

PIRC ANNUAL REPORT AND ACCOUNTS

2015-16

pirc

Police Investigations &
Review Commissioner

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Performance Report

Overview

The post of Police Investigations and Review Commissioner (PIRC) has been in existence for three years and continues to develop within the Scottish justice landscape. Each year has seen steady growth in demand and the past year has been a particularly challenging time which has seen resources stretched to and beyond capacity at times.

During 2015-16 the PIRC experienced a significant increase in demand for its services, of particular note was the increase in complex investigations from Crown Office and Procurator Services (COPFS) and the high level of demand for complaint handling reviews (CHR's). We received some additional funding for accommodation and case related expenditure relating to investigations in-year. As can be seen from the performance results we performed well against our KPI's and substantially reduced the length of time it takes us to conclude CHR's and we re-invested £33,000 of efficiency savings into the operation.

From the outset the PIRC invested time and energy, with the commitment of the staff to continuously improve the delivery of service. This strategy will continue and will actively demonstrate a continual commitment to best value.

Ultimately the performance of the PIRC is attributable to staff, whose commitment, dedication and talent has been responsible for these positive results. The past year has tested the resilience of the organisation which exists to support and deliver the statutory responsibilities of the Police Investigations and Review Commissioner.

History and statutory background

The Police Investigations & Review Commissioner (PIRC) is an executive non-departmental public body (NDPB) and was initially established as the Police Complaints Commissioner for Scotland (PCCS) by the Scottish Parliament in 2006 under the Police, Public Order and Criminal Justice (Scotland) Act 2006. The first Commissioner took up his powers on 1 April 2007. The role of the PIRC is summarised as follows:

To undertake independent and effective investigations into serious incidents involving the police, whether referred by the Chief Constable, the Scottish Police Authority (SPA) or directed by the Crown Office and Procurator Fiscal Service (COPFS) and report to the referring agency within agreed timescales.

To examine the way in which policing bodies in Scotland handle complaints and ensure that they have in place efficient and effective procedures for handling relevant complaints.

Strategy and Business model

The PIRC has published her Corporate Plan for the period 2013-16 and has produced her Strategic Plan for the period 2016-19 which is now available on the website.

The Corporate/Strategic and annual Business Plans are available on the PIRC website by following this link. http://pirc.scotland.gov.uk/corporate/business_and_corporate_plans

The Corporate Plan outlines the PIRC's strategic priorities and details the direction of travel for the first three years in operation, 2013-16. It describes three key strategic objectives which inform the annual Business Plan.

The corporate objectives for 2015-16 are as follows:

- **To undertake independent and effective investigations into serious incidents involving the police, referred to us by the Chief Constable, The Scottish Police Authority or as directed by the Crown, and report to the referring agency within agreed timescales.**
- **Through independent scrutiny, to examine the way in which police bodies in Scotland handle complaints; and ensure that policing bodies have in place efficient and effective procedures for handling relevant complaints.**
- **To demonstrate business effectiveness in accordance with best practice for Scottish public sector bodies, ensuring continuous improvement in all areas of the PIRC's work with transparent reporting of information and statistics in relation to investigations and reviews.**

For each of the Corporate Objectives the Commissioner has agreed a series of key performance indicators (KPI's) which form the basis of the PIRC's performance management framework. Performance against these KPI's is reviewed monthly by the SMT and quarterly by the Audit and Accountability Committee (AAC) and Scottish Government (SG) Sponsor Team meetings.

The Commissioner recognises the need to deliver business efficiently and effectively and is committed to continuous improvement. The PIRC Business Plan for 2015-16 has continued to focus on business improvement and sets out particular steps, which have now been taken to achieve continuous improvement, such as:

- **To carry out a detailed process review of the complaint handling review process.**

This generated a detailed report containing a number of recommendations which have all been accepted and are in the process of implementation. Some recommendations were immediately implemented whilst others have taken a little longer to plan and transition however all will be fully implemented and embedded.

- **To carry out a detailed review of our Corporate Services Human Resource (HR) practices.**

This work was undertaken to improve performance appraisal reporting, training and development of staff and to provide a succession planning model for PIRC. This led to the introduction of core competencies for all roles leading to improvements in the areas of recruitment, performance objectives and succession planning.

These two significant improvement initiatives have been undertaken over the course of the year and will continue to be developed, embedded and will positively impact the organisation over the coming years. The improvements flowing from these initiatives will help to ensure that the PIRC gets the very best out of staff, improves service to the public, maximises the use of resources and manages risks effectively.

Performance Analysis

During the year we spent £3.1m delivering our business and addressing the growing demands being placed upon the PIRC. Our budget at the outset of the year was £2.731m. During the year we were given some additional funding to meet exceptional and unforeseen operational costs as well as additional funding for accommodation.

As this is now our third year in operation as the PIRC we have more data available to benchmark performance, particularly in relation to investigations.

Year	Number of Live Investigations	Average number of hours/investigation
2013-14	38	367
2014-15	57	389
2015-16	60	569

During this period of substantial investigations activity which included two particularly complex and resource intensive investigations we have continued to experience a high level of demand for complaint handling reviews. We continued to focus on improving our business processes and started to implement the recommendations from the complaint handling process review. At the outset of the year the Commissioner had agreed ambitious performance targets for turning around complaint handling reviews, reflected in our KPI to conclude complaint reviews within 3 months (2014/15 – 6 months). We are delighted to report that in 2015-16 the average time taken to complete a complaint handling review was 2.6 months which compares with 4.7 months in 2014-15. We closed 93% of our cases within 3 months which again compares with 41% in 2014-15 and exceeds our KPI target for 2015-16 of 90%.

