Crown Office and Procurator Fiscal Service

2023/24 Annual Audit Report

AUDIT SCOTLAND

Prepared for the Crown Office and Procurator Fiscal Service and the Auditor General for Scotland

August 2024

Contents

Key messages

2023/24 annual report and accounts

1 Audit opinions on the annual report and financial statements are unmodified.

2 Our audit did not identify any material misstatements. Management agreed to amend the accounts for all of our findings and as a result of these, and a post balance sheet event, net operating costs decreased, and net assets increased by £0.6 million.

3 The unaudited annual report and financial statements did not include any disclosures in relation to prosecutions resulting from the Post Office Horizon IT system failure. Disclosure was included in the audited annual report.

Financial management

4 Crown Office and Procurator Fiscal Service (COPFS) operated within its revised fiscal resources, reporting an underspend of £8.7 million for 2023/24.

5 To date, COPFS has accounted for £55 million of unplanned costs in connection with claims against the Lord Advocate.

6 Appropriate and effective financial management arrangements are in place, with regular budget monitoring reports provided to the Board.

7 Key controls within the main financial systems are operating effectively and standards for the prevention and detection of fraud remain appropriate.

Financial sustainability

8 The Financial Strategy 2024-27 has yet to be finalised due to resource pressures within the finance team.

9 Additional funding for Covid-19 recovery continues to feature in the COPFS budget but is expected to decrease in future years. Transformational efficiencies will be critical to ensuring financial sustainability over the medium to long term.

10 Grant funding has been secured for significant decarbonisation projects to meet national public sector net-zero targets.

11 Increasing rates of serious crime and case complexity pose risks to financial sustainability.

Vision, leadership, and governance

12 The Strategic Plan 2023-2027 sets out COPFS's vision and goals to 2027. Key organisational strategies have yet to be updated to align with the Strategic Plan.

13 Restructuring and increased use of digital technology are key themes within COPFS's transformation programme.

14 Governance arrangements are appropriate and support effective scrutiny, challenge and informed decision-making. Work is ongoing to restructure COPFS's senior management team and improve the overall efficiency of its governance arrangements.

15 A Climate Change working group has been established to oversee COPFS's approach to achieving net zero carbon emissions.

Use of resources to improve outcomes

16 COPFS, together with its key partners on the Criminal Justice Board, continue to address the trial backlog due to Covid-19 although progress slowed in 2023/24.

17 COPFS's arrangements for securing Best Value are generally satisfactory but, as reported last year, could be strengthened by undertaking a self-assessment against the Best Value characteristics.

18 Performance against COPFS's four key indicators was largely positive with three of these meeting or exceeding target levels.

19 Performance against the investigation of deaths target has deteriorated and is well below the target of concluding 80% of cases within 12 weeks.

20 COPFS continues to work with other stakeholders to improve the provision of forensic pathology and mortuary services across Scotland.

Introduction

1. This report summarises the findings from the 2023/24 audit of the Crown Office and Procurator Fiscal Service (COPFS) and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

2. The scope of the audit was set out in an Annual Audit Plan presented to the February 2024 meeting of the Audit and Risk Committee. This Annual Audit Report includes significant matters arising from an audit of COPFS's annual report and financial statements and conclusions on the wider scope areas that frame public audit as set out in the Code of Audit Practice 2021.

3. We would like to thank all Board members, management and staff, particularly those in finance, for their cooperation and assistance during the year.

Responsibilities and reporting

4. COPFS has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing an annual report and financial statements that are in accordance with the Accounts Direction from the Scottish Ministers. COPFS is also responsible for establishing appropriate and effective arrangements for governance, propriety, and regularity.

5. The responsibilities of the independent auditor are established by the Public Finance and Accountability (Scotland) Act 2000, the Code of Audit Practice 2021 and supplementary guidance and International Standards on Auditing in the UK.

6. This report contains an agreed action plan at the Appendix which sets out specific recommendations, responsible officers, and dates for implementation. Weaknesses or risks identified are only those which have come to the attention of the audit team during our normal audit work and may not be all that exist. Communicating these does not absolve management of its responsibility to address the issues raised and to maintain adequate systems of control.

Auditor independence

7. We confirm that we comply with the Financial Reporting Council's Ethical Standard and that we have not undertaken any non-audit related services. The 2023/24 audit fee of £115,670 set out in the 2023/24 Annual Audit Plan remains unchanged. We are not aware of any relationships that could compromise our objectivity or our independence.

1. Audit of 2023/24 annual report and financial statements

Public bodies are required to prepare annual reports and accounts comprising financial statements and other related reports. These are the principal means of accounting for the stewardship public funds.

Main judgements

Audit opinions on the annual report and financial statements are unmodified.

Our audit did not identify any material misstatements. Management agreed to amend the accounts for all of our findings and as a result of these and a post balance sheet event, net operating costs decreased, and net assets increased by £0.6 million.

The unaudited annual report and financial statements did not include any disclosures in relation to prosecutions resulting from the Post Office Horizon IT system failure. Disclosure was included in the audited annual report.

Audit opinions on the annual report and financial statements are unmodified

8. The Audit and Risk Committee (ARC) approved the annual report and financial statements for COPFS for the year ended 31 March 2024 on 7 August 2024. The independent auditor's report included the following audit opinions on the annual report and financial statements:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- expenditure and income were in accordance with applicable enactments and guidance
- the audited part of the Remuneration and Staff Report was prepared in accordance with the financial reporting framework
- the Performance Report and Governance Statement were consistent with the financial statements and properly prepared in accordance with the relevant legislation and directions made by Scottish Ministers.

The 2023/24 audit was completed on 7 August 2024, in line with the agreed audit timetable

9. The unaudited annual report and financial statements were received in line with our agreed audit timetable on 27 May 2024. The accounts and working papers presented for audit were of a high standard and management and finance staff provided good support to the team during the audit process. This enabled the annual report and financial statements to be certified on 7 August 2024 in line with the agreed audit timetable.

