b>5,199</b>	<b>4,072</b>

\* Retained Income limit per the Budget Act is £2,000,000 (2015-16 £2,000,000)

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

## Crown Office and Procurator Fiscal Service

### 4. Property, plant and equipment

2016-17	Land £000s Note 1	Buildings £000s Note 1	IT equip. £000s	Telecomm unications £000s	Vehicles £000s	Total £000s
<b>Cost or Valuation</b>						
As at 1 April 2016	1,310	30,086	9,517	3,241	397	44,551
Additions	-	1,033	344	1,141	80	2,598
Disposals	-	-	(6)	-	(36)	(42)
Transfer to assets held for sale	-	-	-	-	-	-
Revaluations	15	(30)	-	-	-	(15)
<b>At 31 March 2017</b>	<b>1,325</b>	<b>31,089</b>	<b>9,855</b>	<b>4,382</b>	<b>441</b>	<b>47,092</b>
<b>Depreciation</b>						
As at 1 April 2016	-	(14,015)	(7,064)	(2,651)	(236)	(23,966)
Charged in-year	-	(1,167)	(961)	(218)	(52)	(2,398)
Accelerated Depreciation <sup>2</sup>	-	(927)	-	-	-	(927)
Disposals	-	-	4	-	34	38
Transfer to assets held for sale	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-
<b>As at 31 March 2017</b>	<b>-</b>	<b>(16,109)</b>	<b>(8,021)</b>	<b>(2,869)</b>	<b>(254)</b>	<b>(27,253)</b>
<b>Net Book Value</b>						
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
<b>Analysis of Asset</b>						
<b>Financing</b>						
Owned	1,325	5,165	1,834	1,513	187	10,024
Leasehold Buildings	-	4,919	-	-	-	4,919
Finance Leases	-	4,896	-	-	-	4,896
<b>NBV at 31 March 2017</b>	<b>1,325</b>	<b>14,980</b>	<b>1,834</b>	<b>1,513</b>	<b>187</b>	<b>19,839</b>

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. 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 2 under Impairment classification.

## Crown Office and Procurator Fiscal Service

2015-16	Land £000s	Buildings Restated £000s	IT equip. £000s	Telecommu nications £000s	Vehicles £000s	Total £000s
<b>Cost or Valuation</b>						
As at 1 April 2015	1,310	28,538	8,616	3,172	348	41,984
Additions	-	1,280	934	69	101	2,384
Disposals	-	(6)	(33)	-	(52)	(91)
Transfer to assets held for sale	-	-	-	-	-	-
Revaluations	-	274	-	-	-	274
<b>At 31 March 2016</b>	<b>1,310</b>	<b>30,086</b>	<b>9,517</b>	<b>3,241</b>	<b>397</b>	<b>44,551</b>
<b>Depreciation</b>						
As at 1 April 2015	-	(12,043)	(5,786)	(2,368)	(236)	(20,433)
Charged in-year	-	(1,197)	(1,311)	(283)	(50)	(2,841)
Accelerated Depreciation	-	(780)	-	-	-	(780)
Disposals	-	5	33	-	50	88
Transfer to assets held for sale	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-
<b>As at 31 March 2016</b>	<b>-</b>	<b>(14,015)</b>	<b>(7,064)</b>	<b>(2,651)</b>	<b>(236)</b>	<b>(23,966)</b>
<b>Net Book Value</b>						
As at 31 March 2016	1,310	16,071	2,453	590	161	20,585
As at 1 April 2015	1,310	16,495	2,830	804	112	21,551
<b>Analysis of Asset Financing (Restated)</b>						
Owned	1,310	5,354	2,453	590	161	9,868
Leasehold Buildings	-	5,529	-	-	-	5,529
Finance Leases	-	5,188	-	-	-	5,188
<b>NBV at 31 March 2016</b>	<b>1,310</b>	<b>16,071</b>	<b>2,453</b>	<b>590</b>	<b>161</b>	<b>20,585</b>