A detailed analysis of our performance throughout the year will appear in the Commissioner's Annual Report to be published later in the year. The chart below notes our performance against significant KPI's that were agreed in the business plan for 2015-16:

	2014-15	2015-16
KPI Measures:	Performance achieved:	Performance achieved:
Corporate Objective 1		
90% of Full or interim reports to COPFS / Police Scotland / SPA and other relevant Policing Bodies within 56 days	N/A	100%
90% of Recommendations made by PIRC (Investigations) are progressed by Police Scotland, SPA or other relevant Policing Bodies within 6 months	N/A	100%
Assessments to be completed within 5 working days of receipt of requested documentation	N/A	99.7%

Corporate Objective 2

90% of Cases accepted for Complaint Handling Reviews completed within 3 months	41%	93%
90% of Recommendations made in reports issued are accepted by Police bodies within an average of two months from the date of issue.	N/A	99.6%
Number of upheld material challenges to Case Handling Reviews (CHRs) to be no more than 2% of total cases finalised.	0.36%	0%

Corporate Objective 3

100% of Complaints about PIRC are responded to within 20 working days	100%	100%
100% Compliance with response timescales for Data Protection Act (DPA) information requests (40 days)	100%	100%
100% Compliance with response timescales for Freedom of Information Scotland Act (FOISA) information requests (20 working days)	100%	99.2%
95% employee attendance	98.2%	98.4%
95% payment to suppliers within 10 days	97.7%	98.6%
1% annual efficiency saving	1.16% (£31,637)	1.21% (£33,120)
20 shared service agreements in-year	23	23

To help the PIRC monitor business activities we use a performance dashboard to capture certain volumetric data and other related performance data. This assists the PIRC to plan workload and identify trends in activity. This also assists the PIRC in allocating and planning resources and provides a greater understanding of the demand profile for our business.

The table below contains some of the key information that we collate and review monthly:

	2014-15	2015-16
Investigations:		
Firearms Referrals (The majority being CS spray/Pava)	448 (includes 158 historical cases that related to the previous year)	265
Conventional Firearms Referrals	62	22
Full investigations commenced:	19	24
COPFS Directed Investigations (larger and more complex in nature) commenced:	14	21
Reviews:		
Complete Complaint Handling Reviews within three months	4.7 months	2.6 months
Applications Accepted	234	248
Recommendations Issued	467	370
Corporate Services:		
Information Requests (Data Protection Act (DPA) and Freedom of Information Scotland (FOISA))	103	102
Complaints against PIRC	31	28
Year end Flexi hours balance	741	1036

From the data charts above it is noted that conventional firearms (guns) referrals, which in the main relate to guns having been presented but not fired, their use has decreased by 64.5%, from **62** instances in 2014-15 to **22** in 2015-16.

COPFS directed investigations have increased from **14** in 2014-15 to **21** in 2015-16. The number of full investigations undertaken has increased by 26.3% from **19** in 2014-15 to **24** in 2015-16.

We have experienced a slight increase of 6% in the number of complaint handling review applications that have been accepted compared with 2014-15. The number of cases accepted remains at a high level compared with previous years.

Information requests (Data Protection and Freedom of Information) have remained fairly static year on year whilst complaints against the PIRC have dropped by nearly 10%.

Financial Results

The accounts for the year ended 31 March 2016 are contained in the section of this report titled "Financial Statements".

The PIRC's GIA budget for the year was £3,031,000 (2014-15 £2,731,000), the actual spend at the year end is reported as £3,091,000 (2014-15 £2,524,000), this includes non-cash items such as depreciation.

The PIRC GIA budget includes additional funding of £240,000 in-year from SG for an accommodation project and funding to meet "exceptional operational costs" incurred. During the year PIRC incurred costs of this nature of around £60,000 which SG had agreed to meet.

Our spend on exceptional operational matters includes the costs of expert witnesses and expert legal opinions. As we are directed to investigate more complex cases there is likely to be the need for more spend on such matters. Our spend on operational costs was £565,000 (2014-15 £452,000) and this increase reflects additional spend across various budget lines as we required extra vehicles, staff worked longer hours and specialist costs increased as a direct consequence of the work demands in 2015-16.

Our spend on staffing shows a slight increase, £2,229,000 (2014-15 £2,090,000) which is mainly attributable to increased employer on-costs, progression payments and a shorter turn around in filling vacancies.

Principal risks and uncertainties

The PIRC Risk Register is discussed and reviewed every month by the SMT where risk owners and actions to minimise, eliminate or mitigate the risks are agreed.

The PIRC's risk management procedures are discussed with our Audit and Accountability Committee (AAC) and Scottish Government (SG) Sponsor Team quarterly; this includes a review of the PIRC Risk Register.

During the course of the year PIRC has had changes to the AAC membership, with our Chair resigning and a new Chair being agreed by the AAC members. Our AAC helps us develop as an organisation by providing challenge and advice from individuals who are highly regarded and experienced public sector professionals.

