



SFO

serious
fraud
office

SERIOUS FRAUD OFFICE

ANNUAL REPORT AND ACCOUNTS

2019-2020

HC 634

Serious Fraud Office Annual Report and Accounts 2019-20

(For the year ended 31 March 2020)

Accounts presented to the House of Commons pursuant to Section 6(4) of the
Government Resources and Accounts Act 2000

Annual Report presented to Parliament pursuant to Section 1(15) and Paragraph 3 of
Schedule 1 to the Criminal Justice Act 1987

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Statement from the Director



I present the Annual Report for the Serious Fraud Office for the reporting year 2019-20.

The end of this reporting period comes midway through my second year as Director of the SFO and just as the March COVID-19 lockdown begins to ease. Over the past 12 months, the SFO has continued to fulfil its mission as an influential and world class organisation that is tackling serious economic crime. The structural and operational changes I have instigated and overseen over the past year are helping to shape the SFO into the organisation I envisioned when I began my role as Director in August 2018. On another note, our response to the uncertainty and upheaval that followed

the outbreak of COVID-19, has been efficient and effective as we have adjusted our processes and approach to meet our operational needs and the obstacles faced by our staff and partners across the globe. Throughout this period, I have witnessed unrivalled resilience and professionalism, despite the challenges. It has been inspiring and we emerge a better and stronger organisation.

Over the year, I have been well supported by my top management team, as well the new Attorney General and her predecessor, in instituting my vision for the SFO. We have continued to deliver strong operational results during the year, obtaining successful convictions or other judicial resolutions, such as Deferred Prosecution Agreements (DPAs). We have charged six individuals and opened five new criminal investigations. In January 2020, we secured a DPA with Airbus SE in which the company agreed to pay a fine and costs amounting to €991m in the UK and €3.6bn in total. This DPA is the world's largest ever global resolution

of bribery and corruption charges. It could not have been reached without the unified dedication and commitment of our colleagues in France and the United States. The SFO also reached DPAs during 2019 with Güralp Systems Ltd and Serco Geographix. In 2019-20 our Proceeds of Crime Division secured over £13m in new financial orders made against criminals convicted in SFO cases, with payments received against previous orders totalling over £7m.

The year has also presented challenges and some high profile acquittals followed investigations

begun earlier. We are charged with applying the Code for Crown Prosecutors in each case and bringing before the jury the best available evidence. While the SFO's charging decisions in those cases has attracted some criticism, I am convinced that the organisation has fulfilled its duty in pursuing the matters that have been prosecuted. The SFO investigates and prosecutes some of the most complex crime brought before the criminal courts in England and Wales and we are prepared to face the challenges that come with that responsibility.

In all our casework, the witnesses and victims of crime are our priority. Her Majesty's Crown Prosecution Inspectorate (HMCPPI) recognised this commitment explicitly in its 2019 report on Case Progression, which noted that our work in this area exhibited the highest standards of care. Our Proceeds of Crime Division secured confiscation orders of over £434,000 against individuals convicted in the Solar Energy Savings Ltd case. All of this money will be paid as compensation to the victims in this case.

Over the past year we have increased transparency regarding our work and have sought independent review of both our corporate and casework practices. As part of this effort (and as noted above), HMCPPI reviewed how we progress our cases and I invited the Inspectorate also to review the SFO's leadership and staff engagement. We have incorporated the findings from both reviews into our ongoing work to improve our ability to fulfil our remit as effectively as possible in a fast changing and increasingly technical world. We have also promoted better corporate governance: specifically, we have published guidance that outlines what good co-operation looks like; and we have developed internal guidance to assist our case teams in evaluating the effectiveness of compliance programmes. Our most recent DPAs reflect our development in this area.

Co-operation with other criminal justice agencies

is essential for the SFO as nearly all of our cases involve working with partners—both domestic and international; we have dedicated significant resources to solidifying these relationships at operational and strategic levels. The resolution in the Airbus case demonstrates our ability to cement strong international ties and unified co-operation. Even in cases that do not deliver record-breaking results, we prioritise strengthening our partnerships and exploring opportunities to tackle transnational economic crime in a coordinated and collaborative way.

