



# Annual Audit Report for Scottish Police Authority

For the year ended 31 March 2025

26 September 2025



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our external audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect Scottish Police Authority or all weaknesses in your internal controls.

This report has been prepared solely for your benefit and Audit Scotland (under the Audit Scotland Code of Audit Practice 2021). We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

# 1 Headlines

# Headlines (1)

Summary of the key findings and other matters arising from the external audit of Scottish Police Authority and the preparation of the financial statements for the year ended 31 March 2025 for those charged with governance (Audit, Risk and Assurance Committee) and the Auditor General for Scotland.

## Financial statements

Under International Standards of Audit (UK) (ISAs) and Audit Scotland's Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- Scottish Police Authority's financial statements give a true and fair view of the financial position of the organisation at the 31 March 2025 and of the net expenditure of the organisation for the year then ended;
- Scottish Police Authority's financial statements have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Government Financial Reporting Manual (FReM);
- Scottish Police Authority's financial statements and the audited parts of the Remuneration Report and Staff Report have been prepared in accordance with the requirements of the 2024/25 Financial Reporting Manual (FReM) and directions made thereunder by the Scottish Ministers;

We are required to report whether other information published together with the audited financial statements in the Annual Report and Accounts is materially consistent with the financial statements or our knowledge obtained in the audit, has been prepared in accordance with the requirements or otherwise appears to be materially misstated.

We are required to express an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

We received the first draft of the financial statements with working papers on 20 June 2025 which were presented on time. The quality of the Annual Report and Accounts and supporting working papers provided to audit were of a good standard.

Our findings are summarised on pages 7 to 35. We have not identified any adjustments to the primary financial statements above our reporting threshold. We have identified several disclosure amendments including an amendment to the Statement of Cash Flows. These amendments are detailed at page 33. We have also followed up on any open prior year recommendations as part of the 2024/25 audit. Our follow up of these recommendations are detailed in [Appendix C](#).

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

**We have issued an unmodified audit opinion on 26 September 2025.**

# Headlines (2)

Summary of the key findings and other matters arising from the external audit of Scottish Police Authority and the preparation of the financial statements for the year ended 31 March 2025 for those charged with governance (Audit, Risk and Assurance Committee) and the Auditor General for Scotland.

## Wider scope and best value arrangements

Under the Audit Scotland Code of Audit Practice ('the Code'), the scope of public audit extends beyond the audit of the financial statements. The Code requires auditors to consider Scottish Police Authority's arrangements in respect of financial management, financial sustainability, vision, leadership and governance and use of resources to improve outcomes.

In our External Audit Plan for the year ended 31 March 2025, we documented our assessment of the wider scope risks and planned audit work. At the planning stage, we identified one significant risk:

- **Financial sustainability** – future financial plans for 2025/26 and beyond.

Furthermore, central government bodies in Scotland have a legal duty to deliver "Best Value" in their services. This means they must make arrangements to ensure continuous improvement in their performance, while maintaining a balance between quality and cost, and consider economy, efficiency, effectiveness, equal opportunities and sustainable development. The Code of Audit Practice requires auditors to consider the arrangements put in place by Accountable Officers to meet their best value obligations.

Within this Report, we outline our work undertaken in response to each of the four wider scope areas including the arrangements in place within Scottish Police Authority and conclude on the effectiveness and appropriateness of these arrangements based on the work carried out.

Further details of the work undertaken are outlined on pages 36 to 57.

Scottish Police Authority have arrangements in place to secure best value and we have considered these arrangements as part of our regular wider scope work. We have raised four recommendations for management as a result of our wider scope and best value work. These are set out in [Appendix B](#).

Audit Scotland and HMICS are conducting a joint Best Value audit of policing in 2025. This will be the first Best Value audit since the creation of the national service which is expected to report in early 2026. We have been kept informed with progress on this audit.

We have followed up the wider scope recommendations made during our previous audits. This is set out in [Appendix C](#).

There remains a significant risk in respect of financial sustainability given the financial challenges Scottish Police Authority faces over the longer term and continued receipt of one-year funding settlements provided by the Scottish Government.

## 2 Our approach to materiality

# Our approach to materiality (1)

As communicated in our Audit Plan dated 06 February 2025, we determined materiality at the planning stage as £29.875 million based on 2.0% of prior year operating expenditure, after the removal of one off non-recurring items. On receipt of draft financial statements, we have reconsidered planning materiality based on the 2024/25 figures in the draft financial statements.

Our approach to determining materiality is set out here.

Materiality area	Amount (£)	Qualitative factors considered
Materiality for the financial statements	£22,515,000	This is equivalent to approximately 2.0% of operating expenditure for the period ended 31 March 2025. Our materiality has been updated to reflect the 2024/25 figures in the draft financial statements although there has been no change to the % outlined within our audit plan. At planning, we removed non-recurring IAS 19 pension costs however, at year-end, we identified these as recurring costs in the 2024/25 Annual Report and Accounts and as a result, our updated calculation of materiality has added this value back in. In 2023/24, materiality was £25,315,000, which represented 1.7% of operating expenditure.
Performance materiality for the financial statements	£16,886,250	Performance materiality has been set at 75% of financial statements materiality. This reflects our risk-assessed knowledge of potential for errors occurring. Performance materiality is used for the purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. This is the amount we set at less than materiality for the financial statements as a whole, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. In 2023/24, performance materiality was £17,720,000 which represented 70% of our calculated materiality.

# Our approach to materiality (2)

Materiality area	Amount (£)	Qualitative factors considered
Reporting threshold	£1,125,800	This balance is set at 5% of materiality. In 2023/24, our trivial threshold was £1,266,000 and this was set at 5% of materiality.
Auditable elements of the Remuneration and Staff Report: <ul style="list-style-type: none"><li>• Remuneration of Board Members</li><li>• Remuneration of SPA Senior Leadership Team and Police Scotland Chief Officer Team</li><li>• Payments to past directors</li><li>• Payments for loss of office</li><li>• Fair pay disclosures</li><li>• Number of senior employees by band</li></ul>	£25,000	<p>Due to the public interest in the specified remuneration disclosures, we apply specific audit procedures to this work and set a lower materiality level for this area. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be applicable for the specified remuneration disclosures.</p> <p>We evaluate errors in this disclosure for both quantitative and qualitative factors against this lower level of materiality. We will apply heightened auditor focus in the completeness and clarity of disclosures in this area and will request amendments to be made if any errors exceed the threshold we have set or would alter the bandings reported for any individual.</p> <p>Additionally, at year-end, given the voluntary redundancy and voluntary early retirement exercise which took place during the financial year and resultant increase in exit packages, we have set a lower materiality threshold of £250,000 for the Exit Packages note.</p>
Specific lower materiality set by the audit team: <ul style="list-style-type: none"><li>• Exit packages</li></ul>	£250,000	<p>This approach is a change from our audit plan, which noted that only the Senior Office Holders' and Board Member Remuneration disclosures would be audited at this lower materiality.</p>
The total staff costs analysis note will be audited at headline materiality.		

### **3 Overview of significant risks identified**

# Overview of significant risks identified

The below table summarises the significant risks discussed in more detail on the subsequent pages.

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs. A significant risk can be a significant risk due to error or due to fraud. For the purposes of the ISAs (UK), the auditor is concerned with fraud or suspected fraud that causes a material misstatement in the financial statements. Two types of intentional misstatements are relevant to the auditor – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets.

As part of our consideration of risks relating to fraudulent financial reporting, we consider the potential for override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage income and expenditure in order to influence Scottish Police Authority's year-end performance.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Findings (subject to the conclusion of audit work)
Risk 1 Management override of controls	Significant	↔	✓	Medium	●
Risk 2 Valuation of land and buildings	Significant	↔	✗	High	●
Risk 3 Valuation of the net pension fund liability	Significant	↔	✗	High	●

Key:

- ↑ Assessed risk increase since Audit Plan
- ↔ Assessed risk consistent with Audit Plan
- ↓ Assessed risk decrease since Audit Plan

- No adjustment or change in disclosure required
- Non-material adjustment or change in disclosure required
- Material adjustment or change in disclosure required

# Overview of significant risks identified – financial statements (1)

Risk identified in our Audit Plan	Audit procedures performed	Key observations
<p><b>Management override of controls</b> In accordance with ISA (UK) 240, we have identified a risk of fraud in respect of management override of controls.  Our risk focuses on the areas of the financial statements where there is potential for management to use their judgement to influence the financial statements alongside the potential to override the entity's internal controls, related to individual transactions.  We have therefore identified management override of controls, in particular journals, management estimates and of transactions outside the course of business as a significant risk of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>documented an understanding of and evaluated the design effectiveness of management controls over journals;</li> <li>analysed the journals listing and determined the criteria for selecting high risk unusual journals and tested these journals identified;</li> <li>challenged management's key judgements and estimates and considering whether these judgements and estimates are individually or cumulatively indicative of management bias;</li> <li>tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration and;</li> <li>gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness.</li> </ul>	<p>Our audit work has not identified any issues in respect of management override of controls from our work.</p>

# Overview of significant risks identified – financial statements (2)

Risk identified in our Audit Plan	Audit procedures performed	Key observations
<p><b>Valuation of land and buildings</b></p> <p>In accordance with the HM Treasury Financial Reporting Manual (FReM), subsequent to initial recognition, the SPA is required to hold property, plant and equipment on a valuation basis. The valuation basis used will depend on the nature and use of the assets. Specialised land, buildings, equipment, installations and fittings are held at depreciated replacement cost. Non-specialised land and buildings, such as offices, are held at existing use value.</p> <p>The SPA appoint Graham and Sibbald to undertake a rolling programme of valuations across their asset base, valuing land and buildings at least once every five years. As at 31 March 2024, the SPA held property, plant and equipment (PPE) of £539.4 million including land and buildings of £408.0 million. As at 31 March 2025, the SPA held property, plant and equipment (PPE) of £544.8 million including land and buildings of £409.6 million.</p> <p>Given the significant value of the land, buildings and dwellings held by the SPA and the level of complexity and judgement involved in the estimation process, there is an inherent risk of material misstatement in the year-end valuation of some of these assets. However, the risk is less prevalent in other assets as these are generally held at depreciated historical costs and therefore less likely to be materially misstated. We will therefore focus our audit attention on assets that have large and unusual changes in valuations compared to last year and/or unusual approaches to their valuations, as a significant risk requiring special audit consideration. The risk will be pinpointed as part of our final accounts work, once we have understood the population of assets revalued. We will also focus our work on assets that have not been revalued to ensure the carrying value of assets is not materially different to the current value at the year-end date.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>evaluated management's processes and controls for the calculation of the valuation estimates, the instructions issued to their valuer and the scope of their work;</li> <li>evaluated the competence, capabilities and objectivity of management's valuation expert;</li> <li>wrote to the valuer to confirm the basis on which valuations were carried out and challenged the valuer of the rates used;</li> <li>challenged the key data and assumptions used by management's experts in the valuation process for these assets</li> <li>evaluated the valuer's report to identify assets that had large and unusual changes and/or approaches to the valuation and tested these valuations substantively for reasonableness;</li> <li>tested a sample of other asset revaluations made during the year to ensure they have been input accurately into the body's asset register and associated entries in the financial statements;</li> <li>Evaluated the assumptions made by management for assets not formally revalued in year and how these are not materially different to their current value; and</li> <li>reviewed your impairment assessment as to whether there are indicators of impairment.</li> </ul>	<p>Our audit work has not identified any issues in relation to the valuation of land and buildings.</p>

# Overview of significant risks identified – financial statements (3)

Risk identified in our Audit Plan	Audit procedures performed	Key observations
<p><b>Valuation of the net pension fund liability</b></p> <p>The Police Officer Pension schemes and Local Government Pension Scheme (LGPS) pension fund liability as reflected in the balance sheet and notes to the accounts represent significant estimates in the financial statements.</p> <p>This estimate by its nature is subject to significant estimation uncertainty, being very sensitive to small adjustments in the assumptions used. We do not believe there is a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation or due to the source data used in their calculation (unless any significant events have occurred, such as significant special events (i.e. redundancies, bulk transfers or outsourcing), material transfers or material membership movements which the actuary may not have taken into account.)</p> <p>However, we have concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. As noted above, the appropriateness of the assumptions proposed by the actuary is covered by the TAS actuarial standards. However, the entity may choose to use different assumptions than those proposed by their actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and inflation rates, where our consulting actuary has indicated that a 0.1% change in these two assumptions would have approximately 2% effect on the liability. We have therefore identified the valuation of the pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>In response to the risk highlighted in the audit plan we carried out the following work:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the processes and controls put in place by management to ensure that the pension fund net liability/asset is not materially misstated and evaluate the design of the associated controls;</li> <li>• Evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;</li> <li>• Assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation;</li> <li>• Assessed the accuracy and completeness of the information provided by the SPA to the administering authority to estimate the liability;</li> <li>• Tested the consistency of the pension fund net liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and</li> <li>• Undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as an auditor's expert) and performing any additional procedures suggested within the report.</li> </ul>	<p>Our audit work has not identified any issues in relation to the valuation of the net pension fund liability.</p>