Our audit approach and testing were informed by the overall materiality level of £3.7 million

10. The concept of materiality is applied by auditors to determine whether misstatements identified during the audit could reasonably be expected to influence the economic decisions of users of the accounts, and impact the opinion set out in the independent auditor's report. Auditors set a monetary threshold when considering materiality, although some issues may be considered material by their nature, and it is ultimately a matter of the auditor's professional judgement.

11. Our initial assessment of materiality was carried out during the planning phase of the audit and was based on the audited 2022/23 annual report and financial statements. These materiality values were reported in our annual audit plan.

12. On receipt of the unaudited annual report and financial statements we reconsidered our materiality levels based on the financial results for the year ended 31 March 2024, and concluded that our original materiality levels remained appropriate. These materiality levels are summarised in Exhibit 1.

Exhibit 1
Materiality levels for the 2023/24 audit

Materiality level	Amount
Overall materiality: this is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. It has been set based on our assessment of the needs of the users of the financial statements and the nature of COPFS's operations.	£3.7 million
Performance materiality: this acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality, this could indicate that further audit procedures are required. Using our professional judgement, we have assessed performance materiality at 70% of overall materiality.	£2.6 million

Materiality level	Amount
Reporting threshold: we are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount.	£185,000

Source: Audit Scotland

Our audit identified and addressed the risks of material misstatement to the financial statements

13. Exhibit 2 sets out the significant risks of material misstatement to the financial statements we identified in our 2023/24 Annual Audit Plan. It also summarises the further audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 2
Significant risks of material misstatement

Audit risk	Assurance procedure	Results and conclusions
1. Risk of material misstatement due to fraud caused by management override of controls As stated in ISA (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.	• Assess the design and implementation of controls over journal entry processing. • Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. • Use data analytics to consider, identify and test journals at the year-end and post-closing entries and focus on significant risk areas. • Consider the need to test journal entries and other adjustments during the period. • Evaluate significant transactions outside the	We reviewed the controls around journal entries and concluded that they were satisfactory. We made inquiries of key individuals about any unusual journal activity and confirmed that postings were appropriate and within the normal course of business. We used data analytics to consider all journals and substantively tested a sample of higher risk year-end journals and a smaller sample of in-year journals. No issues were identified. We assessed the adequacy of controls in place for identifying and disclosing related party relationships and transactions and concluded that these were

Audit risk	Assurance procedure	Results and conclusions
	normal course of business. • Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements. • Assess any changes to the methods and underlying assumptions used to prepare significant accounting estimates compared to the prior year. • Substantive testing of income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year. • Focussed testing of accounting accruals and prepayments.	appropriate and operating effectively. We confirmed that estimates were made on a consistent basis with previous years, and we were satisfied with the reasonableness of these taking into account our materiality levels. We substantively tested a sample of income and expenditure transactions, including accruals, prepayments and post year-end transactions to ensure they were accounted for in the correct financial year. No issues were identified, and we did not identify any transactions outwith the normal course of business. Our testing detailed above did not identify any instances of management override of controls.
2. Estimation and judgement in the valuation of provisions and contingent liabilities There is a significant degree of subjectivity in the measurement of material account areas of provisions and contingent liabilities. COPFS is required to assess and evaluate any legal cases against it at the time the annual accounts are signed by the Accountable Officer. It is essential that this is based on sound professional judgement and estimation. There is a risk of misstatement in the accounts over the completeness,	• Review the information provided by legal counsel to assess for completeness. • Obtain an understanding of management's involvement in the estimation process to assess if appropriate oversight has occurred. • Critically assess the adequacy of the COPFS's disclosures regarding the assumptions in relation to contingent liabilities.	We reviewed the information provided by legal counsel and concluded that the provisions were complete. We discussed management's involvement in the estimation process and concluded that there was sufficient management oversight. We reviewed relevant information and supporting documentation and did not find any errors. We reviewed the disclosures in relation to provisions and contingent liabilities and found these to be adequate. Based on the above work, we have concluded that there is

Audit risk	Assurance procedure	Results and conclusions
accuracy, presentation, and disclosure of these items.		no material misstatement in the completeness, accuracy, presentation or disclosure of provisions or contingent liabilities in the accounts.

We have three significant findings to report from our audit of the annual report and financial statements

14. Under ISA (UK) 260, we are required to communicate significant findings from the audit, including our view about the qualitative aspects of the body's accounting practices to those charged with governance prior to the audited annual report and financial statements being approved and certified.

15. The Code of Audit Practice also requires us to highlight key audit matters which are defined in ISA (UK) 701 as those judged to be of most significance.

16. The significant findings are summarised in Exhibit 3. Our audit also identified other presentation and disclosure issues which were discussed with management. These were all adjusted in the audited annual report and financial statements, and none were significant enough to require to be separately reported under ISA 260.

Exhibit 3
Significant findings and key audit matters from the audit of the annual report and financial statements

Issue	Resolution
1. Accrual for untaken leave The accrual for annual leave and flexitime earned but not taken at 31 March 2024 was calculated using 2023/24 rather than 2024/25 salary rates. It was also based on a heavily averaged day rate applied for all staff, skewing the calculation. Whilst there is no agreed methodology for calculating the accrual, information was available to allow a more accurate calculation to be carried out. The net effect was to overstate net operating costs (staff costs) and trade and other payables by £810,000.	COPFS revisited the calculation to use a weighted average day rate per grade based on the 2024/25 salary rates. The audited annual report and financial statements have been amended to reflect the revised calculation.