From a domestic perspective, we have continued to develop our already significant role within the National Economic Crime Centre (NECC) (as our investigation of the London Capital and Finance matter demonstrates). We continue to join forces with our law enforcement colleagues on casework and intelligence matters, in line with the Government's strategy for tackling serious economic crime. It is only by enhancing these relationships, as well as those within other Government departments, that we will collectively succeed in protecting the UK's economy and tackling the serious economic crime that undermines our prosperity.

In conclusion, the SFO is well placed to continue our fight against top-tier complex economic crime and to fulfilling our core mission of investigating and prosecuting the most serious such matters in the UK and abroad.

Lisa Osofsky
Director
Serious Fraud Office
15 July 2020

PERFORMANCE OVERVIEW

SFO at a glance

62%

4-Year Rate for Successful Outcomes by Defendant

95%

4-Year Rate for Successful Outcomes by Case

13

Defendants brought to trial



3

Deferred Prosecution Agreements

Totalling over £860 million paid in fines, costs and disgorgement of profits.

5

New cases Opened



629

Section 2 Notices issued



21

21 Searches conducted



345

Interviews undertaken



Statement of Purpose and Activities

The Serious Fraud Office (SFO) is a non-ministerial department headed by the Director. It also forms one of the Law Officers' Departments and, as such, constitutes a public arm's length body sponsored by the Attorney General's Office. A new Framework Agreement was published in January 2019 and sets out the relationship between the Law Officers and the Director of the SFO. This agreement replaces the protocol between the Attorney General and the Prosecuting Departments, including the SFO, signed in July 2009.

The SFO was established by the Criminal Justice Act (CJA) 1987 and commenced operations in 1988. It is part of the UK criminal justice system covering England, Wales and Northern Ireland, but not Scotland, the Isle of Man or the Channel Islands.

SFO's purpose

The SFO's purpose is to investigate and, where appropriate, prosecute cases of serious or complex fraud, bribery and corruption. In addition, the SFO recovers the proceeds of those crimes it investigates and assists overseas jurisdictions in their investigations into serious or complex fraud, bribery and corruption.

The SFO has unique powers under section 2 of the Criminal Justice Act 1987 to require attendance at interview or the production of information or, in certain circumstances, to apply for a warrant to enter and search premises to take possession of information. The SFO has multi-disciplinary case teams of lawyers, investigators, forensic accountants, external counsel and other experts, led by a case controller. This joint investigatory prosecutorial case-team structure is known as the 'Roskill' model.

The SFO will investigate those cases which call for the legal powers and multi-disciplinary approach available to the SFO. In considering whether to take on an investigation, the Director applies a Statement of Principle. This was reviewed and

revised during the past year to provide further guidance on the cases the Director will accept for investigation, and to emphasise the relevance of the SFO's specific powers and multi-disciplinary structure (the Roskill Model). The Statement of Principle is as follows:

The Director may investigate any suspected offence which appears to her on reasonable grounds to involve serious or complex fraud.

In considering whether to authorise an investigation the Director will take into account the actual or intended harm that may be caused to:

- the public, or
- the reputation and integrity of the UK as an international financial centre, or
- the economy and prosperity of the UK;

and whether the complexity and nature of the suspected offence warrants the application of the SFO's specialist skills, powers and capabilities to investigate and prosecute.

SFO's Strategic objectives

To support this, the SFO has five strategic objectives:

- 1 investigate and, if appropriate, prosecute serious or complex fraud, bribery and corruption cases and associated money laundering fairly and effectively;
- 2 recover the proceeds of serious or complex fraud fairly and effectively;
- 3 develop, and strengthen, constructive relationships with partners both in the UK and internationally;
- 4 build an effective workforce, treating our staff fairly and with respect and dignity; and,
- 5 provide value for money in everything we do

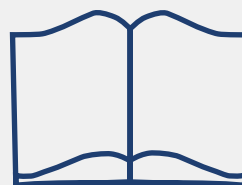
SFO's values

Integrity and professionalism



we make objective decisions whilst always mindful of quality and value for money;

Openness and transparency



we share information with each other and, where appropriate, others; explaining our decisions and learning from our mistakes;

Respect



we show respect to one another, to our external colleagues and to the wider public; and,

Excellence



we strive for excellence in all that we do.