# Overview of significant risks identified – financial statements (4)

Risk identified in our Audit Plan	Audit procedures performed	Key observations
<p><b>Fraud in Revenue Recognition</b></p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p><b>(rebutted)</b></p>	<p>Scottish Police Authority's main sources of income includes £30.734 million of fees and charges income and £16.523 million of grant income received (which is external to Grant in Aid). Fees and charges income is typically transactional, directly tied to specific services or products provided, making it straightforward to track and verify. This reduces the complexity and scope for altering revenue figures. Similarly, grant income is governed by strict terms and conditions set by the granting bodies, often requiring detailed reporting and audit trails to ensure compliance. These stringent controls and the direct linkage of income to verifiable activities mean there is limited flexibility to manipulate the timing or amount of revenue recognised.</p> <p>Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at Scottish Police Authority, we have determined that the risk of fraud arising from revenue recognition for all revenue streams can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition;</li> <li>• opportunities to manipulate revenue recognition are very limited and</li> <li>• the culture and ethical frameworks of police authorities, including the SPA, mean that all forms of fraud are seen as unacceptable.</li> </ul> <p><b>Therefore, we do not consider this to be a significant risk for Scottish Police Authority.</b></p>	<p>Our audit work has not identified any material issues in relation to revenue recognition.</p>

# Overview of significant risks identified – financial statements (5)

Risk identified in our Audit Plan	Audit procedures performed	Key observations
<p><b>Fraud in Expenditure Recognition</b></p> <p>Due to the presumption that there are risks of fraud in expenditure recognition, we are required to evaluate which types of expenditure, expenditure transactions or assertions give rise to such risks. Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom (PN10) states:</p> <p>"As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition".</p> <p>(rebutted)</p>	<p>Having considered the risk factors set out in ISA 240 and the nature of the expenditure streams at the SPA, we have determined that the risk of fraud arising from expenditure recognition can be rebutted, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate expenditure recognition;</li> <li>• opportunities to manipulate expenditure recognition are very limited;</li> <li>• the culture and ethical frameworks of police authorities, including the SPA, mean that all forms of fraud are seen as unacceptable; and</li> <li>• regular dialogue with the Scottish Government to monitor financial performance provides limited opportunity to manipulate the financial position.</li> </ul> <p>A large proportion of the SPA's expenditure relates to resources consumed in the direction and control of day-to-day policing such as police staff and wages, employee-related expenditure, premises, transport and supplies and services of Police Scotland. These expenditure streams and processes are largely automated.</p> <p><b>Therefore, we do not consider this to be a significant risk for the Scottish Police Authority.</b></p>	<p>Our work has not identified any material issues in relation to expenditure recognition.</p>

# Overview of risks identified

Risk identified in our Audit Plan	Audit procedures performed	Key observations
<b>Implementation of the new leases accounting system</b>	<p>In response to the risk highlighted in the audit plan we carried out the following work:</p> <ul style="list-style-type: none"> <li>undertook a review of the implementation process of the new system.</li> <li>obtained an understanding of the new system including controls in place.</li> <li>reviewed the organisation's process for ensuring the migration to the new system is complete and accurate.</li> <li>completed a reconciliation to ensure the opening balances within the new system are accurate and complete.</li> <li>tested the accounting and disclosure arrangements for leases within the Annual Report and Accounts in line with our audit scope.</li> </ul>	<p>No significant issues have been identified from our work performed.</p> <p>We did identify one minor issue for sixteen leases.</p> <p>The issue arose during the client's transition from manual spreadsheets to FMIS, where term adjustments were raised on the transition date 1 April 2024 but not linked to ROU assets. This impacted depreciation but not interest calculations.</p> <p>The software supplier confirmed that the error occurred during the setup phase, as adjustments were manually linked to ROU assets.</p> <p>We have concluded that the misstatement is trivial and therefore, does not require any further reporting or adjustment to be made.</p>

# 4 Other findings

# Other findings – key judgements and estimates (1)

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
<b>Land and Building valuations – £16.807m</b>	<p>Land and buildings comprises specialised assets such as police stations, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The SPA also hold other assets including investment properties, surplus assets, assets held for sale, finance leases and residential properties which are valued at market value. The SPA have engaged Graham and Sibbald to complete the valuation of land and building assets as at 31 March 2025 on a five yearly cyclical basis.</p> <p>Management have considered the year end value of non-valued properties, and the potential valuation change in the assets revalued at 31 March 2025, based on a desktop exercise to determine whether the value of properties has materially changed.</p> <p>Management's assessment of assets not revalued has identified no material change to the property values. We have reviewed management's assessment and completed our own assessment using market indices to determine whether there has been a material movement in valuation between the last valuation date and the year-end date. We are satisfied that there is no material issue arising as a result of land and building assets being valued on a cyclical basis.</p>	<p>We reviewed your assessment of the estimate considering:</p> <ul style="list-style-type: none"> <li>Assessment of management's expert to be competent, capable and objective;</li> <li>Completeness and accuracy of the underlying information used to determine the estimate;</li> <li>The appropriateness of your alternative site assumptions which remain consistent with previous years;</li> <li>Reasonableness of increase/decrease in estimates on individual assets;</li> <li>Consistency of estimate against property market trends, and reasonableness of the decrease in the estimate; and</li> <li>Adequacy of disclosure of estimate in the financial statements.</li> </ul> <p><b>Conclusion</b></p> <p>No audit adjustments have been identified as part of our audit procedures performed.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious.</p>

# Other findings – key judgements and estimates (2)

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
<b>Net pension liability – Police Pension Scheme £12.656 billion</b>	<p>The SPA's net pension liability at 31 March 2025 comprises the Police Pension Scheme 2015, the 2006 New police Pension Scheme and the Police Pension Scheme all of which are unfunded defined benefit pension schemes (£12.656 billion).</p> <p>The SPA engages with GAD (Police Pension Scheme) to provide actuarial valuations of the liabilities derived from these schemes. The actuary utilises key assumptions such as life expectancy, discount rates and salary growth. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p> <p>There has been a £86.500 million net actuarial loss during 2024/25, this movement is due to a number of factors including an increase in the pension increase rate and discount rate, along with a decrease in the long-term salary increase rate.</p>	<ul style="list-style-type: none"> <li>• We have obtained an understanding of the processes and controls put in place by management to ensure the SPA's pension fund net liability is not materially misstated and evaluated the design of associated controls;</li> <li>• We have assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation;</li> <li>• We have assessed the impact of any changes to the valuation method;</li> <li>• We have assessed the accuracy and completeness of information provided by the SPA to the administering authorities to estimate the liability;</li> <li>• We have used PwC as our auditor's expert to assess the actuary and assumptions made by actuary. Assumptions applied have been found to be within the appropriate range by our auditor's expert and we have determined the overall assessment of assumptions applied as reasonable.</li> <li>• We have tested the consistency of the pension fund net liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and</li> <li>• We have assessed the reasonableness of decrease in estimate.</li> </ul> <p><b>Conclusion</b></p> <p>As assumptions applied have been found to be within the appropriate range by our auditor's expert, we have determined the overall assessment of assumptions applied as reasonable.</p> <p>No audit adjustments have been identified because of our work performed.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious.</p>

# Other findings – key judgements and estimates (3)

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
<b>Net pension liability - LGPS £31.442 million</b>	<p>The SPA's net pension liability at 31 March 2025 comprises the LGPS staff scheme which has recognised an asset position for 2024/25 which has been capped at nil (£0m).</p> <p>The SPA engages with Hymans Robertson (LGPS) to provide actuarial valuations of the liabilities derived from these schemes. The actuary utilises key assumptions such as life expectancy, discount rates and salary growth. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p> <p>There has been a £17.538 million net actuarial gain during 2024/25, this significant movement is largely due to increase in the discount rate which places a lower value on the obligations.</p>	<ul style="list-style-type: none"> <li>• We have obtained an understanding of the processes and controls put in place by management to ensure the SPA's pension fund net liability is not materially misstated and evaluated the design of associated controls;</li> <li>• We have assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation;</li> <li>• We have assessed the impact of any changes to the valuation method;</li> <li>• We have assessed the accuracy and completeness of information provided by the SPA to the administering authorities to estimate the liability;</li> <li>• We have used PwC as our auditors expert to assess the actuary and assumptions made by actuary.</li> </ul> <p>Assumptions applied have been found to be within the appropriate range by our auditor's expert and we have determined the overall assessment of assumptions applied as reasonable.</p> <ul style="list-style-type: none"> <li>• We have tested the consistency of the pension fund net liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and</li> <li>• We have assessed the reasonableness of decrease in estimate.</li> </ul> <p><b>Our results</b></p> <p>As assumptions applied have been found to be within the appropriate range by our auditor's expert, we have determined the overall assessment of assumptions applied as reasonable.</p> <p>The pension asset has been capped at £nil in line with the actuary's calculation of the IFRIC 14 asset ceiling cap. We have reviewed the IFRIC 14 calculations at a fund level and confirmed this was applicable for all funds. No audit adjustments have been identified because of our work performed.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious.</p>

# Other findings – key judgements and estimates (4)

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
<b>Property, Plant and Equipment: depreciation including useful life of capital equipment - £57.158 million</b>	<p>Scottish Police Authority's approach to depreciation is set out in accounting policies:</p> <p><b>Note 1.6 – Depreciation</b></p> <p>Depreciation is provided on property, plant and equipment at rates calculated to write off the valuation, less estimated residual values, of each asset evenly over its expected useful life. Depreciation charges commence in the first full month following the addition to the relevant noncurrent asset category.</p> <p>For existing assets, the source data is the carrying value at the start of the year. For buildings this is the revaluation performed at year end. For new assets it is the purchase cost during the year. The point estimate for depreciation is generated by the asset register based on the inputs of costs and expected lives for each asset.</p>	<p>Our testing of property, plant and equipment included a review of the useful lives.</p> <p>Additionally, we have tested how management have made the accounting estimate whilst also developing an auditor's point estimate/range and comparing to the actual depreciation charged in year.</p> <p><b>Conclusion</b></p> <p>From our audit work, we have not identified any material issues.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious.</p>

# Other findings – key judgements and estimates (5)

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
<b>Accruals including the annual leave accrual and pension top-up accrual - £63.515 million</b>	<p>The two largest accruals are the pension top-up and employee annual leave accruals, which are documented below. The remaining balance is made up of smaller accruals from around the business. Accruals will be based on actual information on balances owed (e.g. invoices) where possible but in some cases estimates may be used where it is not possible to determine the exact amount to be accrued. Assumptions will vary depending on the accrual however, business accountants will use their professional judgement in determining an appropriate estimate. Source data used will depend on the nature of the specific accrual but is likely to include amongst other things invoices, contracts, timesheets and correspondence with third parties to derive a reasonable estimate.</p> <p>Pension Top-up Accrual: The accrual is a calculation based on the amount accrued from the previous year, the amount received in cash from the Scottish Government during the current financial year and the deficit on the Pension Fund Revenue Account at the end of the financial year which is recorded on the ledger. Monthly data is used from the ledger for the return to the Scottish Government to determine the outturn for the current financial year.</p> <p>Annual leave accrual: The annual leave accrual is calculated based on the hourly rate multiplied by the outstanding annual leave balances for police officers and staff. The overtime accrual is based on rest days balance. Under SPA and Police Scotland HR policies, staff are able to carry forward 5 rest days maximum into the next period. Rest days for all staff/officer's are obtained from the HR system (restricted to 5 days) and multiplied by the base hourly rate per individual.</p>	<p>Our work in respect of the estimate of your accruals has not identified any material issues.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious.</p>

# Other findings – key judgements and estimates (6)

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Prepayments - £26.003 million	<p>The two largest prepayments are the general prepayments (£16.950 million) and SPPA prepayments (£9.053 million).</p> <p>General prepayments: These are made up from smaller prepayments around the business. Prepayments will be based on actual information on balances prepaid (e.g. invoices) where possible but in some cases estimates may be used where it is not possible to determine the exact amount to be accrued.</p> <p>Assumptions will vary depending on the prepayment however, business accountants will use their professional judgement in determining an appropriate estimate. Source data used will depend on the nature of the specific prepayment but is likely to include amongst other things invoices, contracts and correspondence with third parties to derive a reasonable estimate.</p> <p>SPPA prepayments: SPPA have several payroll runs with various different payroll dates due to the legacy forces. This means at year end SPPA provide SPA with certain prepayment amounts as the payroll for April has been paid within March 2025. The information comes directly from SPPA which SPA create as a prepayment within the accounts.</p>	<p>Our work in respect of the estimate of your prepayments has not identified any material issues.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious.</p>

# Other findings – information technology (1)

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
eFinancials	ITGC assessment (design and implementation effectiveness only)	● Green	● Green	● Green	● Green	All significant risks
iTrent	ITGC assessment (design and implementation effectiveness only)	● Green	● Green	● Green	● Green	Valuation of the net pension fund liability
Real Asset Management 4000 (RAM)	ITGC assessment (design and implementation effectiveness only)	● Green	● Green	● Green	● Green	Valuation of land and buildings

## Assessment

- Significant deficiencies identified in IT controls relevant to the audit of financial statements
- Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- Not in scope for testing

# 5 **Communication requirements and other responsibilities**

# Communication requirements (1)

Issue	Commentary
Matters in relation to fraud and irregularity	<p>It is Scottish Police Authority's responsibility to establish arrangements to prevent and detect fraud and other irregularity. As auditors, we obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error. We obtain annual representation from officers and those charged with governance regarding Scottish Police Authority's assessment of fraud risk, including internal control, fraud risk and any known or suspected frauds in year.</p> <p>We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.</p>
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed in the Annual Report and Accounts.
Matters in relation to laws and regulations	<p>You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.</p> <p>We have not identified any cases of money laundering or fraud at Scottish Police Authority.</p>
Written representations	A letter of representation has been requested from the Scottish Police Authority as required by auditing standards. This can be found as a separate item to this report. We request specific representation around significant judgements.
Accounting practices	We have evaluated the appropriateness of Scottish Police Authority's accounting policies, accounting estimates and financial statement disclosures. A number of minor amendments were made to the accounting policies to enhance the transparency of the disclosures within the Accounts, which are documented within section 6 of this report.
National Fraud Initiative	The National Fraud Initiative (NFI) in Scotland is a biennial counter-fraud exercise led by Audit Scotland and overseen by the Cabinet Office for the UK as a whole. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems that might suggest the existence of fraud or error. Participating bodies, receive matches for investigation. We carried out a review of the authority's participation in the current NFI exercise and concluded that the authority is adequately engaged. Scottish Police Authority were involved in the previous matching exercise in 2024, and 1,086 matches were identified which require further investigations. At the time of drafting this report, all matches had been processed. NFI participation is also reported to the Audit, Risk and Assurance Committee.
Other returns to Audit Scotland	In accordance with the Audit Scotland Planning Guidance, as appointed auditors, we have prepared and submitted Fraud Returns and have contributed to shared intelligence for sector meetings and Technical Guidance Notes. There is nothing we need to bring to your attention in this respect.

