

**ANNUAL REPORT AND
ACCOUNTS FOR SCOTTISH
POLICE AUTHORITY
FOR THE PERIOD TO
31 MARCH 2013**

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FOREWORD

As the first Chair of the new Scottish Police Authority (SPA), formed under the Police and Fire Reform (Scotland) Act 2012, it is my pleasure to present the first Annual Report and Accounts (ARA) for 2012-13. The contents reflect the unique nature of the first few months of our existence with a strong focus on setting up the Authority, with full responsibilities taking effect from 1 April 2013.

My term as Chair began in August 2012 with my fellow Members' appointments following in October 2012. With only around 150 days between the appointment of the Members and Day 1 the focus was to ensure that policing was ready financially, legally, and operationally for the initial transition.

One of my top priorities as Chair was to ensure that this opportunity delivers a true programme of significant reform and improvement, and not simply a merger of 10 organisations into one. However, for Day 1 our focus was a smooth early transition with the minimum of risk.

With the benefit of hindsight I would have liked everyone in policing to have had more time to prepare and plan for the transition, but due to the outstanding commitment and collaboration of staff and officers working in both Police Scotland and SPA the transition to the new structure went smoothly. The service also never lost sight of the true day job – to keep the people of Scotland safe.

A single police service in Scotland clearly brings further opportunities to strengthen the effectiveness of policing. Good governance through SPA ensures that we strengthen policing in the right areas, for the right reasons, at the right time and for the right price.

That is especially relevant when set against the huge financial challenges that policing faces for years to come. We are still at the beginning of that journey but that must be the sharp and enduring focus for us all for the immediate future. The work completed during 2012-13 sets the foundations but the task remains considerable and very hard choices and decisions lie ahead of us.

I would like to take this opportunity state my personal thanks to Andrea Quinn who led the interim executive team at SPA over this reporting period. Andrea made an outstanding contribution, not only to the establishment of SPA but more generally to the reform of policing over the last three years.

Her drive and leadership were absolutely crucial to SPA in the early months. I know the work to set up SPA, almost from scratch, placed a huge burden on a very small team. Andrea led that from the front and I believe the fact that staff gave so much in terms of time and energy was in no small part down to the loyalty and commitment that they had to her as a leader.

Vic Emery
Chair
6 November 2013

CHIEF EXECUTIVE REPORT

Andrea Quinn was appointed Interim Chief Executive and Accountable Officer for SPA effective from 5 November 2012, fulfilling that role until she left the organisation on 20 September 2013. I had the privilege of taking over the reins from Andrea in September 2013.

The normal objective of an Annual Report and Accounts is to report on results, financially and operationally, for the year past. As 2012-13 was the set-up period for SPA there were no operational key performance indicators or strategic priorities. Publication of this ARA gives an insight into the work completed in an intense six month period.

I believe it is important to highlight the scale of that initial set up work. That hectic period saw the appointment of both Chair and Chief Constable, 12 Members of the Authority, four Deputy Chief Constables and six Assistant Chief Constables. Proposals for a 14 division structure of local commands were agreed, the terms of a national voluntary redundancy scheme were promoted with legacy employers and a strategic plan was published after consultation with almost 500 organisations and individuals.

The joint objective of this first phase of reform was to ensure that the public noticed as little initial difference as possible, and in that I believe both SPA and Police Scotland can record a job well done.

In time, SPA does want the public to notice a positive difference to their policing experience and that's the challenge for us now:

- Developing engagement, planning and performance so local people have more say on local priorities for their area and are better able to question, and judge, how well the police are performing against those priorities.
- Increasing accountability and driving improvement so the public can see how the money invested in policing is being used and what results it brings.
- Increasing transparency so the public are able to understand better how national policing decisions are made and why.

The Annual Review later in this report outlines in more detail some of the many achievements delivered in the six month period to 1 April 2013. As we now work through the first full year of the transformed policing landscape, I look forward to the next stage of the journey and to working together with Police Scotland to ensure that our communities continue to benefit from excellent and responsive local policing providing best value to the public purse.

John Foley
Interim Chief Executive and Accountable Officer
7 November 2013

ANNUAL REPORT

INTRODUCTION

The Members of SPA present its Annual Report and Accounts for the period to 31 March 2013 for SPA, incorporating both SPA and Police Scotland.

The accounts have been prepared in a form to comply with the accounting and disclosure requirements in the Scottish Public Finance Manual (SPFM) and the Government Financial Reporting Manual (FReM).

Statutory Background

SPA was established as an Other Significant Public Body under the Police and Fire Reform (Scotland) Act 2012. The role of SPA is to maintain policing, promote policing principles and continuous improvement of policing, and to hold the Chief Constable to account.

LEADERSHIP AND GOVERNANCE

Board

Members of the Board appointed were:

Name	Status
Vic Emery	Chair
Moi Ali	Independent Member
Jeane Freeman	Independent Member
Brian Barbour	Independent Member
Graham Houston	Independent Member
David Hume	Independent Member
Morag McLaughlin	Independent Member
Paul Rooney	Independent Member
Ian Ross	Independent Member
Lisa Tennant	Independent Member
Iain Whyte	Independent Member
Robert Wilson	Independent Member
Douglas Yates	Independent Member

Vic Emery was appointed on 31 August 2012. All other Members were appointed on 17 October 2012.

Sub-Committees of Board

There were no sub-committees of the Board during 2012-13.

Corporate Governance

The Governance Statement provides a summary of the way that SPA has managed Governance and Internal Control. SPA has applied the principles of the Treasury's Code of Good Practice for Corporate Governance in the context of its own circumstances.