The SFO's strategic risks at 31 March 2020:

Risk	Consequence
Business Continuity Planning – Insufficient business continuity planning or an inability to provide adequate facilities	Impacts the SFO's ability to meet case deadlines and/or cause reputational damage, additional costs and time incurred in data recovery exercises. A loss of access to systems and/or the building
Cyber Threat (Behavioural): Low organisational security posture	Risk of data loss/ compromising investigations and/or network security
Cyber Threat (Technical): Cyber-attack on the SFO's network	Data loss and/or the compromising of investigations and/or network security
Data Loss: Non-adherence to policy and/or lax control measures	Reputational and/or financial damage and distress to information owners and others affected by any loss
Digital Forensics: An increasing and/or unpredictable, quantity of seized digital material	A reduced digital forensics service and consequent delay to case progression
EU Exit: The UK's exit from the EU	Loss of access to EU measures and tools causing an adverse effect on investigations and prosecutions
External Threat Actors: Unlawful access to SFO data	The undermining of cases and/or reputational damage
Global Pandemic (Covid-19) – A global pandemic has been declared and we are in a period of lockdown	SFO staff and family members contract virus and/or are required to self-isolate due to vulnerabilities or symptoms. Restricted access to the building requires staff to work remotely, placing a strain on the IT network and the ability to process data is severely impacted. The business continuity backup site is not viable. Business as usual activity is restricted or severely impacted due to decreased capabilities human and/or technical. Delivery of strategic objectives is inhibited. There are increased security vulnerabilities
Information Management and Data Protection (GDPR): Poor information management	Lack of compliance with legislation and/or regulations and the consequent impact on the SFO's business
Internal Threat Actors: The unauthorised disclosure of information	The undermining of cases and/or reputational damage to the SFO

Further information on how risks are managed and mitigated can be found within the Governance Statement.

Going concern basis

In common with other government departments, the future financing of the SFO's liabilities is met by future grants of supply and the application of future income, both of which are to be approved by Parliament each year. The 2015 Spending Review, as amended in March 2018, confirmed the SFO's budgetary limits through to 2019-20 and in consequence there is no reason to believe that future approvals will not be forthcoming. It was therefore appropriate to prepare these financial statements on a going concern basis.

Summary of performance during the year

The SFO has had taken some high profile cases to court and had a number of successful case outcomes this year.

Our positive net financial impact almost tripled to nearly £1.3bn over the period 2016-17 to 2019-20. Over the period 2016-17 to 2019-20, the SFO tripled its positive net contribution to HMT to nearly £1.3bn, which is nearly six times greater than its cost to the taxpayer during that period.

We continue to demonstrate our commitment to victims. Part of this commitment is in recovering the proceeds of crime and compensating victims. This year our Proceeds of Crime Division obtained confiscation orders valued at £13m. We recovered over £475k in compensation, all of which will be paid to victims.

PERFORMANCE ANALYSIS

Our casework

We opened five criminal investigations this year. Nine defendants were charged, six individuals and three corporates, of which three were suspended as a result of a DPA. Five investigations were closed without charge. Eight defendants were awaiting trial at the end of the year. Our caseload stands at around 65 cases.

The highlights of the eight prosecutions that reached a judicial conclusion this year include:

- Entry into a record-breaking DPA with Airbus SE. Under the terms of the DPA Airbus SE agreed to pay a fine and costs equalling €991m in the UK, part of a global €3.6bn agreement involving authorities in France and the United States. The investigation concerned allegations of using external consultants to bribe customers to buy its civilian and military aircraft.