During the year we identified two significant risks which required to be managed with some immediacy. I am pleased to report that by the 31 March our risk factors had decreased significantly through a number of actions taken by the PIRC SMT in agreement with Scottish Government. The risks related to our staffing levels and our accommodation. We required additional staff to support and undertake investigations and needed accommodation space for the storage of productions and specialist facilities for certain operational functions including an appropriate secure CCTV viewing suite. The matter was formally discussed with Scottish Government who supported our position and following interventions and funding agreed with SG the risk factors have now been reduced.

SIGNED:

Barry Mackay

Date:

ACCOUNTABLE OFFICER

Accountability Report

Corporate Governance Report:

Directors' Report

PIRC Structure

The Commissioner, Kate Frame has a senior management team supporting her as follows:

John Mitchell, Director of Investigations

Barry Mackay, Director of Corporate Services and Accountable Officer

Robin Johnston, Director of Reviews (until 13 March) and, Mr Peter Innes (Acting Head of Reviews from 14 March)

The PIRC Register of interests is available on the PIRC website. On the basis of robust assurance provided there are no interests that conflict with the interests of the PIRC.

The Commissioner and her SMT review in detail PIRC performance, risk and finances on a monthly basis.

Auditors

The *Public Finance and Accountability (Scotland) Act 2000* places personal responsibility on the Auditor General for Scotland to determine who should undertake the audit of the agency. For the financial years 2011-12 to 2015-16, the Auditor General has appointed Audit Scotland to undertake our audit. The general duties of the auditors, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

The Auditor General has appointed Scott-Moncrieff as our External Auditor from 2016-17.

The Auditors' remuneration was £13,200 in respect of audit work carried out during 2015-16. No other services were supplied by Audit Scotland during the period ended 31 March 2015.

Internal audit remuneration for internal audit work carried out during 2015-16 was £9,600.

No other services were supplied by our Internal Auditor during the period ended 31 March 2016.

Disclosure of relevant audit information

As Accountable Officer, I am not aware of any relevant audit information of which our auditors are unaware. I have taken all necessary steps to ensure that I myself am aware of any relevant audit information and to establish that the auditors are also aware of this information.

Personal data related incidents

There were two minor data security incidents during the year (2014-15 no reported incidents) that we reported to the Information Commissioner. Both incidents involved using an incorrect email address, we considered both to be fairly minor as they did not involve sensitive data. In both instances, the Information Commissioner was satisfied with the actions we had taken and decided no further action was necessary.

Payment of suppliers

The PIRC aspire to pay all invoices, not in dispute, within 10 working days from receipt of invoice. We set ourselves a performance target of 95% which recognises that there are occasions where it is not possible to meet the 10 days. During the year to 31 March 2016 our performance was 98.6% which compares with our performance for 2014-15 of 97.7%.

Working with Communities

During the latter quarter of the year we re-affirmed our commitment to the Trainee Programme and will advertise for two Trainee Investigators over the coming weeks. At the same time we are increasing our commitment to Modern Apprenticeships (MA) by looking to appoint a further MA over the coming weeks, doubling our commitment to the MA initiative and supporting young people in to employment. These individuals will be developed by PIRC with the expectation they will fill substantive vacant posts within the organisation in the future.

PIRC staff have also raised money through various fundraising activities for very good causes, a notable example being the Macmillan Nurses through running our annual coffee morning which is open to all our neighbours operating from Caird Park in Hamilton.

The Environment/Sustainability

The PIRC is committed to reducing its carbon footprint and previously we had produced data charts that show our impact. For a small organisation like PIRC which can have large fluctuations in carbon impact that are directly linked to the demands, we think a different approach is more meaningful. Listed below are some of the initiatives that we are taking to reduce our carbon footprint:

- Over the past year we have reinforced the use of our IT systems for people to communicate with us whether by requesting a complaint handling review, applying for a job or simply contacting us through email.
- We have launched a digital project in 2015-16 that will give us a new website that embraces current digital technology. This will allow easier access to our services by the public and will facilitate a far more effective use of digital technology making any on-line applications more user friendly and avoiding unnecessary and inefficient manual interactions in the process, which are currently necessary for both the user and ourselves which can discourage them from using electronic communication.
- We continue to use efficient heating and lighting controls to minimise our energy use however it has been necessary to increase our office footprint as the organisation grows and our operational requirements develop.
- Our internal communications and for the most part our external communications are mainly electronic.
- We have established a Digital Working Group who are developing our digital strategy and whilst this is a longer term initiative and will impact in later years we are confident that through our digital strategy and in creating better ways to share information we will continue to reduce our carbon footprint.

As PIRC are not classified as a ‘major player’ as per the Sustainable Scotland website, we are exempt from mandatory sustainability reporting requirements.

The Audit and Accountability Committee

The committee membership currently consists of four former public sector senior managers, of which three were Accountable Officers for their organisations. During 2015-16 our Chair resigned and the AAC have nominated a new chair. We remain very grateful for the commitment, support and advice afforded to us by the AAC members.