# Other responsibilities (2)

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> <li>the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities.</li> <li>for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of SPA's financial sustainability is addressed by our wider scope work, which is covered elsewhere in this report.</li> </ul> <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by Scottish Police Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> <li>the nature of Scottish Police Authority and the environment in which it operates</li> <li>Scottish Police Authority's financial reporting framework</li> <li>Scottish Police Authority's system of internal control for identifying events or conditions relevant to going concern</li> <li>management's going concern assessment.</li> </ul> <p>In accordance with Audit Scotland guidance: Going concern in the public sector, we have therefore considered management's assessment of the appropriateness of the going concern basis of accounting and on the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> <li>a material uncertainty related to going concern has not been identified; and</li> <li>management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</li> </ul>

# Other responsibilities (3)

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Minor amendments have been made to the Annual Report, and we are satisfied that there are no unadjusted material inconsistencies to report.</p> <p>As adopted in the 2024/25 FReM, the Annual Report includes climate change and other climate sustainability narrative. In compiling the narrative, the Authority looked at other disclosures, in particular those adopted within the private sector. The subsequent disclosures made within the Annual Report and Accounts we would say are an example of good practice.</p>
Auditable elements of Remuneration Report and Staff Report	<p>We are required to give an opinion on whether the parts of the Remuneration Report and Staff Report subject to audit have been prepared properly in accordance with the requirements of the Financial Reporting Manual (FReM) 2024/25, and directions there under.</p> <p>We have audited the elements of the Remuneration Report and Staff Report, including the Fair Pay Multiple Disclosures, as required by the FReM. Due to delays across the public sector, the draft accounts did not include details of the pension disclosures for three members of Police Scotland's Chief Officer Team due to a hold up in the calculation of CETV. This has included review of the Chief Constable's relocation costs, which complies with Annex 19 of the Police Service of Scotland Regulations 2013 and the former Deputy Chief Officer of Corporate Support exit package, and we are satisfied that the appropriate approval process was followed.</p> <p>We propose to issue an unqualified opinion.</p>
Governance Statement	<p>We are required to report on whether the information given in the Governance Statement is consistent with the financial statements and prepared in accordance with the requirements of the Financial Reporting Manual (FReM) 2024/25.</p> <p>No inconsistencies have been identified, and we plan to issue an unqualified opinion in this respect.</p>

# Other responsibilities (4)

Issue	Commentary
Matters on which we report by exception	<p>We are required by the Auditor General for Scotland to report on a number of matters by exception if, in our opinion:</p> <ul style="list-style-type: none"> <li>• adequate accounting records have not been kept;</li> <li>• the financial statements and the audit part of the Remuneration and Staff Report are not in agreement with the accounting records;</li> <li>• we have not received all the information and explanations we require for our audit; or</li> <li>• there has been a failure to achieve a prescribed financial objective.</li> </ul> <p>We have nothing to report on these matters.</p>
Regularity	<p>The Accountable Officer is responsible for ensuring the regularity of expenditure and income. We are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance Accountability (Scotland) Act 2000.</p> <p>In our opinion in all material aspects, 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.</p>
Matters on which we report by exception	<p>We are required by the Auditor General for Scotland to report on a number of matters by exception if, in our opinion:</p> <ul style="list-style-type: none"> <li>• adequate accounting records have not been kept;</li> <li>• the financial statements and the audit part of the Remuneration and Staff Report are not in agreement with the accounting records;</li> <li>• we have not received all the information and explanations we require for our audit; or</li> <li>• there has been a failure to achieve a prescribed financial objective.</li> </ul> <p>We have nothing to report on these matters.</p>

# 6 Audit adjustments

# Audit adjustments (1)

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Impact of adjusted misstatements

No audit adjustments have been identified during the audit.

## Impact of prior year unadjusted misstatements

There was one unadjusted misstatement in the prior year. We are required to consider the prior year unadjusted misstatements in the context of 2024/25 to determine if there is a subsequent risk of material error in the current year (2024/25). We have concluded there is no material impact on 2024/25 and this is summarised below:

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Impact on 2024/25 Accounts £'000
<b>IFRIC 14 Asset Surplus</b>  SPA's IFRIC 14 calculations were undertaken on a consolidated basis for all eight LGPS schemes. Given all funds were in an asset position, the surplus position of each needed to be considered at an individual fund level. The IFRIC 14 calculations were re-run and this has resulted in a movement in the asset ceiling.	CR IAS 19 Actuarial (Gain)/Loss £19,000	DR Pension Asset £19,000	CR IAS 19 (Gain)/Loss £19,000	This item relates to an area of Actuarial judgement with regards to the calculation of IFRIC 14. This would not have a material impact. In 2024/25, management have obtained asset ceiling calculations at the fund level.

# Audit adjustments (2)

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
Review of Annual Report and Accounts (General)	We identified minor casting errors, figures which had not yet been included, figures which did not match the prior year financial statements and formatting issues as part of our review of the Annual Report and Accounts. These were raised and processed by management where necessary.	✓
Other Information	We have identified minor amendments required to be made to the annual report to ensure it is consistent with the financial statements. These have been amended by management.	✓
Remuneration and staff report	<p>We identified the following issues within the Remuneration and Staff Report:</p> <p><b>Pension Benefits:</b> The draft accounts did not include details of the pension disclosures due to a hold up in the SPPA calculation of CETV across the public sector for three members of Police Scotland's Chief Officer Team. These were subsequently added into the Annual Report and Accounts on receipt.</p> <p><b>Exit Packages:</b> The exit packages disclosure was updated from £11.516 million (version 1) to £11.617 million (version 2) due to an update received for the calculation of compensatory added years lifetime costs. This adjustment represents a more accurate forecast by management on receipt of additional information.</p>	✓
Statement of Cash Flows	The cash flow statement which is prepared on the indirect method in the draft financial statements, started with a line described as 'net deficit from operating expenditure'. The descriptor used in the cash flow statement is inappropriate. £1,700 million is reported in the SOCNE as 'net expenditure after tax' however, this includes transactions that would be regarded as financing or investing activities. Resultantly, within the Statement of Cash Flows, cash flows from operating activities has been updated, with the starting point being changed to net operating expenditure and subsequently, Note 6 (adjustments to cash flows for non-cash items) has been amended. The 2023/24 comparative figures within the Statement of Cash Flows alongside Note 6 have been restated to reflect this disclosure amendment in the prior year figures.	✓

# Audit adjustments (3)

Disclosure	Misclassification or change identified	Adjusted?
1.5 Property, plant and equipment (PPE)	<p>Policy under revaluation reserve refers to assets at fair value being valued every 5 years however, the policy has been amended to refer to current value as:</p> <ul style="list-style-type: none"> <li>the revaluation reserve exists for PPE assets which (except for surplus assets) should be measured at current value, not fair value; and</li> <li>where assets are at fair value IFRS 13 requires these to be measured at the reporting date and not on a rolling programme.</li> </ul>	✓
Note 8 – Right of Use (ROU) Assets	<p>We did identify one minor issue for sixteen leases. The issue arose during the client's transition from manual spreadsheets to FMIS, where term adjustments were raised on the transition date 1 April 2024 but not linked to ROU assets. This impacted depreciation but not interest calculations. The software supplier confirmed that the error occurred during the setup phase, as adjustments were manually linked to ROU assets. The misstatement is trivial so was not adjusted for however, changes will be required in 2025/26 to resolve.</p>	✗
Note 10 – Intangible Assets	<p>Note 10 refers to the valuation of intangible assets at fair value (FV) and refers to the FV hierarchy. The value should be current value in existing use - not fair value. If cost is used as reasonable proxy for valuation, then that should be disclosed.</p>	✓
Note 17 – Pension Account	<p>Note 17 sub note 1e included a disclosure error where one of the paragraphs had been duplicated. This was subsequently removed.</p>	✓
Note 18 - Leases	<p>The lease liability was updated to ensure it was calculated as the minimum lease payments less the finance costs payable in future years/ interest expense. The lease liability being the present value of the minimum lease payments.</p>	✓
Note 27 – Financial Commitments	<p>Financial commitments were incorrectly disclosed as £6.304 million within the first set of the financial statements. This was subsequently amended to £9.292 million.</p>	✓

# Audit adjustments (4)

Disclosure	Misclassification or change identified	Adjusted?
Note 28 – Related Parties	Within Note 28, the main entities within government that the entity has had dealing with including their nature, volume and sensitivities of the transactions should be disclosed. During the year, the Authority has had various material transactions with the Scottish Government and with other entities for which the Scottish Government is regarded as a parent body. In line with the FReM, there are opportunities to enhance this disclosure.	X
Note 30 – Financial Instruments	<p>The financial instruments note incorrectly included the following which are receivables/payables by statute or provides a contractual right to receive/provides goods/services and therefore, should not be classified as a financial instrument:</p> <p>Financial Liabilities (CY): deferred income of £5.588 million has been incorrectly included within the trade and other payables balance.</p> <p>Financial Liabilities (PY): deferred income of £5.355 million has been incorrectly included within the trade and other payables balance.</p>	✓
Note 32 - Key sources of judgement and estimation uncertainty	<p>The following changes could be made to enhance the disclosure:</p> <ul style="list-style-type: none"> <li>Investment property - this is an immaterial balance therefore, material estimation uncertainty section can be removed.</li> <li>PPE – the sensitivity reported does not indicate a material change – enhancements to show what percentage change would be necessary to effect a material change and is that reasonably possible, should be included.</li> <li>IFRIC 14 – section describes the accounting treatment and does not explain why there is considered to be estimation uncertainty, what assumptions give rise to this and how sensitive the carrying amount is to changes in these assumptions.</li> </ul>	X

# 7 Wider scope and best value arrangements

# Wider scope and best value arrangements

Our responsibilities under the Code extend beyond the audit of the financial statements. The Code sets out four audit areas that frame wider scope into specified reporting criteria. These are as set out below:



## Financial management

Has the body got sound budgetary process, financial capacity and the control environment and internal controls are operating effectively.



## Financial Sustainability

How the body looks forward to the medium and longer term to consider whether the body is planning effectively to deliver its services or the way in which they should be delivered.



## Vision, Leadership and Governance

How effective are the body's scrutiny and governance arrangements, leadership and decision making, and transparent reporting of financial and performance information.



## Use of Resources to Improve Outcomes

How the body makes best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency and effectiveness through the use of financial and other resources and reporting performance against outcomes.

The Code also requires that auditors assess and report on audited bodies' performance in meeting their Best Value and community planning duties, as part of their annual audit. For central government bodies, we are required to consider the arrangements put in place by Accountable Officers to meet their Best Value obligations as part of our risk-based wider-scope audit work.

# Wider scope and best value conclusions (1)

This section of our report documents our conclusions from audit work on the wider scope areas set out in the Code. We take a risk-based audit approach to wider scope work. Within our audit plan we identified one significant wider scope risk in relation to financial sustainability.

As part of our ongoing audit work during the year, we have not identified any additional wider scope audit risks. We have followed up our prior recommendations at Appendix C.

Area	Risk Consideration and Focus	Risk Identified	2024/25 Conclusion
Financial Management	The arrangements in place at Scottish Police Authority to ensure sound financial management, accountability and the arrangements to prevent and detect fraud, error and other irregularities	No	SPA in 2024/25 successfully delivered within the budget envelope set by the Scottish Government, achieving a small underspend. Good financial management continues to be evidenced.
Financial Sustainability	The projected financial position of Scottish Police Authority in the medium to longer term and the relevance and appropriateness of assumptions applied to financial plans that will allow the council to effectively deliver services in the future	Yes	SPA continues to scenario plan and look to have in place MTFP's although are constrained, as are other public sector bodies, by one year funding settlements impacting on the ability to plan on a longer-term basis. The new joint Strategy for Policing and Police Scotland's 2030 vision should be used to forecast, through to 2030, the financial requirements of the organisation, including workforce, being full aligned.
Vision, Leadership and Governance	The effectiveness of Scottish Police Authority's governance arrangements and the arrangements in place to deliver the vision, strategy and priorities set by the council	No	The governance arrangements at Scottish Police Authority are effective, and we have assessed that there is a good level of challenge and scrutiny at Audit, Risk and Assurance Committee (ARAC) meetings. We conclude that proactive measures have been put in place to ensure a seamless transition following the retirement of the SPA Chief Executive. The restructure of Police Scotland's senior management portfolio appears logical and streamlined.
Use of Resources to Improve Outcomes	How the Scottish Police Authority demonstrates economy, efficiency and effectiveness through its use of financial and other resources	No	Although all three bodies publish substantial performance information, there is a lack of clear reporting against defined target service outcomes. As a result, it is difficult to assess progress or identify trends in improvement over time. Police Scotland should prioritise determining how to optimise the existing workforce within the constraints of Voluntary Early Retirement (VER) and the absence of redundancy options. There have been changes to the Transformation and Change Programme since the introduction of Vision 2030 and the recruitment of a Director of Transformation is a provides leadership to drive the transformation programme forward with clarity, focus, and strategic direction.