Issue	Resolution
2. Classification of impairment An asset owned by COPFS but not in use at 31 March 2024 was written down to nil value via an accelerated depreciation charge in month 12. This was classified as a depreciation expense in the unaudited financial statements (Note 2) when it should have been recognised as an impairment. Although there is no impact on net operating costs, net assets or reserves, depreciation costs in Note 2 were overstated by £734,000 and impairment costs in Note 2 were understated by £734,000.	The audited annual report and financial statements have been amended to correct this classification error.
3. Additional provision for legal fees Following receipt of the unaudited accounts for audit, COPFS received updated advice from its legal advisers regarding one of the provisions included in the financial statements. After consideration, COPFS management concluded that the provision should be increased to reflect this new information. As a result, net operating costs (legal costs) and provisions were increased by £250,000 to reflect the best information available at the date of certifying the accounts.	The audited annual report and financial statements have been amended to reflect this post balance sheet event.

17. Our audit did not identify any material misstatements and the total of misstatements (£1.5 million) did not exceed our performance materiality level. We reviewed the nature and cause of the misstatements set out in Exhibit 3 and concluded that these represented the whole of the error in the population and that additional testing was not required.

There are no unadjusted misstatements to report to those charged with governance

18. It is our responsibility to request that all misstatements, other than those below our reporting threshold, are corrected, although the final decision on making the correction lies with those charged with governance.

19. Management agreed to amend the financial statements to reflect all our significant audit findings and there are no unadjusted misstatements to report to those charged with governance. The amendments reduced net operating costs and increased net assets and reserves by £0.560 million.

The unaudited annual report and financial statements did not include any disclosures in relation to prosecutions resulting from the Post Office Horizon IT failure. Disclosure was included in the audited annual report

20. The unaudited annual report and financial statements did not make any reference to the overturning of prosecutions resulting from the failure of the Post Office's Horizon IT system.

21. In a statement to the Scottish Parliament in January 2024 the Lord Advocate apologised to the wrongly accused and convicted sub postmasters and postmistresses.

22. COPFS prosecuted these cases based on reports of alleged offences received from the Post Office. The Lord Advocate's statement noted that the Post Office failed in its duty to reveal all material which was of relevance to these cases and that COPFS were repeatedly misled as assurances provided by the Post Office were not true.

23. In June 2024, the Post Office (Horizon System) Offences (Scotland) Act 2024 came into force. The Act automatically exonerated wrongly accused sub-postmasters by quashing their convictions. Through this legislation, the Scottish Government aims to ensure that Scottish sub-postmasters are treated equally to those in the rest of the UK in respect of quashing their convictions which enables them to apply for one of the UK Government three compensation schemes.

24. Following discussion, COPFS management agreed to include narrative on the Post Office Horizon IT system failure in the Performance Report within the revised annual report and financial statements.

Limited progress has been made on prior year audit recommendations

25. Our 2022/23 annual audit report included six recommendations for improvement, with a further recommendation brought forward from 2021/22. COPFS has made limited progress in implementing these with three recommendations still to be fully addressed. This is partly due to resource pressures within the finance team in 2023/24. For the actions not yet fully implemented, revised responses and timescales have been agreed with management, and are set out in the Appendix.

2. Financial management

Financial management means having sound budgetary processes, and the ability to understand the financial environment and whether internal controls are operating effectively.

Main judgements

COPFS operated within its revised fiscal resources, reporting an underspend of £8.7 million for 2023/24.

To date, COPFS has accounted for £55 million of unplanned costs in connection with claims against the Lord Advocate.

Appropriate and effective financial management arrangements are in place, with regular budget monitoring reports provided to the Board.

Key controls within the main financial systems were operating effectively and standards for the prevention and detection of fraud remain appropriate.

COPFS operated within its revised budget in 2023/24

26. COPFS's main financial objective is to ensure that the financial outturn for the year is within the budget allocated by Scottish Ministers.

27. COPFS's initial budget was increased as part of the Autumn and Spring Budget revisions. Additional funding from the Scottish Government totalled £12.9 million, the majority (£7.5 million) of which was funding for pay awards.

28. COPFS's financial performance against Departmental Expenditure Limits (DEL) is shown in Exhibit 4. This shows COPFS reported an outturn of £200.8 million against its resource budget of £209.5 million, an underspend of £8.7 million.

Exhibit 4
Performance against fiscal resource in 2023/24

Performance	Initial budget £m	Final budget £m	Outturn £m	Over/(under) spend £m
Resource DEL	181.8	193.7	185.8	(7.9)
Non-Cash DEL	6.5	9.3	8.6	(0.7)
Capital DEL	8.3	10.1	10.0	(0.1)
Total DEL	**196.6**	**213.1**	**204.4**	**(8.7)**
AME Capital	-	1.2	0.7	(0.5)
AME Impairment	-	1.5	2.0	0.5
AME Provisions	-	(6.3)	(6.3)	-
Total AME	**-**	**(3.6)**	**(3.6)**	**-**
Total	**196.6**	**209.5**	**200.8**	**(8.7)**

COPFS has accounted for £55 million of costs since 2016 on legal claims against the Lord Advocate

29. The Inner House of the Court of Session clarified the common law immunity from lawsuits of the Lord Advocate in exercising the prosecutorial function on 30 October 2019. COPFS has been involved in civil litigation brought against the Lord Advocate by individuals prosecuted in connection with the acquisition and administration of Rangers Football Club, and in respect of other cases.

30. The Lord Advocate made a statement in the Scottish Parliament about this matter on 9 February 2021 and has committed to a process of inquiry once all litigation has concluded.

31. To date, COPFS has accounted for £55 million of unplanned costs in connection with these claims against the Lord Advocate. Some cases have been resolved, with sums paid to the pursuers totalling £51.7 million to March 2024 with a further £3.3 million provided or accrued in respect of cases still to be finalised.