Funding

The PIRC is financed 100% by grant-in-aid from the Scottish Government Director General, Justice & Learning. The Scottish Ministers are accountable to the Scottish Parliament for the financial resources of the PIRC and for the allocation of the correct level of funding from the Scottish Government. The PIRC spent £3.1m funding its business in 2015-16. This money was spent as follows:

	2015-16	2014-15
Staffing costs	2,229,000	2,090,000
Other operating costs	565,000	452,000
Capital	237,000	10,000
Depreciation	60,000	62,000
Total:	3,091,000	2,614,000

Statement of Accountable Officer's responsibilities

In terms of the Police, Public Order and Criminal Justice (Scotland) Act 2006, Scottish Ministers have directed the PIRC 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 the PIRC and of its comprehensive net expenditure, financial position, cash flows and movement in taxpayers' equity for the financial year.

In preparing the accounts, the Accountable Officer is required to comply with the 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, unless it is inappropriate to presume that the Commissioner will continue in operation.
- confirm that, as far as he or she is aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accounting Officer has taken all the steps that he or she ought to have taken to make himself or herself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.
- confirm that the annual report and accounts as a whole is fair, balanced and understandable and that he or she takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

The Director of Corporate Services is designated as the PIRC's Accountable Officer by the Principal Accountable Officer of the Scottish Administration in accordance with sections 14 and 15 of the Public Finance and Accountability (Scotland) Act 2000. 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 the PIRC assets, are set out in the Memorandum to Accountable Officers for Other Public Bodies issued by the Scottish Government which is available at www.scotland.gov.uk/Resource/Doc/1069/0084581.doc

Governance Statement

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the PIRC's policies, aims and objectives. I am also responsible for safeguarding the public funds and assets assigned to the PIRC, in accordance with the responsibilities set out in the "Memorandum to Accountable Officers".

Purpose of the System of Internal Control

The system of internal control is based on an on-going 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. This process has been in place for the year ended 31 March 2016 and up to the date of approval of the annual report and accounts.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the PIRC's policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The processes within the organisation have regard to the guidance to public bodies in Scotland issued by Scottish Ministers and set out in the Scottish Public Finance Manual with further guidance contained within the Governance and Accountability Framework Document agreed with Scottish Government.

Governance Framework

As Accountable Officer I also have responsibility for reviewing the effectiveness of the systems of internal control. The following processes have been established to inform my review.

The PIRC has a Senior Management Team (SMT) which met twelve times during the year. SMT develop and monitor the plans and agree the strategic direction of the organisation under the strategic direction of the Commissioner. The SMT comprises the Commissioner, the Director of Investigations, the Director of Corporate Services and the Director of Reviews (Head of Reviews from 13 March). It considers regular reports from the managers on progress towards meeting the organisation's performance objectives as well as reviewing the PIRC risk register and other standard corporate documents.

The PIRC has an Audit and Accountability Committee (AAC) which met four times during the year. The AAC approves the appointment of our internal auditors and reviews our annual accounts and internal audit reports. The AAC considers the risk management arrangements, receives regular updates on the corporate risk register, and reviews the annual assurances provided by management. The Chair of the Audit Committee provides annual assurance to the Police Investigations & Review Commissioner.

In 2015-16 our Internal Auditors conducted high level reviews of the following aspects of our business:

Internal Audits Carried Out:	Independent Assurance Level Provided:
Travel and Subsistence	Reasonable
Creditor Payments and Government Procurement Card (GPC) Use	Substantial
Flexi-time Procedure	Substantial
Data Publishing	Substantial

PIRC is taking appropriate action to address the recommendations made by Internal Audit.

The Accountable Officer has also received assurance checklists and certificates from the SMT, the Finance Officer and the Corporate Services Officer in relation to their particular areas of responsibility.

PIRC has a risk strategy and policy which sets out the approach to risk management which is kept under annual review. The corporate risk register, which identifies the key risks facing the organisation, the likelihood and impact of the risk crystallising, the controls in place, the way in which the risk is monitored and any actions to mitigate the risk, is regularly reviewed by the SMT, the AAC and Scottish Government at the quarterly Business Meeting.

Information risk is covered by the normal risk management arrangements. PIRC remains committed to information management and security and improving our arrangements for data sharing and data protection.

The system of internal financial control is based on a framework of regular management information, administrative procedures and a system of delegation and accountability. In particular it includes;

- Detailed budgeting processes with an annual budget sign off by the Sponsor Team at SG
- Regular reviews by the SMT of financial reports covering progress towards financial targets
- Annual reviews and updates to standing orders, scheme of delegation and standing financial instructions
- Monthly reviews of the corporate risk register
- The PIRC Finance Officer carries out a monthly reconciliation of SEAS to PIRC bank accounts which the Director of Corporate Services agrees
- The PIRC Corporate Services Officer carries out monthly payroll reconciliation, reporting any anomalies to the Director of Corporate Services.

Risk Management

Our approach to Risk Management is outlined in the Accountable Officer's Report under the section headed "Principal risks and uncertainties".

Review of effectiveness of internal control and risk management

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

- The work of the internal auditor which is directed through an audit plan agreed by the AAC and focuses on identified control risk areas. The internal auditors submit regular reports on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement.
- Quarterly reviews by the AAC of the organisations corporate risk register and the work of Internal Audit in assessing the effectiveness of risk management arrangements.
- Comments made by the External Auditors in their management letters and other reports.

Significant issues

There have been no instances of fraud or any significant security failure during the year. Two minor data breaches were reported to the Information Commissioner and in both instances the Information Commissioner deemed no further action was necessary.

During the financial year to 31 March 2016 and up to the date of this statement 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.