- Entry into a DPA with Serco Geographix Ltd (SGL). Under the terms of the DPA SGL paid a financial penalty of £19.2m. The investigation concerned fraud and false accounting arising from a scheme to dishonestly mislead the Ministry of Justice as to the true extent of the profits being made between 2010 and 2013 by SGL's parent company Serco Limited (SL). The contract involved the provision of electronic monitoring services, which are vital to the criminal justice system.
- Entry into a DPA with Güralp Systems Ltd (GSL) on 22 October 2019. Under the terms of the DPA GSL agreed to pay £2m for disgorgement of profits. The DPA also requires GSL to cooperate fully and truthfully with the SFO to review and maintain its existing internal controls, policies and procedures regarding compliance with the Bribery Act 2010.

Over the last four years (2016-2020), our successful judicial outcomes rate was 62% by defendant and 95% by case. Due to the relatively small number of cases the SFO takes on each year, our conviction rates are subject to significant fluctuation.

Proceeds of crime and international assistance

The SFO continues to recover the proceeds of crime mainly using the powers in the Proceeds of Crime Act 2002 (POCA). A number of amendments to this Act (which were enacted by the Criminal Finances Act 2017) came into force on 31 January 2018 providing the SFO with additional tools to help combat illicit finance. They included Unexplained Wealth Orders, Account Freezing and Forfeiture Orders and the extension of POCA powers to 'SFO officers'. The specialist Proceeds of Crime team within the Proceeds of Crime and International Assistance Division also investigates and prosecutes cases where money laundering is alleged to have taken place. In addition, the Division provides assistance to overseas authorities by freezing and confiscating assets in the UK.

Between April 19 and March 20 we obtained 11 confiscation orders (including one uplift) with a combined value of more than £13m. We have also gained 11 orders that restrained, froze or detained assets. In this 12 month period in total we have recovered over £7m by enforcing orders previously obtained. To illustrate these figures below are some of our success stories:

- In September 2019 Jolan Saunders and Michael Strubel, former company executives at Saunders Electrical Wholesalers Ltd, following SFO investigation were ordered to pay confiscation orders totalling £7,393,663. All monies recovered will be distributed as compensation to victims, many of whom were vulnerable people from within the fraudsters' own communities.
- In November 2019 the SFO secured confiscation orders against Stephen Wilson, Robert Ross, Kenneth Reid and Niall Hastie totalling over £430,000. They were part of Manchester-based Solar Energy Savings Limited, a group that defrauded investors. Many of their investors were elderly and who had parted with their hard earned savings. All of the money recovered from the orders will be paid back in compensation to their victims.

- Christopher Woodhead set up various companies between March 1998 and February 1999 to systematically steal from companies supplying Yorkshire householders with wall coating products. Mr. Woodhead absconded prior to the trial and was found guilty and sentenced in his absence. A European Arrest Warrant was issued for Mr. Woodhead's arrest and return to the UK. With the assistance of the police in the later part of 2019 the Warrant was enforced and Mr. Woodhead was returned to the UK. In December 2019 Mr. Woodhead had his default prison sentence of three years activated by Leeds Magistrates' Court for failure to pay any of a £428,089 confiscation order originally imposed on him at Southwark Crown Court on 10 September 2004. Christopher Woodhead remains liable for satisfying the confiscation order which at the time amounted to £848,156 due to accumulated interest.

The SFO is an executing authority for requests to obtain evidence made by Letter of Request or European Investigative Orders. Our International Assistance team received 46 Mutual Legal Assistance requests and European Investigation Orders (EIOs), and, on behalf of the criminal case teams, issued 78 Letters of Request and EIOs (including supplementary requests and responses).

Casework quality

The Case Evaluation Board (CEB), Case Review Panels (CRP), a process of Peer Review and a Casework Assurance Framework formed the main elements of a robust quality assurance control process.

The CEB enables the Director to make an informed decision based on its recommendation to initiate or decline an investigation. The frequency of meetings is dependent upon the intelligence pipeline. During the year, the core membership was adjusted to take account of revised roles and responsibilities. Core members are General Counsel, the Chief Operating Officer, the Chief Investigator and the Chief Intelligence Officer.