## Crown Office and Procurator Fiscal Service

### 5. Intangible assets

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

## Crown Office and Procurator Fiscal Service

2015-16	Software Developed In-House or by Third Parties £000s	Software Licences £000s	Websites £000s	Development Expenditure £000s	Total £000s
<b>Cost or valuation</b>					
At 1 April 2015	8,842	5,800	139	2,364	17,145
Additions	95	421	-	777	1,293
Disposals	-	(697)	-	-	(697)
Reclassifications	1,560	-	-	(1,560)	-
<b>As at 31 March 2016</b>	<b>10,497</b>	<b>5,524</b>	<b>139</b>	<b>1,581</b>	<b>17,741</b>
<b>Amortisation</b>					
At 1 April 2015	(7,610)	(4,554)	(96)	-	(12,260)
Charged in Year	(566)	(972)	(34)	-	(1,572)
Disposals	-	697	-	-	697
Reclassifications	-	-	-	-	-
<b>As at 31 March 2016</b>	<b>(8,176)</b>	<b>(4,829)</b>	<b>(130)</b>	<b>-</b>	<b>(13,135)</b>
<b>Net Book Value</b>					
<b>As at 31 March 2016</b>	<b>2,321</b>	<b>695</b>	<b>9</b>	<b>1,581</b>	<b>4,606</b>
As at 31 March 2015	1,232	1,246	43	2,364	4,885
<b>Analysis of Asset Financing</b>					
Owned	2,321	695	9	1,581	4,606
Finance Leased Contracts	-	-	-	-	-
<b>NBV at 31 March 2016</b>	<b>2,321</b>	<b>695</b>	<b>9</b>	<b>1,581</b>	<b>4,606</b>

### 6. Assets classified as held for sale

	2017 £000s	2016 £000s
At 1 April	-	70
Transfers from PPE to Assets Held for Sale	-	-
Disposals	-	(70)
<b>At 31 March</b>	<b>-</b>	<b>-</b>

## Crown Office and Procurator Fiscal Service

### 7. Trade receivables, financial and other assets

	2017 £000s	2016 £000s
<b>Amounts falling due within 1 year</b>		
VAT	831	365
Other Receivables	53	47
Prepayments	2,521	2,521
Accrued Income	378	359
<b>Sub-total</b>	<b>3,783</b>	<b>3,292</b>
<b>Intra-Government Balances</b>		
<b>Amounts falling due within 1 year</b>		
Balances with other Central Government Bodies	1,420	841
Balances with Local Authorities	-	-
<b>Total: Intra-governmental balances</b>	<b>1,420</b>	<b>841</b>
Balances with bodies external to government	2,363	2,451
<b>Total receivables at 31 March</b>	<b>3,783</b>	<b>3,292</b>

### 8. Cash and cash equivalents

	2017 £000s	2016 £000s
At 1 April	1,389	1,272
Net change in cash and cash equivalent balances	1,352	117
<b>At 31 March</b>	<b>2,741</b>	<b>1,389</b>
The following balances at 31 March were held at:		
Balances at Government Banking Services	1,553	1,359
Commercial banks and cash in hand	1,188	30
<b>At 31 March</b>	<b>2,741</b>	<b>1,389</b>

## Crown Office and Procurator Fiscal Service

### 9. Trade Payables and other current liabilities

	2017 £000s	2016 £000s
<b>Amounts falling due within one year:</b>		
Other taxation and Social Security Payables	(2,650)	(2,509)
Trade Payables	(1,268)	(9)
Other Payables	(9)	(783)
Accruals and Deferred Income	(7,601)	(7,323)
Current part of Finance Leases	(146)	(132)
Cash Seizures	-	(251)
Balances payable to the Scottish Consolidated Fund	(2,741)	(1,389)
<b>Total due within one year as at 31 March</b>	<b>(14,415)</b>	<b>(12,396)</b>
 <b>Amounts falling due after more than one year:</b>		
Finance Leases	(4,468)	(4,613)
<b>Total due after more than one year as at 31 March</b>	<b>(4,468)</b>	<b>(4,613)</b>