Remuneration and Staff Report

Pay and conditions of service

Kate Frame was appointed to the office of the Police Investigations and Review Commissioner in August 2014. The Commissioner may resign at any time and may be removed from office by Scottish Ministers on grounds set out in Police, Public Order and Criminal Justice (Scotland) Act 2006. The fees of the Commissioner are set by Scottish Ministers. The Commissioner is contracted to work full time, 37 hours per week and will receive a pension.

The PIRC SMT comprises Barry Mackay, Director of Corporate Services, John Mitchell, Director of Investigations and Robin Johnston, Director of Reviews till 13 March with Peter Innes taking over the role as Acting Head of Reviews from Robin's departure. All were appointed on open-ended contracts and through a fair and open recruitment process on PIRC standard terms and conditions.

The PIRC submits a pay remit within the terms and conditions of the Scottish Government (SG) Public Sector Pay Guidance to its sponsoring department at SG for negotiation on an annual basis. A single year pay remit was approved for implementation for the whole of the financial year 2015-16.

In line with SG pay policy guidance there were no performance or other form of bonus payment made in 2015-16.

Employee contracts normally have no fixed period and can be terminated on up to three months' notice and fixed term contracts are terminable on up to five weeks' notice by the PIRC.

There were no contractual termination payments in 2015-16.

Staff Resources

The breakdown of staff resources as at 31 March 2016 by gender is shown in the attached table.

	All	Male	Female
Commissioner	1	-	1
Directors	* 3	3	-
Senior Managers (Other)	4	3	1
Other Staff:	39	21	18

Other appointments:			
Fixed term appointments	1	-	1
Secondees (Inward)	-	-	-
Secondees (Outward)	-	1	-
Agency staff	-	-	-
Total	48	28	21

* From March 2016 we had two Directors and one interim Head

Remuneration and Pensions Benefits (subject to audit)

	Total Remuneration 2015-16	Total Remuneration 2014-15
Commissioner – Kate Frame (From 16 August 2014)		
Fees	£80,000-85,000	£45,000 -50,000 (£75,000 - £80,000 Annual equiv)
Pension Benefit	72,000	80,000
Total	£150,000-£155,000	£125,000 - £130,000
Barry MacKay		
Director of Corporate Services		
Salary	£50,000-£55,000	£50,000 - £55,000
Pension benefit	£43,000	£29,000
Total	£95,000-£100,000	£80,000 - £85,000
Robin Johnston (to 13 March)		
Director of Reviews		
Salary	£50,000-£55,000	£55,000 - £60,000
Pension benefit	£23,000	£16,000
Total	£70,000-£75,000	£70,000 - £75,000

Peter Innes (from 13 March)		
Head of Reviews		
Salary	£0-£5,000 (£45,000-£50,000 Annual equiv)	N/A
Pension benefit	£7,000	N/A
Total	£10000-£15,000	N/A
John Mitchell		
Director of Investigations		
Salary	£65,000-£70,000	£65,000 - £70,000
Pension benefit	£27,000	£25,000
Total	£95,000-£100,000	£90,000 - £95,000

No performance bonuses or benefits in kind were made to the Commissioner or Directors.

Pension Benefits	Total accrued pension at age 60 as at 31 March 2016 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31 March 2015	CETV at 31 March 2016	Real Value of CETV increase over year
	£'000	£'000	£'000	£'000	£'000
Kate Frame	140-145	12.5-15	650	754	66
Barry MacKay	95-100	7.5-10	434	509	39
Robin Johnston	15-20	0 - 2.5	186	209	10
Peter Innes	5-10	0-2.5	69	77	3
John Mitchell	5-10	0 - 2.5	51	78	16

Pension Benefits	Total accrued pension at age 60 as at 31 March 2015 and related lump sum	Real increase in pension and related lump sum at age 60	CETV at 31 March 2014	CETV at 31 March 2015	Real Value of CETV increase over year
	£'000	£'000	£'000	£'000	£'000
Kate Frame	125 -130	12.5 -15	545	639	68
Barry MacKay	90 - 95	5 – 7.5	396	438	24
Robin Johnston	10 - 15	0 – 2.5	166	186	9
John Mitchell	0 - 5	0 – 2.5	28	51	15

Fair Pay Disclosure (subject to audit)

	2015-16	2014-15
Median total remuneration of all PIRC staff	£29,836	£29,040
Pay multiple between mid-point of Highest paid member of staff banding and median total remuneration of all staff	2.8	2.7
Lowest pay banding:	£15,000 - £20,000	£15,000 - £20,000
Highest pay banding	£80,000 - £85,000	£75,000 - £80,000

The Cash Equivalent Transfer Value (CETV)

This is the 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. It 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 they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total service,

not just their current appointment. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The real increase in the value of the CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the member (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.

Pensions

Pension benefits are provided through the Civil Service Pension arrangements. Employees of PIRC may be in one of the statutory based 'final salary' defined benefit schemes (Classic, Premium, Classic Plus, Nuvos and Alpha). New employees may only choose Alpha. The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium, Classic Plus and Nuvos are increased annually in line with changes in the Consumer Price Index. From 1 April 2015 all new staff members join the Alpha scheme which is a career average pension scheme. Staff can still choose to join the Partnership Pension Account which is a good quality 'money purchase' stakeholder arrangement with a significant employer contribution.