COPFS has effective and appropriate financial management arrangements

32. As part of our audit, we reviewed the arrangements for monitoring spend against budget and concluded that these are appropriate. Regular reports are made to the Resources Committee, Executive Board and Audit and Risk Committee (ARC). From our attendance at ARC meetings and review of minutes, we concluded that there is effective challenge and scrutiny of reports.

Financial systems of internal control were operating effectively

33. Auditing standards require external auditors to obtain an understanding of the internal control systems that exist within the audited body to allow us to plan and develop an effective audit approach for the audit of the annual accounts.

34. We reported the results of our work in this area in our management letter which was considered by the Audit and Risk Committee in May 2024. We noted that *'Our interim audit work did not identify any weaknesses in the key controls in operation during 2023/24.'* We also reported that two of the three recommendations for improvement we made last year had been actioned and that progress against the third would be followed-up as part of our audit of the financial statements.

35. The outstanding recommendation related to the need to formally review changes in the valuation of individual assets, and to retain documentation relating to any instances where individual valuations had been queried. We can confirm that COPFS now has a formalised review process in place. All indexation percentages provided by the external valuer were subject to review, and individual percentages were challenged where appropriate as part of the preparation of the 2023/24 accounts.

Standards of conduct and arrangements for the prevention and detection of fraud and error are appropriate

36. COPFS is responsible for establishing arrangements for the prevention and detection of fraud, error and irregularities, bribery, and corruption. We have reviewed the arrangements in place to maintain standards of conduct and prevent and detect fraud, error, and other irregularities and concluded that these are appropriate.

COPFS is well placed to participate in the 2024/25 NFI exercise

37. The National Fraud Initiative (NFI) is a counter-fraud data matching exercise across the UK public sector which aims to prevent and detect fraud. COPFS participates in this biennial exercise. The 2022/23 exercise concluded during the 2023/24 financial year and the final Audit Scotland report is due to be published in Summer 2024. COPFS followed up all 2022/23 data matches and reported the results to the Audit and Risk Committee in August 2023.

38. The 2024/25 exercise is now underway and COPFS has set milestones for data submission. These were presented to the Audit and Risk Committee in May 2024. COPFS will also complete the required self-assessment, once available, to help ensure NFI is an integral part of COPFS's processes and is sufficiently resourced to full investigate identified matches.

3. Financial sustainability

Financial sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

Main judgements

The Financial Strategy 2024-27 has yet to be finalised due to resourcing pressures within the finance team.

Additional funding for Covid-19 recovery continues to feature in the COPFS budget but is expected to decrease in future years. Transformational efficiencies will be critical to ensuring financial sustainability over the medium to long term.

Grant funding has been secured for significant decarbonisation projects to meet national public sector net-zero targets.

Increasing rates of serious crime and case complexity pose risks to financial sustainability.

The Financial Strategy 2024-27 has yet to be finalised due to resourcing pressures within the finance team.

39. Last year we reported that COPFS's Financial Strategy had not been updated following the approval of the latest Strategic Plan covering the period 2023 to 2027. A revised Financial Strategy was prepared and considered by the Resources Committee and the Executive Board in February 2024.

40. The Board asked for further revisions to be made to the strategy before publication. These include the addition of budget planning for the next year and setting out a path to 2027 with more focus on what COPFS plans to do. COPFS's assumptions on the future of public sector finance will also be included.

41. Revision of the strategy has been delayed due to resource challenges within the finance team and is now due to be finalised in October 2024. There are a number of other strategies that require to be updated to align with the latest Strategic Plan. Narrative on these is included at paragraphs 59 to 63 of this report.

Recommendation b/f 3

COPFS should review its Financial Strategy in line with its Strategic Plan and ensure that it can demonstrate how it will deliver its corporate objectives.

Additional funding for Covid-19 recovery continues to feature in the COPFS budget but is expected to decrease in future years

42. Funding for COPFS in 2024/25 was agreed as part of the Scottish Government budget published on 19 December 2023. As part of budget preparations, meetings were held between senior COPFS staff, including the Lord Advocate and Crown Agent, and SG finance officials to help understand the pressures facing COPFS in 2024/25 and future years.

43. COPFS has secured a total budget of £223 million (increase of 12.2%) for 2024/25, which includes a resource budget settlement of £203.4 million, non-cash budget of £9.9 million and capital budget of £9.7 million. The budget will support the continued recovery from court backlogs caused by the Covid-19 pandemic.

44. 74.9% (£167.1 million) of the budget is allocated to staff costs and includes £13 million specifically awarded for Covid-19 recovery. In addition, COPFS received £4.4 million of funding to cover the costs of the Covid-19 Deaths Investigation Team (CDIT). This additional funding was originally agreed for 2.5 years and is not guaranteed beyond 2024/25. Due to the complexity of these investigations and delays in receipt of third-party reports, current estimates are that these will not be concluded until 2025/26 at the earliest. COPFS is in discussions with Scottish Government regarding funding for the CDIT in 2025/26 and future years.

The latest budget monitoring report shows an overspend of £2.7 million as at 31 May which is mainly due to staff costs

45. The latest budget monitoring report to the Executive Board in June 2024 forecast an overspend on cash resource budget of £2.7 million, £2.4 million of which relates to staff costs as vacancy numbers have been less than expected. We have been advised that COPFS anticipates that this overspend will reduce in the coming months.

46. The latest valuation of the Civil Service Pension scheme at 31 March 2020 sets the employer contribution rates for four years from 2024/25. The increase in rates will cost COPFS approximately £1.3 million in 2024/25. This is currently unfunded. We have been advised that COPFS is in discussions with Scottish Government about possible solutions to meet this funding shortfall.

