

SCOTTISH POLICE
AUTHORITY

Meeting	SPA Audit Committee
Date	11 September 2018
Location	Pacific Quay, Glasgow
Title of Paper	Technical Update
Item Number	8
Presented By	David Christie
Recommendation to Members	For Noting
Appendix Attached	No

PURPOSE

The purpose of this report is to:

- Present members with technical updates which may affect the organisation's published financial results. Additional reading material can be made available.

This paper is presented in line with the Scottish Police Authority Corporate Governance Framework.

1. BACKGROUND

- 1.1 In line with previous reports, PSOS Finance will provide a quarterly update to the Audit Committee on any legislative changes which may affect the results and production of the Annual Report & Accounts.
- 1.2 This is part of the ongoing preparation for Annual Report and Accounts production to ensure appropriate adjustments in accounting treatment and correct disclosure.
- 1.3 Technical updates that may have an impact on PSOS have been identified, and the Committee will be updated of any developments at future meetings.

2 FURTHER DETAIL ON THE REPORT TOPIC

2.1 INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) & INTERNATIONAL AUDITING STANDARDS (IAS)

2.2 IFRS 16 – Leases

As previously reported, this Standard eliminates the classification of leases as either operating leases or finance leases (for a lessee). In general terms, this will lead to the identification of more lease arrangements as assets on the balance sheet. The effective date for application of the IFRS is 1 April 2019.

- 2.3 HM Treasury are considering responses to their consultation issued under their Exposure Draft 18 (01), which considers options for required amendments to the Financial Reporting Manual (FRm). The SPA and Police Scotland report in line with this guidance. The updated FRm for 2019/20 financial year should be issued later in this calendar year.
- 2.4 Other public sector guidance, primarily through CIPFA, will also be made available later this year. The CIPFA consultation on IFRS 16 has now closed, and responses are under consideration. This may also inform good practice for treatment of lease arrangements in the future.
- 2.5 Finance are collating relevant agreement details for areas that are likely to be subject to the new standard treatment, and this will be informed by the definitive guidance when available.

2.6 GENERAL

There are no further issues of note at this point on the other areas covered in the previous Technical update paper presented to the Audit Committee of 24 July 2018.

3 FINANCIAL IMPLICATIONS

3.1 There are no direct financial implications in this paper.

4. PERSONNEL IMPLICATIONS

4.1 There are no personnel implications associated with this paper.

5. LEGAL IMPLICATIONS

5.1 The Board and Accountable Officer are responsible for preparing the Annual Report & Accounts in accordance with the Police and fire Reform (Scotland) Act 2012.

6 REPUTATIONAL IMPLICATIONS

6.1 There are extensive reputational implications associated with this paper, due to the number of Section 22 reports which have been made to Scottish Parliament, and the scrutiny the organisation is under.

7. SOCIAL IMPLICATIONS

7.1 There are no social implications associated with this paper.

8. COMMUNITY IMPACT

8.1 There are no community implications associated with this paper.

9 EQUALITIES IMPLICATIONS

9.1 There are no equality implications associated with this paper.

10. ENVIRONMENT IMPLICATIONS

10.1 There are no environmental implications associated with this paper.

RECOMMENDATIONS

Members are requested to:

Note the information contained within this report.