# Wider scope – Financial management (1)

Financial management is concerned with having sound budgetary processes and an understanding of the financial environment and whether internal controls are operating effectively.

Audit plan risk	Wider scope audit response	Conclusion		
No significant risk identified at planning.	<p><u>2024/25 Financial Performance:</u></p> <p>The main financial objective of Scottish Police Authority is to ensure that the financial outturn for the year is within the budget allocated by Scottish Ministers.</p> <p>The financial performance against Departmental Expenditure Limits (DEL) is show in the table below. SPA reported a resource outturn of £1.510 million against funding of £1.510 million, achieving an underspend of £0.537 million.</p>	Funding 2024/25 (£'000)	Actual Outturn 2024/25 (£'000)	Variance (£'000)
Revenue Resource	1,421,185	1,420,998	187	
IFRS 16 Leases Interest Resource	685	706	(21)	
<b>Total Resource DEL</b>	<b>1,421,870</b>	<b>1,421,704</b>	<b>166</b>	
Capital Resource	63,354	63,603	(249)	
IFRS 16 Leases Capital	8,354	8,103	251	
Capital Grant Income	747	747	-	
<b>Total Capital DEL</b>	<b>72,455</b>	<b>72,453</b>	<b>2</b>	
Capital Receipts	4,066	4,066	-	
Working Capital	9,078	9,078	-	
AME Resource – Corporation Tax	3,000	2,631	369	
<b>Resource Outturn (excluding ODEL)</b>	<b>1,510,469</b>	<b>1,509,932</b>	<b>537</b>	

# Wider scope – Financial management (2)

Audit plan risk	Wider scope audit response	Conclusion
No significant risk identified at planning.	<p><u><a href="#">2024/25 Financial Performance (continued):</a></u></p> <p>Capital funding of £66.1 million (including capital receipts and IFRS 16 adjustments) was allocated to SPA, representing an uplift of £11.7 million from the previous financial year. The Autumn and Spring Budget Revisions provided additional non-cash funding increase of £7.0 million, relating to the impact of IFRS 16 technical accounting for leased assets. The full year outturn capital spend was £76.5 million against revised funding of £76.5 million, resulting in a break-even position.</p> <p>The Authority's budget included an element of police change (reform) funding since 2013-14, the purpose of which has been to support the change and transformation of policing in Scotland. Reform funding of £20.0 million was baselined into SPA's resource budget, with a further £5.0 million allocated from the core revenue budget to support change and transformation activity. At quarter three, reform expenditure was reduced from £25.0 million to £22.5 million, with the balance of £2.5 million allocated to support pay award pressures.</p> <p>The Statement of Financial Position summarises what is owned and owed by the Authority. At the year-end, it shows a net liability of £12.223 billion, an increase of £255.651 million from 2023/24. The magnitude of the net liability position is due to the pension liabilities for police officers and staff, of £12.687 billion. Police officers are part of an unfunded scheme with total liabilities of £12.656 billion, while police staff are part of funded local government pension schemes with net liabilities of £31.442 million.</p> <p>The Scottish Government is aware of the liability and has provided assurance that it recognises its responsibility for funding these costs as they fall due.</p> <p>The total net assets before pension liabilities totals £463.978 million, which represents an increase of 6.67% from the prior year.</p>	<p>Capital and reform budgets have been utilised in year.</p> <p>In light of the assurances provided by the Scottish Government, we agree with the Authority's conclusion that the negative taxpayers' equity balance does not represent a going concern issue.</p> <p>The total net assets, excluding pension liabilities, have remained relatively stable compared to the prior year, indicating that the SPA is effectively managing its resources and operating within its financial means.</p>

# Wider scope – Financial management (3)

Audit plan risk	Wider scope audit response	Conclusion
No significant risk identified at planning.	<p><a href="#">Scottish Police Authority's Financial Management Arrangements</a></p> <p>We have performed a review of the design and implementation of the system of internal control as relevant to our audit approach (including those relating to IT general controls); we did not identify any internal control weaknesses which could affect SPA's ability to record, process, summaries and report financial and other relevant information resulting in a material misstatement in the financial statements.</p> <p>We have reviewed the SPA and Police Scotland's arrangements, including its Fraud and Economic Crime Standard Operating Procedures and Whistleblowing Policy and concluded that SPA and Police Scotland has adequate arrangements in place to prevent and detect fraud or other irregularities. An update on frauds, thefts or losses are reported to the Audit, Risk and Assurance Committee on an annual basis.</p> <p><a href="#">Finance Team</a></p> <p>Individuals involved in the preparation and reporting of financial information are qualified and experienced and have held finance positions at the organisation for numerous years. We have not identified any capacity issues during the audit process in 2024/25.</p>	<p>SPA has appropriate financial control arrangements in place.</p> <p>We have not identified any issues regarding the skills, capability or capacity of finance staff within the organisation</p>

# Wider scope – Financial management (4)

Audit plan risk	Wider scope audit response	Conclusion
No significant risk identified at planning.	<p><u><a href="#">PFI Contracts</a></u></p> <p>SPA have commitments held under PFI arrangements within their financial statements. Specifically, a 25-year PFI contract was agreed with Strathclyde Limited which was established in 2002 for the construction, maintenance and operation of the Training and Recruitment Centre at Jackton.</p> <p>Police Scotland has developed an Initial Business Case (IBC) which assessed the options available for exiting this contract. The IBC was considered and approved by the SPA Resources Committee at its meeting on 16 September 2024, when the Committee granted its approval for Police Scotland's Chief Financial Officer to undertake commercial negotiations with the PFI company to retain the property, in line with the agreed negotiation strategy. On the 20th May 2025 the Authority submitted the required notice of renewal inspection to PFI co in accordance with the provisions of the PFI contract. PFI co are currently engaging with the Authority's representatives/agents relative to arrangements regarding the joint inspection process.</p> <p>Police Scotland has established a Jackton Project Board to oversee the successful delivery and management of the expiry of the PFI contract. The Scottish Futures Trust (SFT) is represented on this Board. In addition to advice from the SFT, the Police Scotland SRO will manage a team of specialist and professional advisers who will provide specialist PFI advice, as well as advice on valuation and legal issues.</p>	<p>It is essential for the project board to actively work through the decision-making process, with a particular focus on evaluating the financial affordability of the proposed purchase of Jackton.</p> <p>This includes assessing whether there is the financial capacity to proceed with the purchase, ensuring that decisions are aligned with both strategic priorities and budgetary constraints.</p>

# Wider scope – Financial sustainability (1)

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

This slide references the risk identified within our audit plan and audit procedures performed are outlined in response to our identification of a significant risk at the planning stage.

Risk identified in our Audit Plan	Considerations and Review		Conclusion
<p>We have identified a significant risk that in order to achieve financial sustainability and bridge funding gaps, the Authority will need to identify and deliver significant savings and transformation in order to reduce funding gaps, deliver a balanced budget and continue to deliver key services and policing priorities.</p>	<p>Sought to understand the future financial forecasts and plans for Scottish Police Authority for 2025/26 and beyond, including key assumptions used, scenario planning, sensitivity analysis, risk analysis and the extent of any budget pressures and impact upon reserves.</p> <p>Considered whether SPA is planning effectively to continue to deliver its services.</p> <p>Understood how the SPA identifies significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans.</p> <p>Considered how the SPA plans to bridge its funding gaps and identify achievable savings and future transformation whilst supporting the sustainable delivery of services in accordance with strategic and statutory priorities. This includes how the SPA manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans and consider whether the body is planning effectively to continue to deliver services.</p>		<p>Annual budget settlements provide a continuing challenge for the organisation to be able to effectively plan over the medium term with a degree of certainty. Unlike Police forces in England, SPA as a Central Government organisation means it has no borrowing powers or ability to hold reserves to support enhanced financial planning between years. Scenario planning is in place, and a MTFP established, which will be refreshed but it has limitations, in part, due to the annual funding cycle.</p> <p>A key consideration regarding capital is the need for decision-making that extends beyond a single year, with a clear recognition of project phasing, timing, and the support required for long-term capital plans. Introducing or expanding borrowing arrangements could play a pivotal role in enabling more forward-looking, multi-year planning, encouraging a strategic approach to capital investment that aligns with the organisation's broader objectives.</p> <p>We have raised a recommendation for management to review and update its Financial Strategy (2022/23–2026/27) to ensure it aligns with the 2023–2026 Joint Strategy for Policing and Police Scotland's 2030 Vision. Please refer to <a href="#">Appendix B</a> for further details.</p>

 Significant risk identified

# Wider scope – Financial sustainability (2)

Audit plan risk	Wider scope audit response	Conclusion
We have identified a significant risk from our initial planning work, as set out in the description on page 43.	<p><u><a href="#">2025/26 Financial Planning - Revenue</a></u></p> <p>The SPA has approved a balanced budget. Scottish Government confirmed a £56.7 million core revenue funding uplift for policing in 2025/26, an increase of 4.1% on the previous year, plus an additional £15.2 million to fund 60% of the increased national insurance costs and an additional £10.0 million to support reform and modernisation. The remaining national insurance costs will be funded in 2025/26 through reduced pension contributions; however, savings are required to be identified in-year for delivery in 2026/27 to fund these costs on a recurring basis. The allocation supports a core budget for up to 16,500 officers and an average ~5,900 staff FTE.</p> <p>National insurance changes have resulted in a £25.3 million cost pressure for policing. The annual pay award is a significant year-on-year pressure, with every 1% pay increase costing an additional £12.5 million. In 2024/25, SPA agreed 118 voluntary redundancies and voluntary early retirement (VR/ VER) through the schemes in place, totalling £11.516 million however, this is not a sustainable model to support the broader workforce plan.</p> <p>Other pressures include new technology costs, general inflation and other specific price increases. The budget includes vacancy management savings and an income challenge to be delivered as part of the overall budget, as well as over £9.0 million of non-pay savings and efficiencies – a highly challenging requirement given that only 14% of the budget relates to non-pay costs.</p> <p>Reform has historically been set at £25.0 million, however, £4.7 million of resource costs and budgets have been transferred between reform and core revenue. The revised Reform budget to support change and transformation in 2025/26 is therefore £20.3 million. The SPA have overprogrammed the budget and plan in excess of the projected funding available under the flat cash settlement. This is planned to be managed throughout the year through change prioritisation.</p> <p><u><a href="#">2025/26 Financial Planning - Capital</a></u></p> <p>The total capital allocation for 2025/26 is £71.0 million including capital receipts. This will allow Police Scotland to commence the delivery of the estates masterplan, support the rolling replacement programme and progress our change and transformation programmes. It is recognised that additional resources are required in key enabling functions to support and deliver an increased capital programme.</p>	<p>Budget processes undertaken for the 2025/26 financial year were appropriate and a balanced budget was approved by SPA in March 2025.</p> <p>There is risk built into the 2025/26 budget given non-pay savings and efficiencies are required to be delivered during the year. Based on past performance, this goal appears achievable; however, the importance of transformation cannot be understated, particularly given the high proportion of fixed costs within the organisation.</p>

# Wider scope – Financial sustainability (3)

Audit plan risk	Wider scope audit response	Conclusion
We have identified a significant risk from our initial planning work, as set out in the description on page 43.	<p><u>Medium to longer term financial planning – Revenue</u></p> <p>SPA's medium term financial plan (MTFP) covering 2022/23 – 2026/27 was approved by the board in September 2021. The MTFP takes into account financial scenario planning however is linked to the previous Joint Strategy for Policing (2020), not the current strategic plan which covers 2023 – 2026. As such, there is no clear link between the extant medium term financial plan and the current strategic plan or Police Scotland's new 2030 Vision. An updated MTFP is being developed for issue in 2026. SPA say that this will drive the change to a new operating model to support prioritisation of service delivery against areas of greatest threat, harm and risk, strengthen the community policing model and support wellbeing of officers and staff.</p> <p>Management has undertaken various scenario analysis and medium-term planning internally. Despite the completion of a sensitivity analysis, a wider formal update to the medium-term financial plans needs to be undertaken.</p> <p>We made a recommendation within our 2022/23 annual audit report that “The SPA should look to refresh its medium-term financial plans in light of the flat cash funding settlement and ensure that it has updated financial plans for at least a three-year period to identify the potential funding gaps and savings/efficiencies that are required to be delivered in the medium to longer term. In the absence of agreed funding settlements post 2023/24 the Authority should be looking at modelling future demand of its services alongside delivery of policing priorities against what it expects to have to spend to meet its service delivery. Sensitivity analysis should also be undertaken over this period to understand the potential implications of funding shortfalls and put plans in place to address these risks. Mapping the transformation programme to medium term financial planning will be key in ensuring the programme can deliver the benefits and efficiencies required in order to maintain service delivery and deliver policing priorities without jeopardising operational performance and financial sustainability.”</p>	<p>The SPA should review and refresh its current Financial Strategy 2022/23-2026/27 to align with the 2023-2026 Joint Strategy for Policing and Police Scotland's 2030 Vision.</p> <p>See recommendation within <a href="#">Appendix B</a>.</p>

# Wider scope – Financial sustainability (3)

Audit plan risk	Wider scope audit response	Conclusion
We have identified a significant risk from our initial planning work, as set out in the description on page 43.	<p><u>Medium to longer term financial planning – Capital</u></p> <p>During 2023/24, the Authority conducted a review to update the capital strategy, extending its outlook over the next five years. SPA has estimated a need for £548 million in capital funding over this period to meet its requirements. If flat cash funding, or minimal increases, continue for the next five years, the Authority anticipates a funding shortfall of £298 million.</p> <p>To address the immediate gap, the Authority has approved necessary funding, but the pace of project delivery is constrained by the available resources, which shifts cumulative underfunding into future years, which is not a sustainable position.</p> <p>We made a recommendation within our 2022/23 annual audit report that “The SPA will need to revisit the capital plan to ensure the affordability of the capital plan in line with funding requirements and capital projects are prioritised within the funding envelope available.”</p> <p>During 2024/25, an exercise was undertaken to align capital planning Police Scotland new 3-year business plan, and this was used as the basis for the funding bid in year to Scottish Government. A Capital Planning Task Force (CPTF) has been established to lead a detailed review of capital expenditure and deliverability. Additionally, a Chief Officer Estates has also been recently appointed, with the estate's portfolio moving out with the responsibility of the Chief Finance Officer.</p>	During 2024/25, the Authority conducted an exercise to align capital planning with its 3-year business plan. One year funding settlements from Scottish Government do limit SPA's ability to effectively plan the capital programme, and any uncertainty cannot be accommodated, with short-notice on multi-year capital programmes. A Scottish Government Resource and Capital Spending Review is due to be published during the course of the financial year.