Transformational efficiencies will be critical to ensuring financial sustainability over the medium to long term

47. As a public sector body, COPFS is unusual in experiencing year-on-year increases in its annual budget allocation in recent years. A large portion of this increase is specifically for Covid-19 recovery, and it is anticipated that court-backlog recovery funding will be scaled back in future years. With the majority of COPFS's budget allocated to staff costs, careful workforce planning will be required through 2024/25 and beyond to ensure service delivery remains sustainable as funding levels reduce.

48. Vacancy management is a key contributor to in-year savings. Plans for the 2025/26 budget preparation process are underway and include consideration of how COPFS can reduce levels of resource need as the pandemic recovery work completes. Transformational efficiencies will be critical to ensuring financial sustainability over the medium to long term.

49. 2024/25 capital funding includes additional resource (£3 million) to support digital transformation, including development of next generation casework systems and processes. In total, COPFS has been awarded £9 million to help fund digital transformation over the three years to 31 March 2026.

Grant funding has been secured for significant decarbonisation projects to meet national public sector net-zero targets

50. In October 2021, the Scottish Government published its Heat in Buildings Strategy, outlining a commitment to invest £1.8 billion in capital funding over the next five years for energy efficiency and zero carbon heating in Scotland's buildings. The Scottish Green Public Sector Estate Decarbonisation Scheme (subsequently renamed the Scottish Central Government Energy Efficiency Grant scheme) launched in June 2021 as the main government-led capital funding mechanism to support decarbonisation of public buildings.

51. The funding is targeted towards central government organisations who have limited borrowing powers to fund the necessary work. COPFS has secured £11.5 million of funding under this scheme for decarbonisation of its office building in Elgin (£2.4 million) and the Crown Office building in Edinburgh (£9.1 million).

52. The cost of the decarbonisation work is significant and exceeds the value of the two buildings. A formal options appraisal was not carried out in considering alternatives to incurring this level of expenditure to reduce carbon emissions, but various relevant factors were taken into account. This included the availability of alternative energy efficient accommodation; COPFS's responsibility as a property owner to maintain its properties; the likelihood of being able to sell the Elgin building and the impact on the local area; the commitment to provide trauma informed services to victims and witnesses in the local community; estates management principles; the lack of alternative funding options; and the national policy objective and COPFS's strategic objective to reduce carbon emissions and achieve net zero targets. The grant funding has enabled COPFS to undertake decarbonisation works to support its carbon emissions reduction obligations that it would not otherwise have been able to afford to do.

Options for rationalising COPFS's estate are being explored

53. Non-staff expenditure has fallen from approximately 40% of COPFS's total spend to 18%, over a period of 7 years. COPFS is committed to further reducing this expenditure but acknowledges that this will be challenging. Savings options being explored include increased use of digitisation and smarter procurement and contract management.

54. A larger degree of savings may be achievable through reducing the estate footprint. COPFS is exploring options for co-location with other organisations, and during 2023/24 terminated the lease at its Dundee office premises in favour of a new, shared arrangement with the Care Inspectorate. Cost savings are forecast to be at least £0.6 million over the next nine years.

Increasing rates of serious crime and case complexity pose risks to financial sustainability

55. COPFS is a demand-led organisation with caseload dependent on a range of factors within the legislative and social environment outwith COPFS's control, such as changes in legislation creating new offences or increasing case volume or profile. The level of serious crimes reported continues to increase, a trend which was evident prior to the Covid-19 pandemic, and which has served to place further demand on COPFS's resources. The complexity of cases is also increasing.

56. This increased demand is placing a strain on COPFS's resources and limits the options for achieving cost savings within staff-related expenditure. COPFS acknowledges that any attempt to reduce staffing levels from 2023/24 levels would impact on service delivery and limit the ability to maintain service improvements. Victims of crime would not be able to rely on trials happening within reasonable timescales and death investigations would continue to be delayed.

57. COPFS is bound by the Scottish Government policy of no compulsory redundancies and relies on natural attrition to reduce staff numbers. Should future funding levels prove to be insufficient, COPFS will be obliged to review its priorities in conjunction with the Scottish Government and other partner agencies. This may include considering whether activities should be paused or stopped.

4. Vision, leadership and governance

Public sector bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

Main judgements

The Strategic Plan 2023-2027 sets out COPFS's vision and goals to 2027. Key organisational strategies have yet to be updated to align with the Strategic Plan.

Restructuring and increased use of digital technology are key themes within COPFS's transformation programme.

Governance arrangements are appropriate and support effective scrutiny, challenge and informed decision-making.

Work is ongoing to restructure COPFS's senior management team and improve the overall efficiency of its governance arrangements.

A Climate Change working group has been established to oversee COFPS's approach to achieving net zero carbon emissions.

The Strategic Plan 2023-27 sets out COPFS's vision and goals to 2027

58. COPFS current Strategic Plan covers the period from 2023 to 2027 and outlines its three main priorities:

- improve the experiences of women and children within the justice system
- improve how communication with customers and partners and the support offered to the most vulnerable service users
- achieve quicker conclusions to criminal and death investigations.

Key organisational strategies have yet to be updated to align with the Strategic Plan 2023-27

59. The Strategic Plan is supported by a number of organisational strategies, including: the Estates Transformation Strategy; the Procurement Strategy; the People Strategy; and the Digital Strategy. Similar to the Financial Strategy (paragraphs 39 to 41), these strategies require to be updated to bring them in line with the priorities contained within the latest Strategic Plan.

60. COPFS policy is to revise strategies once every three years. A new People Strategy 2024-27 was published in July 2024, replacing the previous strategy 2021-2023, however the other core strategies are now overdue for update.

61. The COPFS Digital Strategy was due to be published in late 2023. Publication was delayed to March 2024, and had still not been completed by the time of our financial statements audit in June. We have been advised that the new target date for publication is August-September 2024.

62. The Estates Transformation Strategy 2020-2023 and the Procurement Strategy 2021-2024 both require to be revised to align to the Strategic Plan 2023-27. We have been advised that the Procurement Strategy has been revised but has yet to be considered and approved by the Resources Committee.