Employee contributions for staff earning over £15,000 were set at the rate of 4.6 – 8.05% of pensionable earnings for Classic and at 4.6 - 8.05% for Premium, Classic Plus and Nuvos. Benefits in Classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For Premium and Nuvos, 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 (but members may give up (commute) some of their pension to provide a lump sum). Classic Plus is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic, i.e. accruing at 1/80th of final pensionable earnings for each year. Alpha is a career average scheme

Employer contributions for 2015-16 were £355k (2014-15 £309k) and were on average 22% of pay (2014-15 20%). We expect a slight increase in employer contributions in 2016-17, to £380k.

Further details about the Civil Service Pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Pension Liabilities

PIRC pension benefits are provided through the Civil Service pension arrangements and administered for PIRC by Scottish Government. More details of the Civil Service Pension Scheme can be found in the annual accounts notes on page 34.

Sickness absence

During the period ended 31 March 2016 PIRC has recorded 190 days of sickness absence and an average of 4.0 days per employee which compares with 4.3 days per employee for 2014-15. The Chartered Institute of Personnel Development (CIPD) absence survey in 2015 indicates that nationally 6.9 days/person are lost to sickness in a year. PIRC has a performance target of 95% attendance and our performance for the period to 31 March 2016 was 98.4% which compares with our performance of 98.2% for 2014-15.

Employee involvement/consultation and well being

During 2015-16 the Commissioner and SMT have continued to engage with staff through various communication channels. This has included the Staff Consultative Group which comprises staff representatives from each team, which meets monthly. There have been two all staff engagement days during the year which are designed to be informative and engaging. Staff have been actively involved in key corporate initiatives through involvement in working groups. In addition we have continued our monthly newsletter (Team Talk), periodic survey monkeys on key issues, staff team meetings and "News Flash" emails to all staff covering important issues.

PIRC considers options to benefit staff and during 2015-16 staff benefitted from initiatives such as: the staff cycle to work initiative, childcare vouchers and a staff discount scheme.

Expenditure on Consultancy and Off Payroll Matters

PIRC spend as follows:

	2015-16	2014-15
Consultancy :	£22,241	£1230
Off Payroll:	-	-

Equal opportunities and diversity

The PIRC is fully committed to equality in the work place and across our operation. During the year we introduced our core values with equality and diversity at their heart. We introduced an equality personal objective, mandatory for all PIRC staff which will carry forward to 2016-17.

All PIRC staff have undertaken mandatory training in relation to equality in 2015 and refresher training will be provided in 2016-17.

PIRC has a range of policies in place to ensure equality matters are given priority. These policies include; Equality and Diversity, Code of Conduct and Recruitment.

Staff costs (subject to audit)

Staff Costs:	2015-16	2014-15
	£'000	£'000
Wages and salaries	1,641	1,537
Social security costs	140	131
Other pension costs	355	309
Agency staff costs	10	40
Commissioner fees and expenses	83	73
Total administration staff costs	2,229	2,090

Staff Numbers:	2015-16	2014-15
Average numbers of employees during the year		
Commissioner	1	1
Other staff (permanent and temporary appointments)	47	46
Total	48	47

PIRC had no exit packages in 2015-16 (2014-15-Nil)

SIGNED:

Barry Mackay

Date:

ACCOUNTABLE OFFICER

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the Police Investigations and Review Commissioner, the Auditor General for Scotland and the Scottish Parliament

I have audited the financial statements of the Police Investigations and Review Commissioner for the year ended 31 March 2016 under the Police, Public Order and Criminal Justice (Scotland) Act 2006. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Cashflow Statement, 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 2015/16 Government Financial Reporting Manual (the 2015/16 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 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, 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, Public Order and Criminal Justice (Scotland) Act 2006 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2016 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 2015/16 FReM; and
- have been prepared in accordance with the requirements of the Police, Public Order and Criminal Justice (Scotland) Act 2006 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 and Staff Report to be audited has been properly prepared in accordance with the Police, Public Order and Criminal Justice (Scotland) Act 2006 and directions made thereunder by the Scottish Ministers; and
- the information given in the Performance Report for the financial year 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 and Staff 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.

Helen Russell BA CPFA
Senior Audit Manager
Audit Scotland
4th Floor South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow

Financial Statements

Police Investigations and Review Commissioner

Annual Accounts

Year Ended 31 March 2016

STATEMENT OF COMPREHENSIVE NET EXPENDITURE
for the year ended 31 March 2016

	<i>Note</i>	2015-16 £'000s	2014-15 £'000s
ADMINISTRATIVE COSTS			
Staff costs	2	2,229	2,090
Other admin costs	3,4	565	452
Depreciation	5	60	62
NET OPERATING COST		2,854	2,604

STATEMENT OF FINANCIAL POSITION
as at 31 March 2016

		31 March 2016	31 March 2015
	<i>Note</i>	£'000s	£'000s
NON-CURRENT ASSETS			
Property, plant and equipment	5	534	357
Total non-current assets		534	357
CURRENT ASSETS			
Trade and other receivables	6	44	21
Cash and cash equivalents	7	436	262
Total current assets		480	283
TOTAL ASSETS		1,014	640
CURRENT LIABILITIES			
Trade and other payables	8	463	265
Total current liabilities		463	265
Total assets less current liabilities		551	375
NON-CURRENT LIABILITIES			
Other Financial liabilities	8	40	43
Total non-current liabilities		40	43
TOTAL ASSETS LESS TOTAL LIABILITIES		511	332
TAXPAYERS EQUITY			
General Fund	SOCTE	511	332
TOTAL TAXPAYERS EQUITY		511	332