## Crown Office and Procurator Fiscal Service

### 10. Provisions for Liabilities and Charges

	Early Departure Costs	Injury Benefit Costs	Other Provisions	2017 Total	2016 Total
	£000s	£000s	£000s	£000s	£000s
Balance at 1 April	79	650	-	729	870
Add: element reported as due within one year	79	60	709	848	446
<b>Total as at 1 April</b>	<b>158</b>	<b>710</b>	<b>709</b>	<b>1,577</b>	<b>1,316</b>
Additional provisions made			47	47	580
(Decrease)/Increase due to change in the discount rate		48		48	(11)
Amounts incurred and charged against provision		(58)	(31)	(89)	(308)
Provision not required written back	(158)			(158)	
<b>Balance as at 31 March</b>	<b>-</b>	<b>700</b>	<b>725</b>	<b>1,425</b>	<b>1,577</b>
Payable within one year	-	60	566	626	848
Provision of over one year	-	640	159	799	729

Note: Injury benefit provision relates to employees who have sustained injuries at work.

Other provisions predominantly relates to other early departure costs and dilapidations.

### Analysis of expected timing of discounted cashflows

	Early Departure Costs	Injury Benefit Costs	Other Provisions	2017 Total	2016 Total
	£000s	£000s	£000s	£000s	£000s
Not later than 1 year	-	60	566	626	848
Later than 1 year and not later than 5 years	-	253	159	412	322
Later than 5 years	-	387	-	387	407
<b>Total</b>	<b>-</b>	<b>700</b>	<b>725</b>	<b>1,425</b>	<b>1,577</b>

### 11. Capital commitments

Property, plant and equipment	2017 £000s	2016 £000s
Contracted capital commitments at 31 March not otherwise included in these accounts but not provided for	234	324
<b>Total</b>	<b>234</b>	<b>324</b>



## Crown Office and Procurator Fiscal Service

### 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:

	2017 £000s	2016 Restated £000s
<b>Buildings</b>		
No later than 1 year	1,215	1,635
Later than 1 year and no later than 5 years	2,306	2,775
Later than 5 years	2,170	2,180
<b>Total as at 31 March</b>	<b>5,691</b>	<b>6,590</b>

#### 12b. Finance Leases

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

	2017 £000s	2016 £000s
<b>Buildings</b>		
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	36,794	38,596
<b>Total lease payments as at 31 March</b>	<b>45,803</b>	<b>47,605</b>
<b>Less Interest element as at 31 March</b>	<b>(41,190)</b>	<b>(42,860)</b>
<b>Present value of obligations as at 31 March</b>	<b>4,613</b>	<b>4,745</b>

### 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 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:

	2016-17 £000s	2015-16 £000s
Scottish Courts and Tribunal Service	3,076	3,029

## Crown Office and Procurator Fiscal Service

### 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.

<b>Financial Assets Description</b>	<b>2017 £'000s</b>	<b>2016 £'000s</b>
Accrued Income	378	359
Other receivables	53	47
Cash and Cash Equivalents	2,741	1,389
<b>Totals</b>	<b>3,172</b>	<b>1,795</b>

<b>Financial Liabilities Description</b>	<b>2017 £'000s</b>	<b>2016 £'000s</b>
Trade Payables	(1,268)	(9)
Accruals	(7,601)	(7,323)
Other payables	(9)	(783)
Scottish Consolidated Fund	(2,741)	(1,389)
Finance Leases	(4,613)	(4,745)
<b>Totals</b>	<b>(16,232)</b>	<b>(14,249)</b>

#### 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

	2016-17 £000s
<b>Approved Cash Requirement</b>	108,050
Additional funding drawn down	1,450
<b>Funding drawn down</b>	<b>109,500</b>
<b>Cash Expended</b>	
Operating Costs	104,279
Capital expenditure	3,869
<b>Total Cash Expended</b>	<b>108,148</b>
Net change in cash balance year to 31 March 2017	1,352
Cash Balance due to the SCF as at 31 March 2016	1,389
<b>Total Cash Balance as at 31 March 2017</b>	<b>2,741</b>
<b>Consisting of:</b>	
Funding balance due to the SCF	2,741
Excess income due to the SCF	-

### 16. Events after the Reporting Period

There have been no material events between 31 March 2017 and the publication of the accounts that require adjustments to the accounts to be disclosed. However, a fire at the Dumbarton building on 23<sup>rd</sup> April 2017 is expected to result in £90,000 of costs to repair the damage.

# **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 black ink, appearing to read 'Alison Stelfox'.

Signed by the authority of the Scottish Ministers

Dated 17 January 2006