63. It is critical that the strategies and plans which support the Strategic Plan 2023-27 are updated in a timely fashion to ensure COPFS is able to deliver on the priorities within the Plan. With publication of most of the revised strategies now delayed into 2024/25, there is a risk that functions and support services within COPFS do not have clear plans on how they will achieve the outcomes contained within the Strategic Plan.

Recommendation 1

COPFS should review its organisational strategies to bring them in line with the priorities in the current Strategic Plan 2023-27.

Restructuring and increased use of digital technology are key themes within COPFS's transformation programmes

64. A number of transformation programmes have been put in place to help deliver on the priorities outlined in the Strategic Plan. These include:

- the 'Designed for Success' programme (see paragraphs 71 to 72)
- the Victim Information and Advice (VIA) Modernisation Programme
- various business improvement transformation programmes.

65. Recent successes include:

- a new Witness Gateway portal, launched in full in June 2024, enabling victims to review case information online.
- launch of the Digital Evidence Sharing Capability (DESC) pilot, focussing on summary cases and collecting digital evidence. To be rolled out nationally on a phased basis during 2024
- development of the new Defence Agent Service (DAS) digital portal to provide online access for solicitors to digital services and information about cases, being released alongside DESC.

66. New Case Management system processes are also being developed with a view to achieving fully digital casework. There are also plans to implement a new HR system from 2024/25 and other corporate applications to replace manual and paper-based processes.

67. COPFS's training department, the Scottish Prosecution College, has also been implementing a transformation programme since early 2022, with improved internal and external partnerships informing development of key training courses, with a focus on quality improvement within the curriculum.

Governance arrangements are appropriate and support effective scrutiny, challenge and informed decision-making

68. We reviewed COPFS governance arrangements during the course of the year and concluded that they are appropriate and support effective scrutiny, challenge and informed decision-making.

69. We noted however, that one of the three non-executive directors left in December 2023 and has not yet been replaced. We have not identified any governance issues resulting from this vacancy but note the additional pressure on the remaining non-executives to ensure that Committee meetings are quorate. We have been advised that COPFS plans to advertise for a new non-executive director in the Autumn.

70. Minutes for the Executive Board and all Committee meetings, including financial and performance information, are published on the COPFS website. The minutes provide a summary of decisions made and are made available as soon as practicable following approval.

Work is ongoing to restructure COPFS's senior management team and improve the overall efficiency of its governance arrangements

71. A review of the COPFS senior management structure, governance arrangements and succession planning was completed during 2023/24. A number of recommendations were made to improve the overall efficiency of

COPFS, ensure long-term sustainability of leadership, and improve approaches to leadership learning and development, communications and operational performance management.

72. In February 2024, the 'Designed for Success' programme was approved to progress the recommendations outlined in the review. Two senior employees have been tasked with leading the project and working groups have also been established to focus on specific areas. COPFS expects the project to take between 18 to 24 months to implement once the proposed new senior positions have been filled. We will continue to monitor progress made as part of our 2024/25 audit.

A Climate Change working group has been established to oversee COPFS's approach to achieving net zero carbon emissions

73. The Scottish Parliament has set a legally binding target of achieving net zero carbon emissions by 2045. The public sector in Scotland has a key role to play in ensuring this target is met and in adapting to the impacts of climate change.

74. COPFS has established a climate change working group with membership from across operational and corporate functions. The group has developed COPFS's Net Zero Emissions, Environmental and Sustainability Policy 2023 which identifies key targets for COPFS which are aligned to the Just Transition to Net Zero targets set by the Scottish Government.

75. COPFS aims to achieve carbon neutrality by 2045, with a tighter target of 2038 within Estates. The working group is responsible for leading and overseeing work to identify and deliver carbon reduction opportunities across all of COPFS's functions.

76. The initial priority is to establish the current carbon footprint of COPFS's activities in order to establish a baseline against which carbon reduction actions can be measured. Financial, budgetary and resourcing impacts of carbon reduction measures also require to be assessed, prior to the Executive Board approving any actions.

77. COPFS's climate change strategy includes targets to decarbonise heating in all buildings by 2038; remove all petrol and diesel cars by 2025; reduce staff travel by car by 20% by 2040; and send no biodegradable waste to landfill by 2025 and zero waste to landfill by 2030.

78. COPFS has acquired a new monitoring system (Achilles) to assist with monitoring and reporting against climate change targets. Quarterly reports are presented to the Resource Committee together with an annual report of compliance with energy and CO_2 emission reduction targets. The system has been populated with data from 2022/23 as the baseline.

Audit Scotland is developing a programme of work on climate change

79. The Auditor General and Accounts Commission are developing a programme of work on climate change. This involves a blend of climate change-specific outputs that focus on key issues and challenges as well as moving towards integrating climate change considerations into all aspects of audit work.

5. Use of resources to improve outcomes

Public sector bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities.

Main judgements

COPFS, together with its key partners on the Criminal Justice Board, continues to address the trial backlog due to Covid-19 although progress slowed in 2023/24.

COPFS's arrangements for securing Best Value are generally satisfactory but, as reported last year, could be strengthened by undertaking a self-assessment against the Best Value characteristics.

Performance against COPFS's four key indicators was largely positive with three of these meeting or exceeding target levels.

Performance against the investigation of deaths target has deteriorated and is well below the target of concluding 80% of cases within 12 weeks.

COPFS continues to work with other stakeholders to improve the provision of forensic pathology, and mortuary services across Scotland.