# Wider scope – Vision, Leadership and Governance (1)

Vision, leadership and governance is concerned with whether Scottish Police Authority have a clear vision and strategy, and set priorities for improvement within this vision and strategy, and whether Scottish Police Authority work together with partners and communities to improve outcomes and foster a culture of innovation.

Audit plan risk	Wider scope audit response	Conclusion
No significant risk identified at planning.	<p><u><a href="#">Vision - Corporate Strategy</a></u></p> <p>In May 2023, the Authority approved the Joint Policing Strategy 2023-2026. The Authority has a clear vision included within the strategy which outlines the primary strategic challenges and opportunities for both policing and the broader public sector, establishing an agenda for change and transformation. The Authority's Corporate Strategy 2023-2026 was approved in March 2023 and sets out five outcomes which aligns to the Scottish Government's Strategic Police Priorities as well as the Strategic Police Plan and Forensic Services Strategy.</p> <p>The Corporate Strategy is underpinned by an implementation plan. Public reporting on progress on the implementation plan and corporate strategy is done via annual assessment within the annual report and accounts and regular reporting to the audit, risk and assurance committee.</p> <p>In September 2024, Police Scotland launched their 2030 Vision which provides the service with a clear, direction of travel to shape the development of Police Scotland. The 2030 Vision is for safer communities, less crime, supported victims and a thriving workforce. Work to deliver the vision will be planned and organised over two three-year planning periods, with the first three-year business plan in place covering 2024-27, and the plan outlining more than 130 milestones Police Scotland aims to achieve by March 2027. Their vision and values set the guiding principles and ambitions for policing and the business plan details the steps being taken to deliver for their communities and their workforce, relentlessly prioritising frontline services. There are potential opportunities to align more closely the three strategies.</p> <p><u><a href="#">Governance and Leadership</a></u></p> <p>The key elements of the authority's governance arrangements are set out in the Governance Statement in the annual accounts. We have reviewed these arrangements and concluded that they are appropriate.</p> <p>Papers and minutes for board and the committees are available on the SPA's website. Meetings are broadcast live and available via webcast to watch back. This ensures that the public have access to the Authority's decisions on a timely basis. In our view, scrutiny arrangements are working well at the SPA.</p> <p>We have identified good practice in the annual committee effectiveness work undertaken by the Authority. An overall evaluation is considered annually by the Audit, Risk and Assurance Committee which evaluated that committees had effectively discharged their duties in line with their terms of reference with no significant issues highlighted.</p>	<p>The SPA has a clear vision and strategy and is supported through transparent public reporting on progress.</p> <p>SPA operates in an open and transparent manner. Meeting minutes are available on the website.</p> <p>SPA have a suitable internal control framework to support the material accuracy of the Annual Report and Accounts.</p>

# Wider scope – Vision, Leadership and Governance (2)

Audit plan risk	Wider scope audit response	Conclusion
No significant risk identified at planning.	<p><u><a href="#">Leadership Changes</a></u></p> <p>In 2024/25, there have been changes within the Board Committee with five board members including the Chair departing the organisation at the end of their tenure, whilst three new members were appointed. The previous vice-Chair has been appointed as Chair to the Board in March 2025. In 2025, there has been active recruitment exercise underway to appoint new Board members, by Scottish Government Public Appointments. The SPA have been forward looking regarding the potential future changes in members and are in discussions with the Police Division regarding succession planning.</p> <p>In the upcoming month, the Chief Executive of SPA is due to retire, with the Deputy Chief Executive of Resources being appointed following a successful recruitment exercise, which ensures a smooth transition and continuity in leadership. Additionally, the Chief Financial Officer is set to depart from the organisation, and the recruitment process to appoint a successor is actively underway. If an external candidate is appointed, it will be essential to implement a comprehensive onboarding plan to ensure they fully understand the role and the critical relationships involved between SPA and Police Scotland. A Chief Officer Estates has also been recently appointed, with the estate's portfolio moving out with the responsibility of the Chief Finance Officer. A restructure of Police Scotland's senior management portfolios was undertaken in March 2025 to streamline governance arrangements and clarify roles and responsibilities.</p>	<p>The SPA has proactively engaged in discussions with the Police Division regarding succession planning to anticipate and prepare for potential future changes in membership.</p> <p>We conclude that proactive measures have been put in place to ensure a seamless transition following the retirement of the SPA Chief Executive.</p> <p>The restructure of Police Scotland's senior management portfolio appears logical and streamlined. This provides a solid foundation; however, the focus should now shift towards ensuring that the new structure is effectively embedded within the organisation to drive long-term success and operational efficiency.</p>

# Wider scope – Vision, Leadership and Governance (3)

Audit plan risk	Wider scope audit response	Conclusion
No significant risk identified at planning.	<p><u>Internal controls</u></p> <p>Internal audit activity is undertaken by BDO, who undertook eleven reviews during the 2024/25 financial year. There were twelve findings graded high risk arising from five reviews. Implementation of internal audit recommendations is closely monitored and reported to each meeting of the Audit, Risk and Assurance Committee.</p> <p>The overall assurance provided by BDO and a summary of their findings is set out in their Annual Report, presented to the May 2025 Audit, Risk and Assurance Committee. BDO concluded: In our view, based on the reviews undertaken during the period, and in the context of materiality:</p> <ul style="list-style-type: none"> <li>Regarding the design of internal controls; for 7 of the 11 audits performed the risk management activities and controls in the areas which we examined were found to be suitably designed to achieve the specific risk management, control and governance arrangements. However, for 4 reviews (Equality and Human Rights Impact Assessment (EqHRIA) / Implementation of Change Projects and Realisation of Change Benefits / Cash and Drug Production and High Value Store / H&amp;S Transportation of Dangerous Goods); further work was required to ensure that there are robust controls in place.</li> <li>Regarding the operational effectiveness of internal controls, for 5 of the 11 audits performed, based on our verification reviews and sample testing, the risk management, control and governance arrangements in these areas were operating with sufficient effectiveness to provide reasonable, but not absolute assurance that the related risk management, control, value for money and governance objectives were achieved for the period under review. However, for 6 reviews (Forensic Performance Management / Equality and Human Rights Impact Assessment (EqHRIA) / Implementation of Change Projects and Realisation of Change Benefits/Grant Management Process / Cash and Drug Production and High Value Store / H&amp;S Transportation of Dangerous Goods); we are not able to provide reasonable assurance based on our verification review and sample testing, that risk management, control and governance arrangements were designed and operating with sufficient effectiveness in these areas to provide reasonable assurance that the related risk management, control, value for money and governance objectives were achieved for the period under review.</li> </ul> <p>The most recent report prepared by internal audit, dated June 2025 showed a high volume of outstanding internal audit recommendations that have yet to be fully implemented however, we note BDO and Police Scotland are planning to complete a review of aged recommendations.</p>	<p>Scottish Police Authority should continue to report progress on internal audit recommendations at the Audit, Risk, and Assurance Committee meetings.</p> <p>Police Scotland should prioritise the prompt implementation of these internal audit recommendations, guided by their associated risk levels, to drive progress effectively.</p>

# Wider scope – Use of resources to improve outcomes (1)

Use of resources to improve outcomes is concerned with the need for Scottish Police Authority to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency and effectiveness through the use of financial and other resources, and reporting performance against outcomes.

Audit plan risk	Wider scope audit response	Conclusion
No significant risk identified at planning.	<p><u>Performance Information:</u> Within the Annual Report and Accounts, there is substantial performance information published covering all three bodies:</p> <p><u>Scottish Police Authority – Corporate:</u> During 2024/25, 88% of the milestones for delivery in the year were completed which had been set out within the Corporate Strategy for 2023-26. There were staff resourcing and capacity challenges faced during the year which combined with the significant ambition of the Corporate Strategy; 88% delivery represents improvement on previous years.</p> <p>Of the remaining milestones, 1% were closed as no longer required, and 11% have been carried forward for delivery in 2025-26. Key activities, achievements and performance measures for 2024/25 are detailed in the Performance Analysis section of this report, including:</p> <ul style="list-style-type: none"> <li>• Continued delivery and enhancement of Independent Custody Visiting across Scotland.</li> <li>• Delivery of a Biometrics in Criminal Justice Conference in collaboration with the Scottish Biometrics Commissioner.</li> <li>• Continued independent public polling on confidence in policing.</li> <li>• Completion of the Authority's Best Value self-assessment.</li> <li>• Further development of the approach to continuous improvement in policing, with a focus on benchmarking and best practice sharing.</li> <li>• Delivery of senior officer recruitment processes.</li> </ul>	<p>Although all three bodies publish substantial performance information, there is a lack of clear reporting against defined target service outcomes. As a result, it is difficult to assess progress or identify trends in improvement over time.</p> <p>Establishing a framework for measuring and reporting performance against specific, outcome-focused targets would enhance transparency, support accountability, and provide greater insight into the effectiveness of services.</p> <p>We have raised a recommendation within <a href="#">Appendix B</a> of our report.</p>

# Wider scope – Use of resources to improve outcomes (2)

Audit plan risk	Wider scope audit response	Conclusion
No significant risk identified at planning.	<p><u>Scottish Police Authority – Forensic Services:</u></p> <p>A Performance Framework, designed to ensure Forensic Services' approach to managing performance is outcome-focused, flexible and has a forward-thinking approach, was approved in May 2023 and carried on throughout 2024/25, with a range of performance information reported quarterly to Forensic Services Committee. This includes monitoring of the measures agreed as part of the Memorandum of Understanding between the Scottish Police Authority, the Chief Constable, and the Crown Office and Procurator Fiscal Service (COPFS), presented to the Forensic Services Committee in August 2023.</p> <p>The updated Forensic Services Business Plan for 2024-26 was presented to the Committee in May 2024, setting out priorities and progress towards the delivery of the service's long-term strategic objectives as detailed in the Forensic Strategy 2021-26. Work to refresh this strategy has also been carried out this year.</p> <p>Trends for 2024-25 show that there has been a small reduction in overall demand for Forensic Services, driven by falls in submissions for Group 3 (crimes of dishonesty) and drug possession casework. However, demand continues to remain steady or has increased for complex and serious offences. The number of open cases at the end of the year has reduced overall whilst case age is generally stable across the business, other than the two areas with rising caseloads (mark enhancement and legacy volume crime).</p>	See page 49 for details of our conclusion and link to recommendation.

# Wider scope – Use of resources to improve outcomes (3)

Audit plan risk	Wider scope audit response	Conclusion
No significant risk identified at planning.	<p><u>Police Scotland:</u></p> <p>Within the Annual Report and Accounts, an analysis of policing performance against the five strategic outcomes within the Joint Strategy for Policing 2023. This is an overall assessment of policing performance and does not seek to reproduce the detailed performance information for 2024/25 that is set out in either the Chief Constable's Assessment of Policing Performance or the quarterly performance report considered by the Policing Performance Committee at each meeting.</p> <p>Some of the key highlights included within the Chief Constable's Assessment of Policing Performance in 2024/25 were:</p> <ul style="list-style-type: none"> <li>• Serious violent crime is at low levels compared to recent years, with homicides at the lowest level on record in Scotland, and with all detected or on course to be detected.</li> <li>• Attempted murders and serious assaults were also at their lowest levels in recent years, and with strong detection rates in relation to these offences, underlining that Scotland is a safe place to live, work and do business.</li> <li>• Overall, group one to five crimes remained at similar levels to the previous year, while the volume of detections and overall detection rates increased.</li> <li>• This national roll out of body worn video commenced, with the first officers equipped with the new cameras on duty in Tayside. As the roll out continues over coming months, every frontline uniformed police officer, including Special Constables, will be expected to wear a video camera on their uniform while on duty and to activate it when using police powers, whether conducting a stop and search, arresting a suspect, or executing a search warrant.</li> <li>• An estates masterplan was developed alongside a 10-year investment profile to take a strategic approach to which police buildings should be kept, improved, sold, and built and how they should be used to deliver co-location with partners, better working environments for officers and staff, financial savings, and provide the accessible and visible policing service the public needs and values.</li> </ul> <p>In September 2024, Police Scotland launched their 2030 Vision which provides the service with a clear, direction of travel to shape the development of Police Scotland. The 2030 Vision is for safer communities, less crime, supported victims and a thriving workforce. Work to deliver the vision will be planned and organised over two three-year planning periods, with the first three-year business plan in place covering 2024-27.</p>	See page 49 for details of our conclusion and link to recommendation.