The purpose of the CEB is to:

- evaluate and challenge intelligence submissions against the Director's Statement of Principle (which governs the basis upon which decisions are made as to which cases should be adopted for investigation);
- assess strategic and tactical risk, cost and resource implications; and,
- where appropriate, consider potential cases in the context of the Government's strategic approach to economic crime.

CRPs and other case governance measures are designed to ensure that a level of appropriate scrutiny and challenge is given to every case. The Terms of Reference are regularly reviewed to ensure that the Director is provided with assurance that:

- cases under investigation are being progressed at pace in an appropriate manner with a view to charging, discontinuance or other disposal;

- cases at the prosecution or post-trial stage are being prepared effectively for court in an appropriate manner;
- cases involving actual or anticipated civil litigation are being managed in a manner appropriate to the particular risks and issues arising;
- proceeds of crime matters are considered appropriately throughout the lifecycle of cases; and,
- appropriate consideration is being given at all stages of a case to the particular risks, challenges, resource requirements and legal or operational issues arising in that case.

CRPs are convened by General Counsel in consultation with the Chief Investigator as they deem appropriate, but with the aim that all cases are scrutinised at least twice per calendar year. A process of Peer Review was used during the year to provide assurance in relation to the investigation stage of our cases. It provided senior managers with an objective analysis of the approach taken in our investigations, highlighted areas for improvement and identified where good practice could be shared across all our case teams. Two Peer Reviews were conducted during the year.

The purpose of the Casework Assurance Framework is to ensure that, at regular intervals, Heads of Operational Divisions are provided with assurance

that cases are progressing well and that any strategic areas of concern (specifically those identified either by way of a Peer Review or at the CRP) are being addressed.

The aim of the process is to:

- guard against investigative drift;
- ensure that the investigation is proceeding at a suitable pace;
- ensure that the gathering of evidence is 'front loaded' as much as possible;
- ensure that, as investigations progress and develop, they do so on the basis of informed hypothesis and admissible evidence; and,
- ensure adherence to approved professional practice, the standards set out in the SFO's Operational Handbook and any other relevant SFO policies.

The SFO continues to measure its performance by demonstrating organisational learning at different levels throughout the operational and non-operational divisions. By sharing lessons learnt at different phases of the case life cycle, the SFO is able to ensure this informs the training strategy. The SFO's Operational Handbook also provides a vehicle to ensure that we operate consistently and follow best practice.

“Case Review Panels ensure that a level of appropriate scrutiny and challenge is given to every case”

Casework Quality



Covid-19 Response

The SFO responded quickly to the Government guidelines and measures to minimise the spread of the Coronavirus. The majority of our staff were already equipped to work from home and those that needed additional equipment were provided with it before lockdown commenced. 99% of staff are now working from home and maintaining productivity despite the difficult circumstances. Only essential staff, who were required to maintain systems and operations functions, continued to attend the office in the immediate period at the commencement of the lockdown. However, these were in single figures. Specific staff members are now attending on an ad hoc basis to complete necessary on site tasks.

We rapidly established the SFO Contingency Planning Group which meets three times a week to address issues and concerns from staff and to assess the effectiveness of our plans and impact on our business. This is particularly important in relation to any escalation or prolonged requirement to work remotely, and to determine what mitigating actions would be necessary to ensure business as usual in the emerging new ways of working.

An important consideration was our IT system; we took steps to ensure that network connectivity and capacity was properly managed to allow staff to work effectively remotely. Critical ingestion and throughput of our digital material and data continued so that case teams were able to review the material they required to work and progress their investigations.

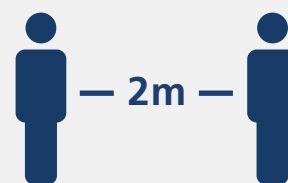
Additionally, the COO was appointed as an Additional Accounting Officer as part of our review of governance structures in response to Covid-19.

One of our cases, on trial at Southwark Crown Court, was temporarily adjourned whilst the judge considered measures that would permit the trial to continue safely at the Old Bailey in light of COVID-19. It was one of the first cases to resume, with social distancing and associated safety measures, in May.