COPFS, together with its key partners on the Criminal Justice Board, continues to address the trial backlog due to Covid-19 although progress slowed in 2023/24

80. In May 2020 a Criminal Justice Board (CJB) was formally established to oversee the Covid-19 pandemic response. The CJB is a sub-group of the National Justice Board for Scotland whose role is to lead justice system organisations in delivering the outcomes set out in the Scottish Government's justice strategy. The CJB includes senior representatives from key public sector criminal justice partners, including COPFS. Since June 2020 the CJB focus has been on enabling the justice system to operate again at pre-Covid-19 levels and prepare for future transformation.

81. Progress in reducing the trial backlog has slowed in 2023/24. As of March 2024, there are 27,565 criminal trials scheduled, which is a slight increase on the March 2023 figure (27,406). However, this is still a significant reduction from the peak of 43,606 in January 2022.

82. The increase in workload, such as the increase in criminal reports received, has impacted on COPFS's ability to reduce the backlog as resources have to be dedicated towards these cases as well as continuing to support victims and witnesses throughout their wait for a delayed trial.

Issues with the prisoner escorting services contract have negatively impacted on COPFS and led to delays in some of the most serious criminal cases

83. COPFS is a member of the Justice Multi Agency Liaison Group. In December 2023, Audit Scotland published a report highlighting issues relating to the Scottish Courts Custody Prisoner Escorting Services (SCCPES) contract managed by the Scottish Prison Service on behalf of the Justice Multi Agency Liaison Group. The report notes that many aspects of the contractual requirements were not being met leading to significant issues for COPFS and other justice partners including delays in the most serious criminal cases.

84. In response to the report, the Scottish Parliament's Public Audit Committee sought additional evidence from stakeholders including COPFS about the impact on the justice system. COPFS provided a written response in March 2024. The Public Audit Committee published its own report in June 2024 which notes that failure to deliver the contract is having a considerable impact on service delivery across the justice sector. The report recommends that the Scottish Government and the Scottish Prison Service conducts a 'lessons learned' review to inform any future contract.

COPFS's arrangements for securing Best Value are generally satisfactory but could be strengthened by undertaking a self-assessment against the Best Value characteristics

85. Ministerial guidance to Accountable Officers for public bodies and the Scottish Public Finance Manual (SPFM) set out the accountable officer's duty to ensure that arrangements are in place to secure best value. The guidance sets out the key characteristics of best value and states that compliance with the duty of best value requires public bodies to take a systematic approach to self-evaluation and continuous improvement.

86. Last year we reported that COPFS's arrangements for securing Best Value were generally satisfactory, but they could be strengthened by undertaking a self-assessment against the Best Value characteristics and reporting this to the Board. This has been delayed due to delays in implementing the revised management structure. We have been advised that the self-assessment will now be completed in 2024/25.

Recommendation b/f 5

COPFS should consider carrying out a self-assessment of its arrangements against the Best Value characteristics and report this to the Board.

Performance against COPFS's four key indicators was largely positive with three of these meeting or exceeding target levels

87. COPFS continued to monitor key performance indicators throughout the year with performance reported to the Operational Performance Committee on a regular basis.

88. An annual summary of performance against key targets was published in April 2024. Four key indicators were outlined against a previous year comparison 2022/23. These four key indicators are outlined in the Annual Business Plan 2023-24.

89. Exhibit 5 shows that performance against targets in 2023/24 was largely positive, with three out of the four key performance targets being met or exceeded.

Exhibit 5
Key performance indicators

	Target	2021/22	2022/23	2023/24
Take and implement decisions	75% in 4 weeks	73%	72%	79%
Service of indictments	All indictments are served within time bar	100%	100%	100%
Investigations of death	80% within 12 weeks	50%	65%	54%
Investigations of criminal allegations against the Police	75% within 6 months	87%	84%	95%

Source: *COPFS Performance against Key Targets April 2023 to March 2024*

90. The Performance Report also includes key performance indicators for COPFS's Business Services areas. Targets have mostly been achieved in 2023/24. Where targets have not been met, there has been a noted improvement on the prior year.

Performance against the investigation of deaths target has deteriorated and is well below the target of concluding 80% of cases within 12 weeks

91. The Lord Advocate is responsible for the investigation of sudden and suspicious deaths. The service standard is that where a death requires further investigation, COPFS is to advise next of kin of the result within 12 weeks in at least 80% of cases. This target was not met in the two prior financial years and has suffered a deterioration in 2023/24.

92. COPFS has advised that many of these deaths require a post-mortem examination to be conducted. The examination process includes toxicological analysis. Since February 2019 COPFS has experienced delays in the provision of toxicology by service providers. This has resulted in delays in the provision of pathologists' final reports to COPFS and the conclusion of investigations, causing performance against this target to deteriorate. COPFS continues to liaise with toxicology service providers to improve the provision of reports within the required timescales.

There is scope to improve the Performance Report through the inclusion of trend analysis and cross-references to other performance reports

93. In addition to the opinion on the Performance Report covered in Part 1 of this report, we also consider the qualitative aspects of COPFS's Performance Report. The Performance Report should provide information on the organisation, its main objectives and principal risks. Additionally, it should provide a fair, balanced and understandable analysis of performance as well as helping stakeholders understand the financial statements. We concluded that overall, the Performance Report submitted for audit was of a good standard.

94. Last year we recommended that COPFS include additional information such as trend analysis and cross references to other reports where action is being taken and service is being monitored and reported. An additional year's data has been included in the reports received graph in this year's Performance Report. All other performance information only includes the prior year as a comparison. FReM paragraph 3.4.2 recommends five years of comparison data as a good target for narrative reporting.

Recommendation b/f 6

The Performance Report could be improved by including additional information such as trend analysis and cross referring to other reports where action is being taken and service is being monitored and reported.

COPFS continues to work with other stakeholders to improve the provision of forensic pathology and mortuary services across Scotland

95. In previous years we have reported on progress made towards improving the provision of forensic pathology and mortuary services across Scotland. These services are essential to ensuring that COPFS can deliver on its responsibilities to investigate all suspicious or unexplained deaths.