Internal Governance and Management

Chief Executive and Accountable Officer

Name	Status
Alastair Wilson	Interim Lead Officer (from September 2012 to 5 November 2012)
Andrea Quinn	Interim Chief Executive (from 5 November 2012 to 3 September 2013)
John Foley	Interim Chief Executive (from 3 September 2013)

Alastair Wilson was seconded from Scottish Government and Andrea Quinn was seconded from SPSA. Both individuals provided their services at nil cost to SPA.

Executive Committee of SPA

Other members of the Executive Committee during the period were:

Name	Status
Jo Bringham	Interim Director of Strategy & Performance (from 19 November 2012 to 31 May 2013)
John Fox-Davies	Interim Director of Development (from 19 November 2012 to 19 July 2013)
Gillian Campbell	Interim Director of Human Resources (from 25 February 2013)
Eamon Hegarty	Interim Director of Finance (from 28 January 2013 to 28 July 2013)
John McCroskie	Head of Corporate Communications (from 19 November 2012)

Command Team of Police Scotland

Appointments were also made on behalf of Police Scotland by Scottish Government as follows:

Name	Status
Sir Stephen House QPM	Chief Constable (from 1 October 2012)
Rose Fitzpatrick QPM	Deputy Chief Constable (from 3 December 2012)
Iain Livingstone	Deputy Chief Constable (from 3 December 2012)
Neil Richardson QPM	Deputy Chief Constable (from 7 December 2012)
Stephen Allan	Deputy Chief Constable (from 9 January 2013)
Malcolm Graham	Assistant Chief Constable (from 9 January 2013)
Bernard Higgins	Assistant Chief Constable (from 10 January 2013)
Wayne Mawson	Assistant Chief Constable (from 10 January 2013)

Salaries and accumulated pension costs and disclosures for these individuals have been provided within the wages and salaries note to the accounts.

The following additional appointments were made to the Command Team on behalf of Police Scotland as follows, although the individuals were not engaged until 1 April 2013 and so do not form part of the costs for SPA for the period to 31 March 2013:

Name	Status
Derek Penman	Assistant Chief Constable
Ruaraidh Nicolson QPM	Assistant Chief Constable
Mike McCormick	Assistant Chief Constable

SPA MANAGEMENT COMMENTARY

ANNUAL REVIEW

The primary objective for SPA in 2012-13 was to be ready financially, legally and operationally for Day One. The work to set up SPA started to gain momentum and pace after the Chair and Interim Chief Executive were appointed – six months prior to Day One.

Outlined below are some of the key achievements in 2012-13:

- implementing commencement orders required to establish SPA as a legal decision-making body
- appointing a command team for Police Scotland
- working with legacy forces and authorities, SPSA and SCDEA to make voluntary redundancy options available for staff in advance of Day One
- setting up a complaints process and team
- implementing a scheme of delegation
- setting a budget for SPA and Police Scotland for 2013-14 ensuring compliance with the requirements of the Act

Members of SPA were confirmed during October 2012. In the six months between their appointment and the go live date, they met publically seven times. In comparison, this is more than outgoing legacy police authority boards would have met in an average year.

The Members also formed and dedicated a significant amount of time to a number of working groups. These groups considered many areas including transition and reform, finance and investment, complaints and misconduct and human resources. This enabled critical decisions to be taken by the Members at its public meetings.

Members are determined to engage with communities throughout Scotland. Public Member meetings during 2012-13 were held in Edinburgh, Dundee, Livingston, Renfrew and Glasgow. Member meetings will be spread across the country facilitating access to public meetings for many communities.

The commitment of Members during the set-up period was higher than expected during normal operational periods reflecting support of working groups, attending Member meetings and attending meetings specific to the set-up of SPA and Police Scotland.

It is expected that the Chair's time commitment between April and October 2013 will be 15 days per month thereafter dropping to 10 days per month. Other Members' time commitment is expected to be between 5 and 10 days per month. The Chair is remunerated at £420 per day. Other Members are remunerated at £300 per day.

Future of Policing

The Police and Fire Reform (Scotland) Act 2012 gave clear direction for the future of Scottish policing, including SPA. SPA consulted with around 500 organisations and individuals on a strategic plan for Scottish policing. This plan was agreed and published in advance of the new arrangements going live on 1 April.

Risk Management

SPA developed and utilised a risk register that supported the programme for Day One readiness. Input and updates to the register were provided by many different sources and reported to Members. The 5x5 matrix and scoring criteria used were consistent with

that used by Police Scotland which facilitated joint reporting of key risks prior to Day One.

Staff

The Command Team for Police Scotland, as disclosed in the Leadership and Governance section of the Annual Report, was appointed by Scottish Government on behalf of the organisation, and represented the only employees of SPA and Police Scotland for the period to 31 March 2013.

Scottish Government was responsible for establishing terms and conditions and employing key officers for the Command Team of Police Scotland in order for the organisation to prepare for Day One. Costs for the Command Team were included in SPA expenditure for the period.

The SPA interim team consisted of a number of staff members who were mostly seconded from other public bodies such as the eight legacy police forces and authorities, SPSA and Scottish Government. Two interim appointments – the Interim Director of Finance and the Interim Business Manager – were met specifically by a budget within SPA, and so their costs have been incorporated within SPA expenditure for the period. However, all of the interim team were employed by SPSA and seconded to SPA, and not SPA employees.

Attendance Management

Staff absence was tracked and reported via the organisation they were seconded from. There was no absence for those employed on fixed term contracts.

Data Loss

There were no reported instances of data loss during 2012-13 which posed an information risk to the organisation.

CORPORATE SOCIAL RESPONSIBILITY

Stakeholder Engagement

Stakeholder engagement will be an ongoing priority for SPA. During 2012-13 engagement was focussed on two key areas – communicating with partners to keep them informed of the changes ahead and keeping staff up to date with the progress of Police Reform and what this would mean for them.