# Wider scope – Use of resources to improve outcomes (4)

Audit plan risk	Wider scope audit response	Conclusion
No significant risk identified at planning.	<p><u>Workforce Planning</u></p> <p>Police Scotland's Strategic Workforce Plan was published in 2023, however, it does not provide any evidence on the desired future workforce structure. Effective workforce planning should outline the composition and skill set required for a modernised workforce, including the projected number of police officers and staff needed to support future policing demands.</p> <p>The budget for 2025/26 includes a core budget for around 16,500 officers and an average 5,900 FTE police staff although there is no justification that this is the correct split to deliver an effective police force for the future.</p> <p>This level of detail is essential for making a compelling case to the Scottish Government and ministers to secure funding for a restructured and future-ready workforce.</p> <p>A refreshed workforce survey, 'Your Voice Matters', was undertaken during summer 2024 and received an overall response rate of 51%; a 20 percentage point increase on the previous 2021 survey. The findings from the survey were reported to the November 2024 People Committee and key themes noted were:</p> <ul style="list-style-type: none"> <li>• In terms of the 'other organisation' questions, listening and acting on feedback were the lowest scoring aspects overall suggesting that work is needed in this area. The scores also indicated issues with effective communication, inspiring individuals and motivating them to actively contribute towards the vision.</li> <li>• Levels of agreement were particularly low across all aspects in relation to the Senior Managers. Improvement is needed around visibility and engagement from the Senior Managers and communication regarding change. There is a sense that wellbeing is not being prioritised and issues aren't taken seriously.</li> <li>• Lower levels of agreement were given to the aspects relating to Your Role. Only around two fifths felt valued, had a strong personal attachment and felt they have a development path. Just under half felt they receive recognition, have a manageable workload and have the equipment needed to succeed.</li> </ul>	<p>Police Scotland should prioritise determining how to optimise the existing workforce within the constraints of Voluntary Early Retirement (VER) and the absence of redundancy options. The long-term use of VER schemes is not a sustainable model to support the broader workforce plan.</p> <p>This involves a strategic focus on redefining the roles and responsibilities of police officers, aligning these with frontline policing priorities and broader organisational objectives. Attention should also be given to leveraging transformation initiatives to support this process effectively. The emphasis should shift from procedural or administrative outputs to clearly articulating a vision for the future police force—one that identifies the skills, capabilities, and structures needed to support informed decision-making and deliver on operational goals sustainably.</p> <p>We have raised an audit recommendation within <a href="#">Appendix B</a>.</p>

# Wider scope – Use of resources to improve outcomes (5)

Audit plan risk	Wider scope audit response	Conclusion	
No significant risk identified at planning.	<p><u>Transformation and Change Programme</u></p> <p>Quarterly updates were provided to the Resources Committee on the tracking of Transformational Benefits.</p> <p>Following the publication of the 2030 Vision, it was recognised that the existing transformation portfolio, whilst consisting of significant programmes of change, did not include all transformational change activity nor oversee, report or support them. Therefore, the Change function and wider enabling functions needed to reassess and pivot their activity to ensure they fully supported the delivery of these commitments and transformational change activities.</p> <p>In support of this requirement, Police Scotland commissioned Deloitte to carry out a change review entitled, 'Assessment of Police Scotland's current readiness and capability to successfully deliver transformation'. The review identified areas for improvement in thematic areas of:</p> <ul style="list-style-type: none"> <li>• Leadership and Vision</li> <li>• Delivery Capability and Resourcing</li> <li>• Governance</li> </ul> <p>Police Scotland realigned portfolios at Deputy Chief Constable level creating a DCC Transformation role to provide strategic leadership across all aspects of transformation in the organisation. Additionally, a Director of Transformation was appointed to reinforce the strategic leadership in transformation and ensure delivery required against Vision 2030.</p> <p>To deliver the changes of approach and improvements in the change function requires a whole system approach and has been branded 'Transforming Change' covering five key work stream; vision, structure, process, people and benefits. All work streams will be developed through cultural principles.</p>	Given the changes that have occurred to the Transformation and Change Programme since the introduction of Vision 2030, it is too early to comment on progress, and this will be considered as part of our audit in future years.	The recruitment of a Director of Transformation is a positive step, providing dedicated leadership to drive the transformation programme forward with clarity, focus, and strategic direction. This role ensures that the programme receives the attention and expertise required to achieve its objectives effectively and deliver meaningful, sustainable outcomes.

# Wider scope – Use of resources to improve outcomes (6)

Audit plan risk	Wider scope audit response	Conclusion
No significant risk identified at planning.	<p><u>Procurement Controls:</u></p> <p>Our review of procurement controls identified areas where Police Scotland could strengthen their practices to align with best practice standards. Specifically, we reviewed the procurement process for the awarding of a training programme for police officers and it was noted that:</p> <ul style="list-style-type: none"> <li>• declarations of interest should be thoroughly reviewed, and individuals who have declared a conflict should be excluded from participation in any Commercial Panel to safeguard the integrity of the procurement process.</li> <li>• to enhance financial controls, payments should only be processed for invoices that are supported by an approved purchase order, ensuring proper authorisation and reducing the risk of errors or unauthorised transactions.</li> </ul> <p>We did not identify any non-compliance with procurement regulations in the award of this contract.</p>	<p>We have identified opportunities for strengthening procurement controls to enhance transparency, accountability, and compliance with best practice standards.</p> <p>We have raised a recommendation within <a href="#">Appendix B</a> of this report.</p>

# Best value arrangements (1)

The Scottish Public Finance Manual (SPFM) explains that Accountable Officers have a specific responsibility to ensure that arrangements have been made to secure Best Value.

The duty of Best Value, as set out in the SPFM, is:

- to make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and, in making those arrangements and securing that balance,
- to have regard to economy, efficiency, effectiveness, the equal opportunities requirements and to contribute to the achievement of sustainable development.

Guidance for Accountable Officers is structured around the nine characteristics for Best Value in the SPFM, grouping into five themes and two cross-cutting themes as follows:

Guidance for Accountable Officers	Scottish Public Finance Manual themes
Vision and Leadership	Commitment and leadership, responsiveness and consultation and sound governance at a strategic and operational level
Effective Partnerships	Joint working, responsiveness and consultation
Governance and Accountability	Responsiveness and consultation, commitment and leadership and accountability
Use of resources	Sound management of resources and use of review and options appraisal
Performance Management	Sound governance at a strategic and operational level, responsiveness and consultation
Equality	Equal opportunities arrangements
Sustainability	A contribution to sustainable development

The Code of Audit Practice requires that auditors assess and report on audited bodies' performance in meeting their Best Value and community planning duties as part of the annual audit. For central government bodies, we are required to consider the arrangements put in place by Accountable Officers to meet their Best Value obligations as part of our risk-based wider scope audit work.

# Best value arrangements (2)

Central government bodies in Scotland have a legal duty to deliver “Best Value” in their services. This means they must make arrangements to ensure continuous improvement in their performance, while maintaining a balance between quality and cost, and consider economy, efficiency, effectiveness, equal opportunities and sustainable development. The Code of Audit Practice requires auditors to consider the arrangements put in place by Accountable Officers to meet their best value obligations.

## Conclusion:

Scottish Police Authority have arrangements in place to secure best value, as demonstrated in the Performance Report and Accountability Report. We consider these arrangements as part of our regular wider scope work and deem the current arrangements to be appropriate.

The Accountability Report contains Scottish Police Authority’s own assessment of the arrangements in place to secure best value.

To demonstrate continuous improvement and how Best Value is being achieved in SPA Corporate an annual self-assessment is undertaken. This year’s self assessment was completed with collaboration across all teams within SPA Corporate, focused on ensuring robust evidence was in place to support the overall evaluation. The results highlight that SPA Corporate are 92% fully compliant with guidance and 7% partially compliant (with the remaining 1% not applicable). Improvement actions have been identified and have been incorporated into the 2025-26 Annual Delivery Plan.

SPA Forensics Services ensures Best Value in forensics is achieved by a strong focus on continuous improvement, effective use of resources, and a commitment to scientific integrity and impartiality. In 2024/25, Forensic Services continued to make progress in embedding Best Value across the organisation, guided by a structured self-assessment against the Scottish Government’s seven Best Value themes. The self-assessment exercise was conducted collaboratively with staff and partners, allowing people to reflect on how effectively services deliver for the public and where opportunity for further improvement exists. Forensic Services reported the results from the self-assessment exercise to the Audit Risk and Assurance Committee.

In early 2025, Police Scotland comprehensively self-assessed itself against Best Value criteria, as reported to Audit, Risk and Assurance Committee in May 2025. The self-assessment highlighted many strengths across all Best Value themes, with notable progress being made in many aspects of Best Value. Police Scotland is committed to continuously improving, to reduce crime, keep communities safe, support victims and develop a thriving workforce. Its Best Value self-assessment highlights where opportunities for further improvement exist in support of these priorities. It will be striving to make the identified improvements, along with addressing any recommendations from the joint Best Value audit, in progressing the next phase of police reform.

Audit Scotland and HMICS are conducting a joint Best Value audit of policing in 2025. This will be the first Best Value audit since the creation of the national service which is expected to report in early 2026. We have been kept informed with progress on this audit.

# 8 Independence considerations

# Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, there are no independence matters that we would like to report to you.

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. No breaches have been identified by the team.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and Scottish Police Authority that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Authority or investments in the Authority held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the organisation as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and Scottish Police Authority.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of Scottish Police Authority's board, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person (and network firms) have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

# Fees and non-audit services (1)

We confirm below our final fee charged for the audit and confirm there were no fees for the provision of non-audit services.

External Audit Fee	Planned Fees	Final Fees
Auditor Remuneration	£240,750	£240,750
Pooled Costs	-£2,320	-£2,320
Sectoral Cap Adjustments	£58,360	£58,360
<b>2024/25 Audit Fee</b>	<b>£296,790</b>	<b>£296,790</b>

Fees for other non-audit services	Final Fees
We confirm that for 2024/25, no non-audit services were provided by Grant Thornton UK LLP or any other Grant Thornton member firms.	<b>Nil</b>

This Annual Audit Report is considered by the Authority on 25 September 2025 including agreement of audit fees.

The fees reconcile to the financial statements as follows:

• fees per financial statements	£296,790
• total fees per above	£296,790

Audit Scotland pay us directly under our contract and fees shown above in the table are inclusive of VAT. Under the contract, Audit Scotland reimburse us for out-of-pocket expenses, as incurred, which are not included in the above fees.

This covers all services provided by us and our network to Scottish Police Authority, its directors and senior management and its affiliates, that may reasonably be thought to bear on our integrity, objectivity or independence.

# Fees and non-audit services (2)

## Client service

We take our client service seriously and continuously seek your feedback on our external audit service. Should you feel our service falls short of expected standards please contact Joanne Brown, Head of Public Sector Assurance Scotland in the first instance who oversees our portfolio of Audit Scotland work ([joanne.e.brown@uk.gt.com](mailto:joanne.e.brown@uk.gt.com)). Alternatively, should you wish to raise your concerns further please contact Mark Stocks, Partner, 8 Finsbury Circus, London, EC2M 7EA.

If your feedback relates to audit quality and we have not successfully resolved your concerns, your concerns should be reported to John Gilchrist, Audit Scotland Quality and Appointments in accordance with the Audit Scotland audit quality complaints process.

## Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [transparency-report-2024-.pdf](#)

# 9 Appendices

# A. Communication of audit matters with those charged with governance (1)

Our communication plan	Audit Plan	Annual Audit Report
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Confirmed no reliance on internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●

## Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

## Distribution of this Annual Audit Report

This report is addressed to Scottish Police Authority and the Auditor General for Scotland and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course.

# A. Communication of audit matters with those charged with governance (2)

Our communication plan	Audit Plan	Annual Audit Report
Views about the qualitative aspects of the organisation's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures	●	
Significant findings from the audit	●	
Significant matters and issue arising during the audit and written representations that have been sought	●	
Significant difficulties encountered during the audit	●	
Significant deficiencies in internal control identified during the audit	●	
Significant matters arising in connection with related parties	●	
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements	●	
Non-compliance with laws and regulations	●	
Unadjusted misstatements and material disclosure omissions	●	
Expected modifications to the auditor's report, or emphasis of matter	●	

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Annual Audit Report, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

# B. Action plan (1)

We set out here our recommendations for the organisation which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue	Recommendations
<span style="color: yellow;">●</span> <b>Medium</b>	<p><b>Financial Strategy:</b>            Scottish Police Authority's current Financial Strategy (2022/23–2026/27) has not been updated to reflect the priorities outlined in the 2023–2026 Joint Strategy for Policing and Police Scotland's 2030 Vision. Aligning the Financial Strategy with these strategic documents is critical to ensuring financial planning supports the organisation's long-term goals, modernisation efforts, and operational priorities.</p> <p>If the Financial Strategy is not reviewed and refreshed to align with the 2023–2026 Joint Strategy for Policing and the 2030 Vision, there is a risk of misaligned financial planning that fails to adequately support strategic objectives. This could lead to resource allocation challenges, inefficiencies, and potential delays in achieving organisational goals, compromising the effectiveness of Police Scotland's modernisation efforts.</p>	<p>Scottish Police Authority should review and update its Financial Strategy (2022/23–2026/27) to ensure it aligns with the 2023–2026 Joint Strategy for Policing and Police Scotland's 2030 Vision.</p> <p>The updated strategy should clearly articulate how financial resources will be prioritised and allocated to support the delivery of strategic objectives and modernisation plans. Regular reviews should also be scheduled to ensure continued alignment as strategic priorities evolve.</p> <p><b>Management response:</b>            Management accept the recommendation.</p> <p>Annual funding cycles make it difficult to develop a medium term financial plan. However, work has been ongoing to look at capital and revenue planning scenarios up until FY 2029-30, the main purpose of which was to feed into Scottish Government Budget discussions and Scottish Parliament pre-budget scrutiny. This will be further developed in the coming months in collaboration with other business areas with the view of developing a medium term financial strategy, with a key focus on pay &amp; reward, workforce modernisation, transformation and new legislation. Multi-year funding envelopes are expected to be published by SG in December 2025.</p> <p><b>Responsible officer:</b> Head of Finance  <b>Implementation date:</b> 31 March 2026</p>