96. A number of Gateway Reviews have been undertaken to support the process as COPFS has no powers or controls over health providers or universities to mandate forensic pathology and mortuary services to an agreed service level and so must work with other stakeholders to deliver improvements.

97. The most recent Gateway Review, completed in May 2024, recognised that further progress has been made since the last Review (October 2023), and that COPFS has used the previous reviews to engage positively with stakeholders, demonstrating its aim to continuously improve the forensic pathology and mortuary service in Scotland.

98. The status of the programme was assessed as “amber” meaning “Successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and, if addressed promptly, should not present a cost/schedule overrun.”

99. The Gateway Review notes that the main concerns relate to potential delays to the finalisation of Service Level Agreements (SLAs), the costing model and the development of business cases. COPFS has advised that good progress has been made in these areas with SLAs on track to be completed by end of September 2024 and full business cases by November 2024. A further Gateway Review is planned for August 2024. We will continue to monitor progress as part of our 2024/25 audit.

Appendix. Action plan 2023/24

2023/24 recommendations

Issue/risk	Recommendation	Agreed management action/timing
1. Key organisational strategies have yet to be updated to align with the Strategic Plan 2023-27 The Strategic Plan is supported by a number of organisational strategies. These are revised every 3 years. Other than the People Strategy published in July 2024, the strategies require to be updated to bring them in line with the new Strategic Plan. **Risk:** there is a risk that objectives within the Strategic Plan are not achieved due to supporting strategies being out of date.	COPFS should review its organisational strategies to bring them in line with the priorities in the current Strategic Plan 2023-27. Paragraphs 59 to 63 Refer also to recommendation b/f 3 Financial Strategy	**Agreed.** Strategy revision is in progress and is intended to be completed by Quarter 3 2024/25. **Responsible officer:** Head of Business Services **Agreed date:** 31 October 2024

Follow-up of prior year recommendations

Issue/risk	Recommendation and Agreed Action	Progress
b/f 1. Overstatement of Provisions	Year-end procedures should be reviewed to ensure that the correct discount rate is used and that any time limits on the payment of injury benefits are clearly communicated between HR and finance staff.	**Implemented** The Injury Benefits working paper was reviewed as part of audit testing. The correct discount rate was used, and no issues were found in the calculation of the injury benefits provision.

Issue/risk	Recommendation and Agreed Action	Progress
	Responsible officer: Director of Finance and Procurement **Agreed date:** Immediate	
b/f 2. Accounting for the use of Provisions	In future years, amounts paid from previously recognised provisions should not be recognised as expenditure and non-cash income in Note 2. Instead, a reconciliation between the accounts outturn and the amount chargeable against government DEL funding should be included alongside the outturn against budget table within the Performance Report. **Responsible officer:** Director of Finance and Procurement **Agreed date:** 31 March 2024	**Implemented** The prior year figures in Note 2 have been restated in the 2023/24 accounts to ensure the presentation does not overstate both expenditure and income in the note. The unaudited accounts did not include the recommended reconciliation. Following discussion, management have included the reconciliation in the revised accounts.
b/f 3. Financial Strategy	COPFS should review its Financial Strategy in line with its Strategic Plan and ensure that it can demonstrate how it will deliver its corporate objectives. **Responsible officer:** Director of Finance and Procurement **Agreed date:** December 2023	**Outstanding** In February 2024, COPFS presented its revised Financial Strategy for 2023-27 to the Executive Board. The strategy requires revision prior to publication. This has not progressed due to resource pressures in the first half of 2024. **Responsible officer:** Director of Finance and Procurement **Revised date:** 31 October 2024 Paragraphs 39 to 41.
b/f 4. Conflicts of Interest and Related Party procedures	Members should be reminded of the process and the year-end schedules completed and returned to management.	**Implemented** Members were reminded of the process. Year-end schedules were completed by

Issue/risk	Recommendation and Agreed Action	Progress
	Responsible officer: Director of Finance and Procurement **Agreed date:** Immediate	all executive and non-executive directors and returned to management.
b/f 5. Best Value Assessment	COPFS should consider carrying out a self-assessment of its arrangements against the Best Value characteristics and report this to the Board. **Responsible officer:** Crown Agent **Agreed date:** February 2024	**Outstanding** The self-assessment against the Best Value characteristics has been delayed due to delays in implementing the revised management structure. We have been advised that the self-assessment will now be completed in 2024/25. **Responsible officer:** Crown Agent **Revised date:** 28 February 2025 Paragraphs 85 & 86.
b/f 6. Trend analysis of key performance indicators	The Performance Report could be improved by including additional information such as trend analysis and cross referring to other reports where action is being taken and service is being monitored and reported. **Responsible officer:** Director of Finance and Procurement **Agreed date:** These will be included in 2023-24 Annual Statements	**Outstanding** An additional year's data has been included in the reports received graph in the 2023/24 Performance Report. All other performance information only includes the prior year comparator. **Responsible officer:** Director of Finance and Procurement **Revised date:** 31 May 2025 Paragraphs 93 & 94.
b/f 7. Value for money – Pathology, post mortem and mortuary contracts	Progress needs to be made to secure continuity of service provision for COPFS to fulfil its role for the investigation of sudden or suspicious deaths.	**Ongoing** COPFS continues to work with other stakeholders to improve the provision of forensic pathology and mortuary services across Scotland.

Issue/risk	Recommendation and Agreed Action	Progress
		The latest Gateway Review assessed the status of the programme as ‘amber’ in comparison to the ‘red’ assessment reported last year. Although good progress has been made, the Review raised concerns about the delivery of key milestones which need to be addressed over the summer. Paragraphs 95 to 99.

Crown Office and Procurator Fiscal Service

2023/24 Annual Audit Report

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