The relationship between SPA and its external stakeholders developed into close partnership working as all parties joined forces to collaborate on Police Reform through both the ACPOS-led workstreams and also the Scottish Government-led projects.

REMUNERATION REPORT

Remuneration Policy

Fees for Non-Executive Board Members were determined in accordance with guidelines prescribed by Scottish Government - Public Sector Pay Policy information applicable to Senior Public Appointments, including Chief Executives, Chairs and Members.

Employment and Service Contracts

Appointments have been made in accordance with staff guidelines issued by the Commissioner for Ethical Standards in Public Life in Scotland in the case of members of SPA's Board. These require appointments to be on merit on the basis of fair and open competition.

Non-Executive Board Members were generally appointed for a fixed term of four years with a maximum notice period of one month. Contracts are renewable for further fixed terms if both parties agree. In the event of early termination there is no contractual provision for compensation.

The duration of contracts for the Non-Executive Board Members who were in office during the period are:

	Date of current contract	Unexpired term (months)
Vic Emery	31 August 2012 – 30 August 2016	41 months
Moi Ali	17 October 2012 – 16 October 2016	42.5 months
Brian Barbour	17 October 2012 – 16 October 2016	42.5 months
Jeane Freeman	17 October 2012 – 16 October 2016	42.5 months
Graham Houston	17 October 2012 – 16 October 2016	42.5 months
David Hume	17 October 2012 – 16 October 2016	42.5 months
Morag McLaughlin	17 October 2012 – 16 October 2016	42.5 months
Paul Rooney	17 October 2012 – 16 October 2016	42.5 months
Ian Ross	17 October 2012 – 16 October 2016	42.5 months
Lisa Tennant	17 October 2012 – 16 October 2016	42.5 months
Iain Whyte	17 October 2012 – 16 October 2016	42.5 months
Robert Wilson	17 October 2012 – 16 October 2016	42.5 months
Douglas Yates	17 October 2012 – 16 October 2016	42.5 months

Board Members' Interests

Aside from his appointment as Chair and Independent Convenor of Scottish Police Services Authority, Vic Emery is a Trustee of the Scottish Maritime Museum and Deputy President of Glasgow Chamber of Commerce. He was also a Senior Adviser to the Tram Project Delivery Group for the City of Edinburgh Council until May 2013.

Moi Ali serves on the Audit Committee for Education Scotland and as a Board member for the Scottish Ambulance Service. She is also Scotland's first Judicial Complaints Reviewer. In a voluntary capacity she is a Governor at Edinburgh Napier University and a Public Appointments Ambassador for the Cabinet Office, which involves encouraging a more diverse range of applicants for public appointments. She has also recently agreed to provide pro bono support to the Education Law Unit at Govan Law Centre.

Brian Barbour has no other public appointments.

Jeane Freeman is Director of Freeman Associates, Chair of the National Waiting Times Centre and Golden Jubilee National Hospital and Board Member of Judicial Appointments Board for Scotland. She was also a Board Member of SPSA for 2012-13.

Graham Houston was the Chair of the Scottish Qualifications Authority (SQA) during the period and was elected as SNP Councillor to Stirling Council. The SPSA and SPA has paid for services provided by the SQA during the course of the period. Mr Houston also lectures and receives consulting fees through the University of Strathclyde Business School and Strategy Explorers Limited.

David Hume is a Board Member for the Institute for Research and Innovation in Social Services and for the Scottish Urban Regeneration Forum. He is Independent Chair for Knowsley Safeguarding Children Board and an Associate for Solace Enterprises.

Morag McLaughlin is a Member of the Law Society of Scotland, a Legal Member of the Parole Board for Scotland, a Member of the Scotland & Disability Committees of the Equality and Human Rights Commission during 2013 and a Member of the National Children's Panel.

Paul Rooney was previously a Board Member of the SPSA until June 2009 and has been an elected Scottish Labour Party Member of Glasgow City Council since November 2005.

Ian Ross is a Board Member of Scottish Natural Heritage, and a Chair of the Assessment Panel within the Forestry Commission, Scotland. He was also a serving Lib Dem councillor with Highland Council until May 2012.

Lisa Tennant is a Non-Executive Director of NHS Ayrshire & Arran, and a Panel Member of the Scottish Solicitors' Disciplinary Tribunal. She is also a Non-Executive Director of Ethical Property Company.

Iain Whyte is Scottish Conservative Party Councillor for Edinburgh City Council, and was Convenor of Lothian and Borders Police Board until 31 March 2013. He was also a Non-Executive Director of Lothian NHS Board until October 2012, and was also a Board Member of SPSA for 2012-13.

Robert Wilson is a non-executive member director of NHS National Services Scotland and a non-executive director of NHS Lothian.

Douglas Yates served as an elected SNP Member of East Renfrewshire Council until May 2012, and has served as a Non-Executive Director of NHS Greater Glasgow & Clyde, NHS National Services Scotland, and Scottish Children's Reporter Administration. He is a member of a number of Forums and Associations, is Vice-Chair of Voluntary Action East Renfrewshire and East Renfrewshire University of the Third Age, and Non-Executive Director of Lavern Property Services.

During the period, apart from their service contracts, no Board Member or key manager has undertaken any material transactions with SPA.

Salary and Pension Entitlements (this information is subject to audit)

Remuneration of Board Members

The Non-Executive Board Members received the following remuneration for their services during the period ended 31 March 2013:

	2012-13 £'000
Vic Emery	58
Moi Ali	18
Brian Barbour	24
Jeane Freeman	22
Graham Houston	16
David Hume	14
Morag McLaughlin	18
Paul Rooney	23
Ian Ross	24
Lisa Tennant	25
Iain Whyte	23
Robert Wilson	13
Douglas Yates	26
Total	304

This was consistent with the expected time commitment during this initial set-up period of the organisation.