## Key:

- High – Significant effect on control system and financial statements
- Medium – Effect on control system and financial statements
- Low – Best practice for control systems and financial statements

# B. Action plan (2)

Assessment	Issue	Recommendations
<span style="color: yellow;">●</span> <b>Medium</b>	<p><b>Workforce Planning:</b>            Police Scotland's Strategic Workforce Plan was published in 2023; however, it does not provide any evidence on the desired future workforce structure. Effective workforce planning should outline the composition and skill set required for a modernised workforce, including the projected number of police officers and staff needed to support future policing demands.</p> <p>Without a clear vision of the desired future workforce structure, Police Scotland may face challenges in effectively aligning its resources with future policing demands. This could result in skill gaps, resource shortages, or inefficiencies, limiting the organisation's ability to deliver effective policing services. Additionally, the lack of a robust workforce plan may weaken Police Scotland's ability to secure necessary funding and support from key stakeholders, including the Scottish Government and ministers.</p>	<p>Police Scotland should develop a strategic workforce plan that considers how best to utilise its existing workforce within the constraints of VR/VER and the absence of redundancy options. This should include an in-depth review of the roles and responsibilities of police officers, ensuring alignment with frontline policing priorities and organisational objectives. The plan should also articulate a clear vision for the future police force, identifying the skills, capabilities, and structures required to support effective decision-making and sustainable transformation.</p> <p>Additionally, transformation initiatives should be leveraged to drive this process, ensuring that operational needs are met and resources are allocated effectively.</p> <p><b>Management response:</b>            The Chief's Constable Vision 2030 lays out in 3-year plans how the Force will transform to meet the challenges ahead. There is great focus in the current 3-year on 'building frontline capacity' and 'workforce modernisation'. A review and re-design of local policing (Response, Community, local CID, Public Protection, and middle/back office functions) is underway. This review will cover workforce mix, divisional structures and rank ratios as well as determining the skills required to undertake each of the roles within these areas. This will allow us to further iterate the existing SWP to detail the future skills /roles ensuring they clearly link back to the Force strategic objectives. The on-going actions from the SWP developed in 2023 have been aligned with the Vision 2030 plan. In addition, there are other pieces of work being developed/underway to assess the mix of officers v staff in corporate roles which again will establish the number of roles, skillset, experience required with the added benefit of potentially releasing officers back to the frontline assuring alignment with the Chief's priorities. This project and other transformation projects are governed by Operation Evolve and Transformation. HR continue to work closely with Finance colleagues to ensure any future workforce models are fully costed. Skills for Justice are working with HR in relation to role profiles for officers and staff to ensure they are fit for purpose and provide the necessary detail around whether a role should be warranted or not, what skills are required, CVFs etc. An Organisational Design specialist is now in post to assist divisions/departments as they work through Organisational Change to ensure they consider spans of command, ranks/grades, workforce mix etc. The output of the reviews will then be used to produce a new iteration of the Strategic Workforce Plan.</p> <p><b>Responsible officer:</b> DCC Professionalism and Enabling Services, Director of Human Resources</p> <p><b>Implementation date:</b> 31 March 2027</p>

## B. Action plan (3)

Assessment	Issue	Recommendations
<span data-bbox="207 347 245 375">●</span> <b>Medium</b>	<p><u>Performance Reporting at a top level for the policing system</u></p> <p>All three bodies publish substantial performance information however, there is a lack of clear reporting against defined target service outcomes. As a result, it is difficult to assess progress or identify trends in improvement over time.</p> <p>Without measurable targets, stakeholders may struggle to assess whether resources are being used effectively, whether strategic objectives are being met, or whether services are improving over time. This can hinder decision-making, as leaders may lack the necessary data to identify areas for improvement or allocate resources efficiently.</p>	<p>The three bodies establish a robust joint policing system framework for performance reporting that includes clear and measurable target service outcomes across the system. This framework should enable the tracking of progress over time, allowing for the identification of trends in improvement and areas requiring further attention.</p> <p>By aligning performance reporting with specific outcomes, SPA can enhance transparency, strengthen accountability, and provide stakeholders with a clearer understanding of their effectiveness in delivering services.</p> <p><b>Management response:</b>  The Strategic policing Plan for Scotland 2026, currently in development, will set our clear policing system outcomes for delivery underpinned by organisational level corporate strategies and plans. Aligned to this will be a strategic level scorecard which contains key proxy indicators which will be reported on a six monthly basis to show progress against outcomes.</p> <p><b>Responsible officer:</b> Director Strategy &amp; Analysis, PSoS and Head of Strategy &amp; Performance SPA</p> <p><b>Implementation date:</b> 30 November 2026</p>

## B. Action plan (4)

Assessment	Issue	Recommendations
<span data-bbox="207 318 245 347">●</span> <span data-bbox="189 368 258 397">Low</span>	<u>Procurement Controls:</u> <p>There are opportunities for Police Scotland to strengthen their practices to align with best practice standards, specifically around their declaration of interest and payment of purchase order processes.</p> <p>Failure to strengthen practices could expose Police Scotland to risks such as reduced transparency, financial irregularities, and reputational damage. This may undermine stakeholder confidence and result in non-compliance with regulatory or governance requirements.</p>	<p>Police Scotland should strengthen procurement controls by ensuring all declarations of interest are thoroughly reviewed, with individuals declaring conflicts excluded from Commercial Panels.</p> <p>Additionally, robust processes should be implemented to ensure payments are made against invoices supported by an approved purchase order, reinforcing financial accountability and reducing the risk of unauthorised transactions.</p> <p><b>Management response:</b> Accepted. Procurement will review current controls in relation to conflict of interest and strengthen where appropriate. Procurement will ensure any potentially conflicts are effectively risk assessed before a person with such a potential conflict is involved in a procurement/evaluation process.</p> <p>Police Scotland currently operate a 'No PO, No pay', processes, however, there are routes to make manual payments which exist to process particular payments which can become due without a PO or otherwise have to be made manually e.g. for expedience.</p> <p>Procurement have been working with the Finance Shared Services team and implemented additional diligence to be applied to any requests for manual payments to be made. Accounting &amp; Control will review the revised arrangements to make sure they are comprehensive in light of these specific findings.</p> <p><b>Responsible officer:</b> Head of Procurement (procurement/evaluation process), Head of Accounting &amp; Control (manual payment process)</p> <p><b>Implementation date:</b> 31 March 2026</p>

# C. Follow up of previous recommendations (1)

We identified two financial statement issues in the 2023/24 audit of Scottish Police Authority, which resulted in two recommendations being reported in our 2023/24 Annual Audit Report. Of the two recommendations raised as part of the 2023/24 audit, one has been actioned whilst one remains as ongoing. Any progress on these ongoing actions will be followed up on as part of our 2025/26 audit.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<span data-bbox="199 616 250 645">✓</span> Complete	<p><b>IAS 19 Consolidated Reporting:</b></p> <p>Management have consolidated their IAS 19 reporting including when considering IFRIC 14 calculations. As a result, it is difficult to establish the individual asset positions (e.g. surplus or deficit) which results in the potential distortion of financial information when combining data.</p> <p><b>Recommendation:</b> We recommended that management alongside their actuary review the current treatment of reporting IAS 19 and IFRIC 14 on a consolidated basis and given materiality levels, consider if this remains appropriate moving forward.</p>	<p>Statutory Reporting met with the Actuary on 6th February. At the meeting, an approach was agreed to address this audit recommendation, and this has been ratified by External Audit.</p> <p>For the 2024/25 annual accounts, the work will be done in line with the timescales for IAS 19 returns in late April / early May, following the agreed approach.</p> <p><i>Updated reporting was prepared for year-end by management's actuary and presented to the audit team which ensured calculations were prepared at a fund level. No further issues were identified as part of our work performed therefore, we are marking this recommendation as complete.</i></p>

## Assessment

✓ Action completed

Ongoing action

# C. Follow up of previous recommendations (2)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<span data-bbox="199 659 238 688">✓</span> Complete	<p><b>Assets Not Revalued</b></p> <p>Management made a high-level assessment of EUV assets not revalued, noting that they are satisfied that assets are not materially misstated due to the controls that they have in place. These controls include monthly meetings with their estate colleagues to review the status of their properties which provides opportunities to discuss any potential impairment issues and capital improvement works and through detail discussions with the valuer across the financial year.</p> <p><b>Recommendation:</b> We recommend that management establish an annual assessment of assets not revalued including assets valued on an existing use value basis. This should consider the rationale and a material impact assessment for each asset, consideration of the cumulative impact and where appropriate, use of indices to support the underlying assessment.</p>	<p>Finance have developed a methodology which supports the consideration of Asset Not Revalued in year and this has been ratified by External Valuers. Next steps are for Estates to document and evidence their Management Assessment in line with the Audit recommendation and agree methodology, at which time this finding will be closed.</p> <p>FREM has stipulated the use of indices from 2025/26.</p> <p><i>Finance have developed a methodology for assets not revalued for 2024/25 which has been reviewed as part of our year-end audit procedures. No further issues were identified as part of our work performed therefore, we are marking this recommendation as complete. As noted by management, from 2025/26 new FReM changes will be introduced around non-investment asset valuations including the use of indices.</i></p>

## C. Follow up of previous recommendations (3)

We have also followed up on any previous recommendations which still remained open which arose in previous audits. We have performed additional work in year to obtain assurance whether the recommendations has been closed and resolved in the current year or whether the issue still exists and the recommendation remains open and/or in progress.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<span data-bbox="199 717 238 738">✓</span> Complete	<p><b>Exit Packages</b></p> <p>As a result of errors found as part of the audit process, there have been a number of adjustments to the exit packages disclosure in the Remuneration and Staff Report, including two exit packages disclosed in the wrong period and one exit package being understated due to the omission of a lump sum.</p> <p><b>Risk</b> – the exit package disclosure is misstated and does not comply with the FReM.</p> <p><b>Recommendation</b> – Given the high-profile nature of exit packages, we would recommend that an enhanced quality assurance process is in place to check these disclosures.</p>	<p>The Annual Reports and Accounts project plan has been updated to include a year-end review of exit package disclosures.</p> <p><i>From our testing at year-end, we have not identified any similar issues with the exit package disclosures, therefore, we are marking this recommendation as complete.</i></p>

# C. Follow up of previous recommendations (4)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<span data-bbox="204 731 243 753">✓</span> Complete	<p><b>Financial Sustainability - Medium to Longer Term Financial Planning</b></p> <p><b>Risk:</b> There is currently a significant risk over the financial sustainability of the authority where medium term planning based on the flat cash funding settlements do not exist and therefore the authority are unable to put actions and plans in place to mitigate and respond to funding shortfalls in the medium to longer term.</p> <p><b>Recommendation:</b> The SPA should look to refresh its medium term financial plans in light of the flat cash funding settlement and ensure that it has updated financial plans for at least a three year period to identify the potential funding gaps and savings/efficiencies that are required to be delivered in the medium to longer term. In the absence of agreed funding settlements post 2023/24 the Authority should be looking at modelling future demand of its services alongside delivery of policing priorities against what it expects to have to spend to meet its service delivery. Sensitivity analysis should also be undertaken over this period to understand the potential implications of funding shortfalls and put plans in place to address these risks. Mapping the transformation programme to medium term financial planning will be key in ensuring the programme can deliver the benefits and efficiencies required in order to maintain service delivery and deliver policing priorities without jeopardising operational performance and financial sustainability.</p>	<p>Various scenario planning was undertaken to inform the 2025/26 budget bid into Scottish Government which resulted in an increase in both revenue and capital funding for the current year.</p> <p>Work has been ongoing to look at capital and revenue planning scenarios up to the 2029/30 financial year. This work has largely focused on the implications of a flat cash funding scenario, the main purpose of which was to feed into the SG budget discussions and has formed the basis of Scottish Parliament Scrutiny submission.</p> <p>At this point, prioritisation is done through alignment to the 3-year business plan.</p> <p><b>One year funding settlements make it difficult to effectively plan beyond the short-term. Police Scotland seeks to establish more appropriate funding arrangements, moving to multi-year funding allocations, the exercise of statutory borrowing powers to support capital investment and the establishment of a facility to enable the carry forward of financial reserves, similar to that in place before the creation of Police Scotland. A Scottish Government Resource and Capital Spending Review is due to be published during the course of the financial year. See new, superseded recommendation from this years audit.</b></p>

# C. Follow up of previous recommendations (5)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<span data-bbox="138 803 174 823">✓</span> <b>Complete</b>	<p><b>Financial Sustainability - Capital</b></p> <p><b>Risk:</b> The SPA have overprogrammed the capital budget and plan in excess of the projected funding available under the flat cash settlement. This is being managed through phasing of programmes into future years which is not a sustainable position. This provides the risk that funding challenges are pushed into future years and programmes cannot be completed in the funding allocated to them. The SPA will need to revisit the capital plan to ensure the affordability of the capital plan in line with funding requirements and capital projects are prioritised within the funding envelope available.</p> <p><b>Recommendation:</b> The SPA will need to revisit the capital plan to ensure the affordability of the capital plan in line with funding requirements and capital projects are prioritised within the funding envelope available.</p>	<p>An exercise was undertaken to align capital planning with the 3-year business plan and this was used as the basis for the funding bid to SG. A template was issued to all budget holders to build up a detailed budget, with the template asking for specific categorisation of spend (committed, critical, regulatory, difficult to stop or discretionary). This has informed the recommendations to Capital Investment Group. All change spend is subject to a business case process which considers financial benefits, expected efficiency savings and operational improvements, alignment to strategic objectives (Joint Policing Plan or Subsidiary Strategy), impact on Service Delivery and staff wellbeing.</p> <p>Business case governance status is captured as part of the budget proposals and used to assess deliverability.</p> <p>As part of strategic financial and business planning, a 5-year capital delivery plan is being developed to align with operational needs and delivery of the 2030 Vision. The purpose of the 5-year plan is to:</p> <ul style="list-style-type: none"> <li>• Identify the capital investment requirements over the medium term;</li> <li>• Establish a clear timeline of budget delivery;</li> <li>• Adopt a long-term planning approach and change the mindset of annual budget cycles;</li> <li>• Ensure a strategic approach to asset rolling replacement;§ Implement frameworks and strategi contracts to be drawn down over a longer period; and</li> <li>• Maximise resource allocation to deliver our capital programme.</li> </ul> <p>The Capital Planning Task Force (CPTF) will scrutinise these plans to assess their deliverability, along with the capacity / capability requirements to deliver a large capital programme. This will be presented to Capital Investment Group at the end of August. At this point, prioritisation is done through alignment to the 3-year business plan. A prioritisation matrix will be developed at an appropriate time when the future funding allocations are known.</p> <p><i>See recommendation arising from our 2024/25 findings in respect of medium-term financial sustainability which includes an important focus on capital planning.</i></p>