**The Accountable Officer authorised these financial statements for issue on 27th
September 2016**

SIGNED:

Barry Mackay

Date:

ACCOUNTABLE OFFICER

CASH FLOW STATEMENT
for the year ended 31 March 2016

	<i>Notes</i>	2015-16 £'000s	2014-15 £'000s
CASH FLOWS FROM OPERATING ACTIVITIES			
Net operating cost		(2,854)	(2,604)
Adjustments for non-cash transactions:			
* Depreciation	5	60	62
* Notional costs	4	3	3
Movements in working capital			
* (Increase)/Decrease in trade and other receivables	6	(24)	2
* Increase/(Decrease) in trade and other payables	8	195	(4)
<i>Net cash outflow from operating activities</i>		<i>(2,620)</i>	<i>(2,541)</i>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5	(237)	(10)
<i>Net cash flow from investing activities</i>		<i>(237)</i>	<i>(10)</i>
CASH FLOWS FROM FINANCING ACTIVITIES			
Funding	SOCT E	3,031	2,550
<i>Net cash flow from financing activities</i>		<i>3,031</i>	<i>2,550</i>
<i>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</i>		<i>174</i>	<i>(1)</i>
Cash and cash equivalents at beginning of period	7	262	263
Cash and cash equivalents at end of period	7	436	262

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY
for the year ended 31 March 2016

	<i>Note</i>	General Fund £'000
Balance at 1 April 2015		331
<i>Non-cash charges – notional costs</i>	4	3
<i>Net operating cost for the year</i>		(2,854)
<i>Net funding</i>		3,031
Balance at 31 March 2016		511

Balance at 1 April 2014		382
<i>Non-cash charges – notional costs</i>	4	3
<i>Net operating cost for the year</i>		(2,604)
<i>Net funding</i>		2,550
Balance at 31 March 2015		331

NOTES TO THE ACCOUNTS

For the year ended 31 March 2016

1. Statement of accounting policies

These financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRSs) 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 the most appropriate to the particular circumstance for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Police Investigations and Review Commissioner are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

(a) Accounting convention

The accounts are 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 to fair value as determined by the relevant accounting standard.

(b) Property, plant and equipment (PPE)

Depreciated historic cost has been used as a proxy for the fair value of all assets. All of the assets in these categories have:

- low values or short useful economic lives which realistically reflect the life of the asset and;
- an amortisation charge which provides a realistic reflection of consumption.

The capitalisation thresholds for the principal categories of assets is £5,000, with the exception of IT assets, where the capitalisation threshold is £1,000.

Assets below these thresholds may be capitalised if they fall within the same project.

Assets under construction are held at cost until operational. Thereafter they are valued as above in accordance with all other assets in the same category and will become subject to depreciation in line with note 1c).

(c) Depreciation

Depreciation is provided on property, plant and equipment, on a straight line basis at rates sufficient to write down their cost over their estimated useful lives. The depreciation periods for the principal categories of assets are: -

Plant and machinery	15 years
Fixtures and fittings	5 years
Office equipment	5 years
Information Technology	5 years

A full year is charged in the year of acquisition, and there is no charge in the year of disposal.

Assets under construction are not depreciated.

(d) Government grants

All of the expenditure of the PIRC is met from funds advanced by the Scottish Government within an approved allocation. Cash drawn down to fund expenditure within this approved allocation is credited to the general fund. Funding for the acquisition of fixed assets received from the Scottish Government is credited to the general fund. Funding received from any other source for the acquisition of specific assets is recognised as income in the statement of comprehensive net expenditure.

(e) Amortisation of rent-free periods

The benefit of rent-free periods on leases of premises is amortised over the period of the lease or over the period to a lease break point when this is the most probable end of lease, whichever is the shorter.

(f) Operating leases

Rentals payable under operating leases are charged to the revenue account over the term of the lease.

(g) Provisions

Provisions are made for obligations which are of an uncertain amount or time at the balance sheet date. During financial year 2015-16, the PIRC made no provisions.

(h) Value added tax

Irrecoverable tax is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

(i) Receivables

All material amounts due as at 31 March 2016 have been brought into the account irrespective of when actual payments were received.

(j) Payables

All material amounts outstanding as at 31 March 2016 have been brought into account irrespective of when actual payments were made.

(k) Pensions

Pension benefits are provided through the Principal Civil Service Pension Scheme which is an unfunded multi-employer defined benefit scheme.

As it is not possible to identify the PIRC share of the underlying assets and liabilities of the scheme, PIRC has accounted for the contributions to the scheme as if it was a defined contribution scheme. This is in accordance with FRS 17.

The funding arrangements are through defined contributions.

It is not possible to identify or describe the extent to which PIRC is liable for other entities obligations or any agreed allocation of deficit/surplus on the wind-up of the plan given the scale of our involvement in relation to the wider Scottish Government (SG). The exact proportion of the plan attributable to PIRC is negligible in relation to SG and other related bodies within the plan.

It is estimated that contributions to the plan for 2016-17 will be around £380k.

Employer contributions to the scheme are shown in note 2.