Remuneration of Executive Committee Members

The following individuals were, in part, seconded to SPA during the financial period. Their previous SPSA roles were, in the main, carried out by existing staff.

However, Scottish Government advised that all such costs should be borne by SPSA until 1 April 2013 and as such their remuneration has been disclosed within the Annual Report and Accounts of SPSA and SCDEA.

Andrea Quinn	Interim Chief Executive
Jo Brigham	Interim Director of Strategy & Performance
John Fox-Davies	Interim Director of Development
Gillian Campbell	Interim Director of Human Resources
John McCroskie	Head of Corporate Communications

The following individual was employed by SPSA and fully seconded to SPA as SPA Interim Director of Finance. All costs have been met by SPA, as part of the agreed budget, and therefore his details are shown below:

	2012-13	
	Salary £'000*	Benefits in kind to nearest £100
Eamon Hegarty	15-20(95-100)	-

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The table below shows pension information in respect of the senior member of staff entitled and participating in the Local Government Pension Scheme.

	Accrued Pension/ Lump Sum at age 60 at 31 March 2013 (in bands of £2,500) £'000	Real increase in Pension/ Lump Sum as at 31 March 2013 (in bands of £2,500) £'000	Cash Equivalent Transfer Value at 31 March 2013 £'000	Cash Equivalent Transfer Value at 31 March 2012 £'000	Real increase in Cash Equivalent Transfer Value £'000	Employer cont to partnership pension account to nearest £100
Eamon Hegarty	2.5/-	-/-	4	-	2	-

No bonuses were paid during the period.

John Foley
Interim Chief Executive and Accountable Officer
7 November 2013

STATEMENT OF ACCOUNTABLE OFFICER'S RESPONSIBILITIES

Under the Police and Fire Reform (Scotland) Act 2012, Scottish Ministers have directed SPA to prepare, for each financial year, a statement of accounts in the form and on the basis set out in their Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of SPA and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- observe the Accounts Direction issued by Scottish Ministers, 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 FReM have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis.

The Chair of the new Scottish Police Authority (SPA) appointed Andrea Quinn, the outgoing Chief Executive, as Accountable Officer for SPA. She handed over responsibility to John Foley on his appointment on 3 September 2013.

The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity for the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding SPA's assets, are set out in the Memorandum to Accountable Officers of Other Public Bodies issued by Scottish Government and published as part of the Scottish Public Finance Manual (SPFM).

GOVERNANCE STATEMENT

1. Scope of Responsibility

As Accountable Officer for Scottish Police Authority (SPA), I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives set by Scottish Ministers, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

2. Governance Framework of the Organisation

The Scottish Public Finance Manual (SPFM) is issued by Scottish Ministers to provide guidance to Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety.

Members of the Authority were appointed by Scottish Ministers under the Police and Fire Reform (Scotland) Act 2012. The Authority's main functions are to maintain the police service, promote the policing principles, promote and support continuous improvement in the policing of Scotland, to keep under review the policing of Scotland and to hold the Chief Constable to account for the policing of Scotland. Members met formally in public seven times during the six months from October 2012 to March 2013.

The SPA Board has had responsibility for the governance of SPA. Section 43 of the Act also states that the Authority must prepare a Strategic Police Plan which sets out the main objectives for the Authority and for the policing of Scotland. The Authority published its first plan and laid it before Parliament in March 2013.

The Audit and Risk Committee was not established until after the organisation formally came into being on 1 April 2013. As a result there have been no Audit and Risk Committee meetings prior to this date.

3. Risk and Control Framework

The system of internal control has been based on an ongoing process designed to identify the principal risks to the achievement of the organisation's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The risk management process within the organisation has accorded with guidance from the Scottish Ministers provided in the SPFM and has been in place during the set up period of SPA.

The key elements of SPA's risk management approach were as follows:

- development of a risk register reflecting the risks to a smooth transition to the new policing structure effective from 1 April 2013
- each risk had a designated risk owner determined by the severity of the risk and seniority of staff member
- all risks are evaluated and prioritised using a standard matrix template

- members reviewed the risk register during the period from October to the end of March with a primary focus on risks associated with Day One

4.1 Day One Readiness

A small team was established to prepare for Day One readiness of the organisation.

Projects were dealt with in accordance with the SPA Scheme of Delegation.

An integrated (SPA and Police Scotland) Day One programme plan was developed. Members, Police Scotland and officers met to review this programme and other transition issues at the Transition & Reform Working Group Meetings.

Full Member meetings were also established to which the Chief Constable, Interim Chief Executive and other officers reported on preparedness, including programme plan, risk register and any other transition issues. Further reports were also made to Board Meetings.

4.2 Business Continuity

During the set up period, SPA relied on the existing SPSA business continuity and disaster recovery plans and procedures.

A review of disaster recovery and business continuity, reflecting the new organisational structure, was initiated during set up period. Table top exercises will be carried out to test plans.

Key ICT systems are backed up daily.

4.3 Finance and Procurement

The SPSA finance team processed SPA purchase invoices and continued to operate user-defined access to the financial system. This ensured segregation of duties between the authorising of orders, payments to creditors, receipts of income, reconciliation of accounts, and production of monthly management accounts.

Authorisation for expenditure for SPA was delegated to key members of the SPSA senior management team who were seconded temporarily to SPA pre 1 April 2013.

External auditors reviewed SPSA's key financial systems in which SPA transactions were processed during 2012-13. No significant areas of weakness were identified.

The limited budget for the period before Day One was developed to cover such items as Members' expenses, salary for key personnel, and governance expenses such as legal fees, audit fees and consultancy.

The Authority established a contract register in order to review procurement across all the legacy forces, which became part of an ongoing improvement plan from Day One onwards.

4.4 Human Resource Management

Scottish Government was responsible for establishing terms and conditions and employing key officers for the Command Team of Police Scotland in order for the organisation to prepare for Day One.