# C. Follow up of previous recommendations (6)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<span data-bbox="199 774 232 793">✓</span> <span data-bbox="130 807 284 836">Complete</span>	<p><b>Use of Resources - Change Portfolio</b></p> <p><b>Risk:</b> There is a risk that the impact of the change portfolio on operational delivery and performance is not properly assessed.</p> <p><b>Recommendation:</b> The SPA and Police Scotland should ensure there is more consistent focus on outcomes (measuring and communicating impact on business delivery). Police Scotland should ensure that identified benefits and outcomes of a project or programme feeds into the assessment of organisational performance and in turn will enable the SPA and Police Scotland to assess how they are performing against their strategic priorities. Police Scotland should map the impact, outcomes and intended benefits of its change portfolio to the performance framework to ensure that organisational performance is being met as intended and in turn meeting the overall strategic objectives of the organisation as reflected within Corporate Plan.</p>	<p>The Analysis and Performance Unit (APU) have reported on this as part of the Police Scotland Performance Framework. In addition, work has been undertaken in the following areas:</p> <ul style="list-style-type: none"> <li><b>Vision and Business Plan Baseline Plan:</b> this ensure there is a more consistent focus on outcomes across the organisation. The Police Scotland 2030 Vision provides the service with a clear, aspirational direction of travel to shape the development of Police Scotland. The 2030 Vision is for safer communities, less crime, supported victims and a thriving workforce.</li> <li><b>Transformation High Level Plan:</b> this shows stronger strategic alignment of the transformation portfolio and benefits management.</li> <li><b>Draft Value Framework:</b> this is being piloted with Operation Evoke over the next 18 months to support stronger assessment of benefits, their outcome and impact. All linking to the single vision and business plan and therefore, the Performance and Accountability Framework.</li> <li><b>Performance and Accountability Framework:</b> a revised framework has been introduced which is the basis for how performance will be measured. Revised KPIs and management information linking to the single Police Scotland vision has been developed.</li> <li><b>Chief Constable's Annual Assessment:</b> this outlines how Police Scotland have performed against priorities. The Business Plan milestones contain all projects and programmes and therefore, show their contribution to the priorities and assessment of overall performance. This will be further strengthened in the year ahead but directly links benefits to the Vision.</li> <li><b>PowerBi Dashboards:</b> this is utilised internally to monitor performance, and a range of dashboards across different activities are presented to illustrate improved measurement and strategic alignment.</li> <li><b>Tasking approach:</b> the new approach shows how resources have been effectively utilised to address the most important issues. The Terms of Reference has strengthened the consistency of responses to priorities by having one operational performance board and has standardised the route for assessment and allocation of resources.</li> </ul> <p>Work has been undertaken by Police Scotland to improve benefits reporting with a number of initiatives undertaken as outlined above. Additionally, in 2025, there has been significant changes made to the Transformation and Change Programme, of which, it is too early to comment on impact. As a result, we are marking this recommendation as complete.</p>

# C. Follow up of previous recommendations (7)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<span data-bbox="204 734 243 756">✓</span> <b>Complete</b>	<p><b>Strategic workforce planning</b></p> <p>The next iteration of the strategic workforce plan is expected in April 2024 and must support delivering efficiencies and ensuring the correct capacity and capabilities are in place.</p> <p><b>Risk</b> – that prior to the new SWP being produced in April 2024, there are insufficient arrangements in place to support the efficiencies required for policing given the expectation of flat cash funding.</p> <p><b>Recommendation</b> – Until the next iteration of the Strategic Workforce Plan is available, Police Scotland should use current data and intelligence to ensure capacity savings are redistributed to deliver key services and develop the way in which it measures and records this, to support development of the SWP.</p>	<p>Since this recommendation was made there has been significant change within Police Scotland. The Strategic Workforce Plan referenced was not delivered in the way in which it was originally expected. A refreshed approach to Strategic Workforce Planning was taken which focused on producing a high level Strategic Workforce Strategy covering the period 2024-2027 along with an Implementation Plan. Year 2 of this implementation has come towards a close and was reported to the People Committee in August 2025.</p> <p>In more recent times, this recommendation has been superseded and addressed through the development of the Police Scotland Vision and Business Plan 2024-2027. The purpose of the 2030 Vision is not only to motivate the workforce to deliver, but also to support strategic decision making around service investment priorities and portfolio of change. It provides clarity over purpose, direction and priorities for change and investment. This also provides a Roadmap for change with specific milestones for delivery over a three-year period. The Strategic Assessment of the workforce provided the evidence base for the most critical skills gaps and the roadmap identifies actions and priorities across the three-year period to address these.</p> <p>This Business Plan outlines how Police Scotland will improve their performance, manage areas of risk and high demand, optimise technology and automation and better manage resources. Many of the growth areas identified will require identification and realisation of capacity gains and savings which have been factored within financial planning. Now the vision and direction has been articulated, it has allowed for a refresh of the People Strategy and Strategic Workforce Strategy Implementation Plan to ensure alignment with the direction and ensure delivery of a cohesive set of objectives.</p> <p>Police Scotland have put in place strong performance management arrangements and will systematically measure performance, progress and impact across all our areas of activity. DCC Connors will lead Operation Evolve which is the programme to co-ordinate the delivery of this work in a more cohesive way than what has been achieved to date in Police Scotland. Monitoring will take place by the Scottish Police Authority at regular Board meetings in accordance with Public Performance Reporting responsibilities. Furthermore, a review of governance arrangements to ensure that decisions taken on resourcing our priorities are directly aligned to the Vision and Business Plan has been undertaken. The Finance and People Board is the primary board making strategic decisions on workforce planning, investment and re-distribution of capacity gains.</p>

# C. Follow up of previous recommendations (8)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<span data-bbox="199 529 238 551">✓</span> Complete	<b>Strategic workforce planning</b> (continued)	<p>A national review of the Tasking process was also carried out, which is now rebranded (from April 2025) as Operational Policing Tasking (OPT). This single OPT is the forum by which Executive Officers will identify threat/risk and allocate resources appropriately. The OPT will have a Strategic Workforce Planning representative on the group to look at long term resourcing, demands and opportunities. This ties in with Multi Agency Tasking whereby requests that require multi-agency assistance will be pushed to, ensuring that joined up resource approach. The link to the Multi Agency Tasking is to ensure that threats to other agencies are known and the impact of policing. The detail of wider threat will greatly assist policing response to threats being faced and how support can be provided to partners also operating in the communities of Scotland and beyond where new and emerging threats are emanating from elsewhere.</p> <p><i>There has been significant change within Police Scotland since this initial recommendation was made resulting in the Strategic Workforce Plan referenced not being delivered in the way in which it was originally expected. As a result of this and subsequent action taken by Police Scotland, we deem it appropriate to close this recommendation and have superseded with a new recommendation on workforce planning.</i></p>

# C. Follow up of previous recommendations (9)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<span data-bbox="204 684 243 698">✓</span> Complete	<p><b>Risk register scoring</b></p> <p>Risk register scores are above tolerance and appetite levels for the majority of strategic risks.</p> <p><b>Risk</b> – mitigating controls are not effective in returning risks to within tolerance and appetite levels.</p> <p><b>Recommendation</b> - The Authority and Police Scotland needs to ensure that clear timescales to implement planned mitigations are in place, so that risks can return to the agreed risk tolerance and appetite levels.</p>	<p>On v2 of the 4Risk system, planned mitigations (referred to as actions) can be monitored more effectively as they now show status ("not started" and "in progress"), the last time the action was updated, and the target dates. The actions can also be given progress updates. This allows the risk team to quickly identify actions which aren't being progressed and thereafter follow up with the risk lead/action owner to understand why, and/or if other actions need to be added to the risk. In addition, the actions can be broken down into stages if appropriate. This enables early identification if implementation of the action is not progressing as expected and the risk team can query if any remedial action needs to be undertaken.</p> <p>Following a recommendation from the BDO Internal Audit on Risk Management arrangements, an assessment of control type/effectiveness for current controls has been added, and of control type for actions. This assessment will be conducted on new risks and will support considerations of scoring, for example where the assessment is that the untreated and current scores are the same, an assessment of the control type/effectiveness of any controls in place will give an indication of whether the control has an effect on the likelihood or impact of the risk, and if there are any gaps in place which mean that the control is not having its intended effect in reducing the score. Action can then be taken to increase the effectiveness of the control, or consideration can be given to additional controls.</p> <p>With these measures in place, and the other work that has been undertaken to improve the risk management arrangements (notably the awareness raising that took place ahead of the yearly review of risk appetite in July 2024 and the re-establishment of the Fundamentals of Risk Management training course), the risk outlined above "mitigating controls are not effective in returning risks to within tolerance and appetite levels" is reduced. This is evidenced by the number of risks out of tolerance reduced from 30.69% at Q3 23/24 to 22.61% at Q3 24/25, and the number of risks within appetite increased from 32.01% to 42.66%.</p> <p><b>We are satisfied that management has responded to the recommendation and as such, satisfied this action has been completed.</b></p>

# C. Follow up of previous recommendations (10)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<span data-bbox="199 760 238 781">✓</span> Complete	<p><b>Best value arrangements</b></p> <p>Work to agree the Police Scotland approach to demonstrating Best Value have not progressed.</p> <p><b>Risk</b> – that best value arrangements are not in place to deliver the best possible outcomes for the public.</p> <p><b>Recommendation</b> - Police Scotland should develop their approach to best value arrangements which is a duty of the Chief Constable.</p>	<p>Police Scotland remain on track with their preparations for the upcoming Best Value audit, including a full self-assessment package and associated evidence.</p> <p>Police Scotland have adopted the Public Service Improvement Framework in the best value preparations. Supported by the Improvement Service, and have adapted their framework statements to develop a self-assessment survey. This survey was completed by their exec team and Senior Leaders (Superintendent and above) at their Senior Leaders' event. The survey results were then compared with their Your Voice Matters survey results to contribute to our overall self-assessment against the eight best value themes.</p> <p>Each theme lead has presented their self-assessment and evidence base to the force executive via scrutiny sessions. To date c400 pieces of evidence have been submitted in support of the self-assessment, however this is to be rationalised to focus on the most useful evidence . The process to date has included highlighting the key best value successes against the Outline Business Case for Police reform. It has demonstrated a culture of continuous improvement that has allowed Police Scotland to evolve and remain agile to ensure we maintain a strong policing service in Scotland. It was recognised that their is a strong and well regarded 2030 Vision which has set the strategic direction for our Revised Model of Policing.</p> <p>The self-assessment process has identified areas where there is a need for continuous investment to ensure greater value is delivered for the people of Scotland and the Audit Scotland and HMICS views on their assessment, is welcomed as progress is made with the upcoming audit.</p> <p>Beyond preparations for the upcoming review, Police Scotland continue to develop how they further embed the best value self-assessment approach, as part of their Vision 2030 and business planning process. They also want to ensure that the best value assessments complement the ongoing work on continuous improvement within their Transformation function, their assurance work within their Governance and Assurance teams and that they ensure all organisational learning is taken from the process to drive further continuous improvement. A workplan is in place to deliver on these commitments.</p> <p><b>We are satisfied that management has responded to the recommendation and any findings from the Audit Scotland and HMICS joint Best Value audit will be communicated in early 2026. As such, we are satisfied this action has been completed.</b></p>

# C. Follow up of previous recommendations (11)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Ongoing	<p><b>Benefits realisation</b> It is not yet possible to see evidenced tracking of benefits realisation.</p> <p><b>Risk</b> – resources are being used inefficiently in an increasingly challenging financial environment, to the detriment of value for money and the delivery of critical services.</p> <p><b>Recommendation</b> - The SPA should continue to monitor work by Police Scotland towards including meaningful and realistic processes for monitoring and evidencing realised cash and non-cash benefits across all projects.</p>	<p>Key theme of project evolve and a priority for the organisation. Enhance focus on benefit realisation. Work is underway to improve how benefits are captured, managed and realised in Transformation. A new benefits approach has now been drafted and will be discussed with the SPA prior to implementation.</p> <p>This approach simplifies and streamlines logging and reporting and proposes a direct link to operational boards for real-time review of benefits delivery throughout the life cycle of the project and a formal handover process to Operational areas while ensuring ongoing reporting by Transformation. Part of the possible discussions have taken place with the supplier of the Project Management System (PPMA) and amendments to existing functionality to support are in plan.</p> <p><i>This action remains ongoing, although progress has been made during the year with a new benefits approach in draft and discussions held with the supplier of the project management system to improve functionality. We will follow up on progress made during the upcoming year as part of the 2025/26 audit.</i></p>



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