(l) Going concern

The Police and Fire Reform (Scotland) Act 2012 established a single Police Service in Scotland and the Police Investigations and Review Commissioner (PIRC). The act came in to effect on 1 April 2013. PIRC was established and came in to effect from 1 April 2013. It is appropriate for the accounts of PIRC to be prepared on a going concern basis.

(m) Disclosure of new accounting standards

PIRC have considered the expected impact of new accounting standards issued but not yet in effect. PIRC consider the impact is not material.

2. Staff costs

(See Remuneration and Staffing Report)

3. Other operating costs

Other Operating Costs:	2015-16	2014-15
	£'000	£'000
Accommodation including Rent & Rates	167	100
Maintenance and Cleaning	28	11
Office Equipment	2	25
Research and Consultancy	25	14
IT	95	101
Travel and Subsistence	62	60
Legal Fees	17	6
Training and Conference costs	29	40
Telephones	22	16
Electricity	8	7
Printing and Publications	21	25
External audit fee	13	13

Internal audit fee	9	9
Recruitment	5	2
Stationery	4	4
Catering & Hospitality	2	2
Other Office costs	53	14
Total other operating costs	562	449

4. Notional costs

Notional Costs:	2015-16	2014-15
	£'000	£'000
Internal Accountancy Fees	3	3
Total	3	3

5. Property, plant and equipment

	Plant & Machinery	Fixtures & Fittings	Office Equipment	Information Technology	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2015	481	51	22	138	-	692
Additions	-	-	-	7	230	237
Disposals	-	-	-	-	-	-
At 31 March 2016	481	51	22	145	230	929
Depreciation						
At 1 April 2015	187	36	17	95	-	335
Charge for year	32	5	3	20	-	60

Disposals	-	-	-	-	-	-
At 31 March 2016	219	41	20	115	-	395
NBV at 31 March 2016	262	10	2	30	230	534
NBV at 31 March 2015 (Restated)	294	15	5	43	-	357
Analysis of asset financing:						
Owned	262	10	2	30	230	534
Finance leased	-	-	-	-	-	-
NBV at 31 March 2016	262	10	2	30	230	534

	Plant & Machinery	Fixtures & Fittings	Office Equipment	Information Technology	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2014	474	51	22	135	682
Additions	7	-	-	3	10
Disposals	-	-	-	-	-
At 31 March 2015	481	51	22	138	692
Depreciation					
At 1 April 2014	155	31	14	73	273
Charge for year	32	5	3	21	61
Disposals	-	-	-	-	-

At 31 March 2015	187	36	17	94	334
NBV at 31 March 2015	294	15	5	43	357
NBV at 31 March 2014	319	20	8	61	408
Analysis of asset financing:					
Owned	294	15	5	43	357
Finance leased	-	-	-	-	-
NBV at 31 March 2015	294	15	5	43	357

6. Trade receivables and other current assets

	2015-16	2014-15
	£'000	£'000
Amounts falling due within one year:		
Prepayments and accrued income	44	21
Total receivable within 1 year	44	21

Intra Government Receivables

Prepayments are for services from bodies external to government.

7. Cash and cash equivalents

	2015-16	2014-15
	£'000	£'000
Balance at 1 April	262	263
Net change in cash and cash equivalent balances	174	(1)
Balance at 31 March	436	262

The following balances at 31 March were held at:

Office of the HM Paymaster General	436	261
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Commercial banks and cash in hand	-	1
Balance at 31 March	436	262

8. Trade payables and other current liabilities

	2015-16	2014-15
	£'000	£'000
Amounts falling due within one year:		
Trade payables	-	13
Other payables	463	252
Total due within one year	463	265
Amounts falling after more than one year:		
Deferred lease payments	40	43
Total	40	43

Intra Government Payables

There were balances within trade and other payables of £185,350 to central government bodies and within deferred lease payments £39,797 payable to central government bodies.

9. Financial instruments

As the cash requirements of PIRC are met through grant funding, financial instruments play a more limited role in creating and managing risk than in a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with PIRC's expected purchase and usage requirements, and PIRC is therefore exposed to little credit, liquidity or market risk.

10. Related party transactions

The Scottish Government Justice Directorate is the sponsor department of the PIRC. The Scottish Government Justice Directorate is regarded as a related party with which there have been various material transactions during the year.

Neither the Commissioner nor any key managerial staff have undertaken any material transactions with the PIRC during the year.

11. Capital commitments and contingent liabilities

There were no contracted capital commitments or contingent liabilities.

12. Commitments under Leases

Obligations under operating leases comprise:

	31 March 2016	31 March 2015
	£'000	£'000
Buildings:		
Not later than one year	61	61
Later than one year and not later than five years	243	243
Later than five years	83	144

Payments due under operating leases relate to the lease of premises.

13. Segmental reporting

PIRC is considered to have just one operating segment and therefore no segmental information is produced.

14. Events after the reporting date

Barry Mackay, Director of Corporate Services and Accountable Officer left the organisation in August. A new Accountable Officer has been appointed.

15. This report (**SG/2016/143**) was laid before Parliament in November 2016.

ACCOUNTS DIRECTION



POLICE INVESTIGATIONS AND REVIEW COMMISSIONER

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of paragraph 10 of Schedule 4 of the Police, Public Order and Criminal Justice (Scotland) Act 2006, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2008, 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 and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers

Dated 31 March 2008