The SPA interim team consisted of a number of staff members who were seconded from other public bodies such as the eight legacy police forces and authorities, SPSA and Scottish Government, mostly at nil cost to SPA.

The HR Reform Team began to develop policies and procedures in readiness for Day One.

4.5 ICT

All staff within SPA received training in protecting information. SPA placed reliance on systems which were in place in SPSA for the period. Reports on security of data are categorised in respect of their severity and are then reported through SPSA's legal and compliance team to the Police Online Reporting Portal.

Breaches of security and data handling incidents reports are investigated by SPSA's Legal and Compliance Team, with specialist help when appropriate. There were no 'real time' incidents reported.

4.6 Health & Safety

A Health, Safety & Resilience Manager was in place during set up period to advise business areas on requirements including ensuring that health & safety representatives were in place for go live.

A health and safety assurance framework has been developed, incorporating a strategy and plan, standard reporting and a committee structure within each business area, reporting to a Corporate Committee, HR Committee and Board.

5. Review of Effectiveness and Significant Issues

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

- the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework
- comments made by the external auditors in their management letters and other reports

During the period to 31 March 2013, no significant issues were raised by either Executive Team or Authority Members.

SPA financial transactions were recorded in the existing SPSA financial system. The SPSA systems were reviewed during the period by PwC and Audit Scotland.

No significant issues were raised by either PwC or Audit Scotland during their Internal or External Audit reviews.

John Foley
Interim Chief Executive and Accountable Officer
7 November 2013

SPA ANNUAL ACCOUNTS 2012-13

FINANCIAL REVIEW

Statutory Background

SPA was established as an Other Significant Public Body under the Police and Fire Reform (Scotland) Act 2012.

Basis of Accounts

The accounts are prepared in accordance with the Accounts Direction issued by Scottish Government under provisions of the Police and Fire Reform (Scotland) Act 2012.

The Financial Reporting Manual (FReM) issued by HM Treasury sets out the format of SPA's Annual Report and Accounts. A reporting requirement of FReM is that Grant in Aid (GIA) is included in the General Fund in the Statement of Financial Position rather than included in the Statement of Comprehensive Net Expenditure for the period. All other income and expenditure is included in the Statement of Comprehensive Net Expenditure. The impact of this is that the Statement of Comprehensive Net Expenditure shows a deficit which is transferred to the General Fund and is funded by GIA held there.

Financial Performance

SPA had resource expenditure underspend for the financial period of £316,000. Part of the budget for the period was dedicated to equipment for Bremner House, which was not occupied during the period. As a result, the property costs were far below expected levels. Also, some of the interim appointments were not made until slightly later than expected which reduced some of the staff costs expenditure.

Sources of Finance

SPA has been funded by Ministers through the Justice Department. The total Resource Budget for the period was £1,282,000 Cash Grant in Aid which was fully drawn down by SPSA to accommodate all SPA expenditure.

Expenditure

The main financial objective of SPA is to ensure that the financial outturn for the period is within the Resource Budget allocated by Scottish Ministers.

The Resource Budget of £1,282,000 was intended to cover both revenue and capital expenditure.

Summary of Resource Outturn

SPA's Statement of Resource Expenditure against its funding provision for the period to 31 March 2013 was as follows:

	2012-13 £'000
Expenditure	9,869
Interest (receivable)/payable	93
Capital expenditure	-
Total expenditure	9,962
Less: Income	
Income (<i>operating and investment</i>)	-
Total Net expenditure	9,962
IAS 19 Non-cash adjustments to Cashflow	(8,996)
Total expenditure	966
Grant in Aid resource budget	(1,282)
In-period underspend	316

Ministerial Performance Targets

SPA is expected to satisfy the conditions and requirements set out in the financial memorandum drawn up by Scottish Government Justice Department, together with all the relevant requirements in the Scottish Public Finance Manual (SPFM) and such other conditions as Scottish Ministers may from time to time impose.

Gifts and Charitable Donations

There have been no gifts or charitable donations made by SPA for the period.

Losses, Special Payments and Write Offs

There were no losses, special payments or write-offs during the period.

Supplier Payment Policy

SPA complies with the Government's Better Payment Practice Code. Unless otherwise stated in the contract, SPA aims to pay within 10 working days from either the receipt of goods or the presentation of a valid invoice, whichever is the latter.

Under the SPSA financial system, a breakdown for 2012-13 indicates that 63% of all invoices posted through the SPSA system, including SPA invoices, were paid within this timescale. Further analysis indicates that 88% of invoices were paid within their agreed supplier terms. The trade creditor balance as at 31 March 2013 was 40 days.

Pensions

Information on pensions for those employed in the Command Team for Police Scotland is contained in the accounting policy note 1.8.

Disclosure of Audit Information to the Auditors

As far as the Accountable Officer is aware, there is no relevant audit information of which SPA's auditors are unaware. The Accountable Officer has taken all the steps he ought to have taken to make himself aware of any relevant audit information and to establish that SPA's auditors are aware of that information.

Auditors

Under the Public Finance and Accountability (Scotland) Act 2000, SPA's auditors are appointed by the Auditor General. Gillian Woolman was the appointed SPA auditor for the financial period.

The auditors were remunerated in the sum of £18,000 in respect of statutory audit services for the Financial Period. No additional payments were made for non-audit services.

Corporate Governance

SPA has aimed for the highest standards in corporate governance and adhered to relevant guidelines for Public Sector organisations.

John Foley
Interim Chief Executive and Accountable Officer
7 November 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOTTISH POLICE AUTHORITY, THE AUDITOR GENERAL FOR SCOTLAND AND THE SCOTTISH PARLIAMENT

I have audited the financial statements of the Scottish Police Authority for the period to 31 March 2013 under the Police and Fire Reform (Scotland) Act 2012. 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 the related notes. 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 2012/13 Government Financial Reporting Manual (the 2012/13 FReM).

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 125 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.

Respective responsibilities of Accountable Officer and auditor

As explained more fully in the Statement of the Accountable Officer's Responsibilities the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors. I am also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Scope of the audit of the financial statements

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. It also involves obtaining evidence about the regularity of expenditure and income. In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements, irregularities, or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with the Police and Fire Reform (Scotland) Act 2012 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2013 and of its total comprehensive expenditure for the period then ended;

- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2012/13 FReM; and
- have been prepared in accordance with the requirements of the Police and Fire Reform (Scotland) Act 2012 and directions made thereunder by the Scottish Ministers.

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.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Police and Fire Reform (Scotland) Act 2012 and directions made thereunder by the Scottish Ministers; and
- the information given in the Annual Report and Management Commentary sections for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Governance Statement does not comply with guidance from the Scottish Ministers.

I have nothing to report in respect of these matters.

**Gillian Woolman MA FCA
Assistant Director
Audit Scotland
18 George Street
Edinburgh
EH2 2QU**

7 November 2013

FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure for the period ended 31 March 2013

	Note	2012-13 £'000
Expenditure		
Staff costs	2	9,728
Other expenditure	3	<u>141</u>
		<u>9,869</u>
Income		
Income from activities		<u>-</u>
		<u>-</u>
Net Expenditure		9,869
Interest payable	7j	<u>93</u>
		<u>9,962</u>
Net Expenditure after interest		<u>9,962</u>
Total Comprehensive Expenditure for Period		<u>9,962</u>

All income and expenditure is derived from continuing operations.

The notes on pages 26 to 33 form part of these accounts.

Statement of Financial Position
as at 31 March 2013

	Note	31 March 2013 £'000
Current assets		
Trade and other receivables	5	1,078
Total current assets		<u>1,078</u>
Total assets		<u>1,078</u>
Current liabilities		
Trade and other payables	6	762
Total current liabilities		<u>762</u>
Total assets less net current liabilities		<u>316</u>
Non-current liabilities		
Provisions		-
Pension Liabilities	7c	12,350
Total non-current liabilities		<u>12,350</u>
Assets less liabilities		<u>(12,034)</u>
Taxpayers' equity		
General fund		316
Pension reserve	7j	(12,350)
		<u>(12,034)</u>

John Foley
Interim Chief Executive and Accountable Officer
6 November 2013
Authorised for issue on 6 November 2013

The notes on pages 26 to 33 form part of these accounts.

Statement of Cash Flows
for the period ended 31 March 2013

		2012-13
	Note	£'000
Cash flows from operating activities		
Net deficit		(9,962)
Non-cash adjustments	4	8,996
Increase in trade and other receivables	5	(1,078)
Increase in trade and other payables	6	762
<i>Net cash outflow from operating activities</i>		<u>(1,282)</u>
Cash flows from financing activities		
Grant from Justice Department	8	1,282
<i>Net financing</i>		<u>1,282</u>
Net increase/(decrease) in cash and cash equivalents in the period		
Cash/cash equivalents at the beginning of the period		-
<i>Cash/cash equivalents at the end of the period</i>		<u>-</u>

The notes on pages 26 to 33 form part of these accounts.

**Statement of Changes in Taxpayers' Equity
for the period ended 31 March 2013**

Changes in Taxpayers' Equity 2012-13

	Note	General Fund £'000	Pension £'000	Total £'000
Net expenditure for the period		(966)	(8,996)	(9,962)
IAS 19 actuarial loss		-	(3,354)	(3,354)
Cash Grant in Aid	8	1,282	-	1,282
Balance as at 31 March 2013		316	(12,350)	(12,034)

The notes on pages 26 to 33 form part of these accounts.

Notes to the Accounts

1. Statement of Accounting Policies

In pursuance of the Police and Fire Reform (Scotland) Act 2012, and as approved by Scottish Ministers, these financial statements have been prepared in accordance with the 2012-13 Government Financial Reporting Manual (FReM) issued by HM Treasury.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of SPA for the purpose of giving a true and fair view has been selected.

The particular policies adopted by SPA in the preparation of these financial statements are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting Convention

These accounts have been prepared under the historical cost.

1.2 Going Concern

It has been considered appropriate to adopt a going concern basis for the preparation of these financial statements given the ongoing support from Scottish Government.

In order to comply with the FReM and IAS 19, full pension disclosure for the SPA Command Team employees was required. This has resulted in a negative pension reserve and overall equity position within the Statement of Financial Position.

1.3 Revenue Recognition

Revenue is recognised net of VAT to the extent that it is probable that the economic benefits will flow to SPA and the revenue can be reliably measured.

Grant in Aid

SPA is funded by Scottish Government. Grant in Aid was received by SPSA for during the period and is intended to meet SPA's estimated expenditure. It is accounted for as financing on a cash basis, not income, and is therefore credited to SPA's Reserves and not incorporated within the organisation's Statement of Comprehensive Net Expenditure.

1.4 Financial Instruments

Measurement Basis

Financial assets and liabilities are recognised on the date on which SPA becomes a party to the contractual provisions of the instrument giving rise to the asset or liability.

Financial assets and liabilities are initially recognised at fair value. Any impairment of a financial asset is charged to the Statement of Comprehensive Net Expenditure when incurred. Financial assets are derecognised when SPA's rights to cash inflows from the asset expire; financial liabilities are derecognised when the contractual obligations are discharged, cancelled or expire.

Classification

SPA's financial assets are classified as:

Trade receivables – these are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when SPA provides services directly to a customer with no intention of trading the receivable.

Cash and cash equivalents – these are amounts held with the Government Banking Service and UK commercial bank current accounts. SPA held no bank account during the period.

SPA's financial liabilities are classified as:

Trade payables - these are typically non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They arise when SPA receives goods or services directly from a supplier with no intention of trading the liability.

Embedded Financial Instruments

SPA has no embedded derivatives that are not closely related to the host instrument.

1.5 Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently restated for any impairment. A provision for impairment of trade receivables is established when there is objective evidence that SPA will not be able to collect all amounts due according to the original terms of the receivables.

1.6 Trade and Other Payables

Trade payables are recognised initially at fair value.

SPA complies with the Government's Better Payment Practice Code. Unless otherwise stated in the contract, SPA aims to pay within 10 days from receipt of the goods and services or the presentation of a valid invoice, whichever is the latter.

1.7 Taxation

Income is recorded net of VAT where applicable but revenue and capital expenditure is stated inclusive of irrecoverable VAT. The organisation's transactions were recorded under the SPSA financial system, and thereby were liable to VAT under the arrangements held by SPSA.

1.8 Pensions

SPA employees are members of two distinct types of pension scheme.

- The Police Pension Schemes for Police Officers (both pre 2006 and post 2006).
These are unfunded defined benefit final salary schemes. There are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.
- The Local Government Pension Schemes for Police Staff Employees.
These are defined benefit pension schemes providing benefits based on final pensionable pay, which are contracted out of the State Second Pension. Assets and liabilities of the schemes are held separately from those of SPA.

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The schemes' assets are measured using market values and the schemes' liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

Contributions to the schemes are calculated so as to spread the cost of pensions over employees' working lives with SPA. The contributions are determined by an actuary on the basis of triennial valuations using the Age Attained Method. The actuaries also review the progress of the schemes in each of the intervening years. Variations from regular cost are spread over the expected average remaining working lifetime of members of the schemes after making allowances for future withdrawals. The expected cost of providing staff pensions to employees contributing to the schemes is recognised in the Statement of Comprehensive Net Expenditure on a systematic basis over the expected average remaining lives of members of the funds in accordance with IAS 19 'Employee Benefits' and recognises retirement benefits as the benefits are earned and not when they are due to be paid.

2. Staff Numbers and Related Costs

Number of persons employed:

				2012-13
	Board Members	Staff on Secondment From SPSA	Officers	Total
Permanent	13	-	8	21
Secondments	-	2	-	2
	13	2	8	23

This does not represent the average full-time equivalent number of employees, as the Annual Report and Accounts does not represent a full year of operation. Dates of employment of all officers and of the Interim Director of Finance are disclosed within the Leadership and Governance section.

Staff costs comprise:

				2012-13
	Board Members £'000	Staff on Secondment from SPSA £'000	Officers £'000	Total £'000
Wages and salaries	304	50	363	717
Social security costs	21	4	45	70
Other pension costs	-	6	32	38
	325	60	440	825
IAS 19 pension	-	-	8,903	8,903
	325	60	9,343	9,728

3. Other Expenditure

	2012-13 £'000
Other staff costs	1
Property costs	2
Supplies and services	19
Transport costs	25
Management charges	16
Printing, stationery & postage	2
Conference / meeting expenses	1
IT Development / consultants	14
Professional fees	61
	141

	2012-13 £'000
Operating expenditure includes:	
Hire of plant and equipment	-
Operating lease rentals	-
Auditors' remuneration – audit work	18
Auditors' remuneration – non-audit work	-
	<hr/>

4. Non-cash Adjustments to Cash Flow

	2012-13 £'000
IAS 19 pension adjustment to staff costs	8,903
Interest on pension scheme obligations	93
	<hr/> 8,996 <hr/>

5. Trade and Other Receivables

(a) Analysis by Type

	31 March 2013 £'000
Amounts falling due within one year:	
Other receivables	1,078
	<hr/> 1,078 <hr/>

This represents an inter-organisational balance with SPSA.

(b) Analysis by Customer Type

	Amounts falling due within one year £'000	Amounts falling due after more than one year £'000
Balances with other central government bodies	1,078	-
Balances with local authorities	-	-
Balances with NHS bodies	-	-
Intra-government balances	1,078	-
Balances with bodies external to government	-	-
Balances with other central government bodies	-	-
	<hr/> 1,078 <hr/>	<hr/> - <hr/>

6. Trade and Other Payables

(a) Analysis by Type

	31 March 2013 £'000
Amounts falling due within one year:	
Trade payables	3
Accruals and deferred income	759
	<hr/> 762 <hr/>
Amounts falling due after more than one year:	
	<hr/> - <hr/>
	<hr/> 762 <hr/>

(b) Analysis by Supplier Type

	Amounts falling due within one year £'000	Amounts falling due after more than one year £'000
Balances with other central government bodies	-	-
Balances with local authorities	-	-
Balances with NHS bodies	-	-
Intra-government balances	-	-
Balances with bodies external to government	762	-
Balances with other central government bodies	-	-
	762	-

7. IAS 19 Pension Liability**(a) Actuarial Methods and Assumptions**

In order to comply with IAS 19, pension calculations were made in respect of the Police Pension Scheme (PPS) and the New Police Pension Scheme (NPPS). These calculations were carried out in accordance with the Pensions Technical Actuarial Standard adopted by the Financial Reporting Council, which came into effect on 1 January 2013, and adopting paragraphs 93A – 93D of IAS 19 which recognises actuarial gains and losses in the period in which they occur.

(b) Financial Assumptions

The financial assumptions utilised by the actuary to calculate liabilities under IAS 19 were:

	2012-13 % pa
Market derived RPI	3.6%
Salary increase rate	3.8%
Pension increase rate	2.8%
Discount rate	4.5%

Pension increases are assumed to be 0.8% p.a. less than market derived RPI.

(c) Statement of Financial Position

Net pension liability as at:	31 March 2013 £'000
Contingent injury liability	(588)
Present value of unfunded liabilities	(11,762)
Total value of liabilities (B)	(12,350)
Net pension liability (A-B)	(12,350)

(d) Income Statement

	2012-13 £'000
Current service cost	171
Interest on obligation	93
Past service costs	8,704
Total included in members' costs	8,968
Actual return on plan assets	-

No allowance for administrative expenses has been made. The past service cost reflects the liabilities for the new employees who joined during the period to 31 March 2013.

The above figures are based on the current version of IAS 19. Changes to IAS 19 come into effect for the financial period to 13 March 2014. The changes will be adopted retrospectively for the prior period at that time, in accordance with IAS 8. As the scheme is unfunded, the changes have no effect on the figures disclosed.

(e) Actuarial Gains/(Losses)

	2012-13 £'000
Actuarial losses on obligation	(3,354)
Net actuarial losses	(3,354)
Cumulative actuarial losses	(3,354)

Cumulative actuarial losses are based on the full available history of Actuarial Gains and Losses for the employer.

(f) Reconciliation of Defined Benefit Obligation

	31 March 2013 (excluding injury pensions) £'000	31 March 2013 (injury pensions only) £'000	31 March 2013 Total £'000
Opening defined benefit obligation	-	-	-
Current service cost	163	8	171
Interest on obligation	93	-	93
Contribution by members	28	-	28
Actuarial losses	3,354	-	3,354
Past service costs	8,124	580	8,704
Closing defined benefit obligation	11,762	588	12,350

(g) Reconciliation of Fair Value of Employer Assets

	31 March 2013 (excluding injury pension) £'000	31 March 2013 (injury pensions only) £'000	31 March 2013 TOTAL £'000
Opening fair value of employer assets	-	-	-
Contributions by members	28	-	28
Contributions by the employer	(28)	-	(28)
Closing fair value of employer assets	-	-	-

(h) Analysis of History of Gains and Losses

	31 March 2013 £'000
Present value of defined benefit obligation	(12,350)
Surplus/(deficit)	<u>(12,350)</u>
Experience gains / (losses) on liabilities	<u>(2,020)</u>
Actuarial gains/(losses) on obligation	<u>(3,354)</u>
Actuarial gains/(losses) recognised in Statement of Changes in Taxpayers' Equity	<u>(3,354)</u>

(i) Projected Pension Expense for the Period to 31 March 2014

	31 March 2014 £'000
Projected current service cost	765
Interest on obligation	574
Total	<u>1,339</u>

(j) Reconciliation of Pension Reserve

	Note	2012-13 Income and Expenditure Analysis			2012-13 Statement of Financial Position
		Actuarial Gain £'000	Pension Interest £'000	Staff Costs £'000	Total £'000
As at 1 April 2012		-	-	-	-
Actuarial loss in period	7e	(3,354)	-	-	(3,354)
Interest on obligation	7d	-	(93)	-	(93)
Contributions by employer	7f	-	-	(28)	(28)
Current service cost	7d	-	-	(171)	(171)
Past service loss	7d	-	-	(8,704)	(8,704)
As at 31 March 2013		<u>(3,354)</u>	<u>(93)</u>	<u>(8,903)</u>	<u>(12,350)</u>

(k) Sensitivity Analysis

Change in assumptions at 31 March 2013:

	Increase to Employer Liability	
	£'000	%
0.1% decrease in real discount rate	305	2
1 year increase in member life expectancy	371	3
0.5% increase in the salary increase rate	380	3
0.5% increase in the pension increase rate (CPI)	1,261	10

Change in assumptions at 31 March 2013:

	Increase to Projected Current Service Cost	
	£'000	%
0.1% decrease in real discount rate	22	2
1 year increase in member life expectancy	26	3
0.5% increase in the salary increase rate	27	3
0.5% increase in the pension increase rate (CPI)	90	10

8. Grant in Aid Income for the Period

	31 March 2013 £'000
SPA	
Cash Grant In Aid:	
Total cash received	<u>1,282</u>

9. Capital Commitments

SPA had no capital commitments as at 31 March 2013 (31 March 2012 £nil).

10. Financial Instruments

SPA has no borrowings and relies primarily on grant in aid from the Justice Department for its cash requirements, and is therefore not exposed to liquidity risks. It also had no cash at bank or deposits as at 31 March 2013.

All material assets and liabilities, including trade receivables and trade payables in notes 5 and 6 to the accounts are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

11. Related Party Transactions

SPA is an Other Significant Public Body sponsored by Scottish Government. Scottish Government is regarded as a related party. During the period, SPA has had various material transactions with Scottish Government and with other entities for which Scottish Government is regarded as a parent body. In addition, SPA has had a small number of material transactions with other government departments, central government bodies, local government, non departmental public bodies and similar organisations.

During the period, apart from their service contracts no Board Members or Executive Group Members or related parties have undertaken any material transactions with SPA.

12. Events After the Reporting Period

The organisation received a transfer of assets and liabilities from the eight legacy forces, SPSA and SCDEA on 1 April 2013. These were not reflected in the Annual Report and Accounts for 2012-13 as the other organisations were still in existence up until that date, and they produced Annual Reports and Accounts on a going concern basis in accordance with guidance from Scottish Ministers.

A5082616



THE SCOTTISH POLICE AUTHORITY

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of section 5 (1) of chapter 1 of the Police and Fire Reform (Scotland) Act 2012 hereby give the following direction.
2. The statement of accounts for the financial period ended 31 March 2013, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure, recognised gains and losses and cash flows for the financial period and of the state of affairs at the end of the Financial period.
4. This direction shall be reproduced as an appendix to the statement of accounts.



Gillian Russell
Head of Police Division
Signed by the authority of the Scottish Ministers

Dated: 1st March 2013