Whilst face to face domestic and international engagements have ceased, we have stayed in contact with domestic and overseas partners, particularly where we are conducting joint or parallel investigations to maintain these essential relationships.

Critical ingestion continued so that case teams were able to work and progress their investigations

Covid-19 Response



Stakeholder engagement and contributions to cross-Whitehall policy development

The SFO has well-established and constructive relationships with its partners in the UK and overseas at both strategic and operational levels. Over the last year the SFO has actively strengthened existing collaboration and sought out new collaborative opportunities.

This year the SFO has been consulted on, or contributed to, a wide range of legislative and cross-Whitehall policy developments relevant to our work. The SFO played its full part in the Government's Serious and Organised Crime (SOC) Strategy Review, which considered broad reforms to the current system for tackling fraud. The SFO contributed to the law enforcement delivery of recommendations contained within the Government's Economic Crime Plan, the Anti-Corruption Strategy and the Asset Recovery Plan. The SFO had continued input into the Government's consultation on the draft Register of Overseas Entities Beneficial Ownership Bill and the consultation regarding plans for better corporate transparency and reform of the Companies House register. These provided opportunities for the SFO to influence the formation of policy and procedure to combat the rapidly evolving threat posed by economic crime.

The Strategy and Policy Division provided legal and policy advice within a number of cross-government forums, such as the International Criminality Board, the Cross Agency Group on Extradition, the Overseas Production Orders Working Group and various data protection working groups. In addition the Division supported cross-government work implementing the recommendations from the Attorney General's 2018 review of disclosure. The breadth of this engagement has helped develop good law enforcement practice and raised the SFO's profile and influence across the Criminal Justice System.

The SFO remains a committed stakeholder of the National Economic Crime Centre (NECC). Involved at all governance levels, the SFO has recently

played an active role within the NECC-led initiative to 'step-up' the national operational response to fraud. In the past year the SFO has increased its resource to five full-time embedded members of staff within the NECC, which makes the SFO one of the most significant contributors to staffing of the NECC in relation to the SFO's size. The SFO, with other NECC partners, has helped to set the strategic direction, and shaped the NECC's business plan, for 2020-21. The SFO will continue to play a full role in the NECC's development and its work to deliver a step change in the response to tackling serious and organised economic crime.

In late March the United Kingdom began to operate amidst the unique challenges presented by the Covid -19 pandemic. Alongside this the SFO has further enhanced its role and engagement in cross government forums. We are actively involved in government policy and strategy development, participating in cross-HMG meetings to understand new pandemic related fraud and economic crime threats and working with operational law enforcement partners to manage and respond to the risks presented. The SFO will continue to support NECC and HMG partners with this work, as necessary.

Relations with UK law enforcement and regulatory partners have been further enhanced through our contributions to various cross-government tactical and operational forums, including threat, delivery and working groups and regular bilateral meetings. Notably the SFO has increased senior level engagement with the Home Office, the Foreign and Commonwealth Office (FCO), Cabinet Office and Department of International Trade over the course of the year. Whilst this was largely due

to operational matters, this enhances the SFO's visibility with three important Whitehall partners and supports the SFO's strategic objectives. Engagement is underpinned by Memoranda of Understanding or operational protocols where necessary. Our commitment to joint working and information sharing has directly benefited a number of active SFO investigations, as well as those of partner agencies.

Corporate co-operation guidance was published in August and made available on the SFO website for reference by external audiences. This was followed in January by the publishing of internal guidance on assessing compliance programmes, also made available externally. TRACE International hosted an event for a small group of compliance experts, in May, to speak to the SFO about their experiences of working in and with corporates. This was an opportunity for the SFO to hear how companies behave and, in some cases, conceal criminality within their organisations. The SFO delivered the opening presentation for the 'Anti-Corruption day' of the UK Government's 2019 Compliance and Transparency Week, held in Singapore, in September. Strengthening internal policy on corporate engagement and compliance matters, and increasing engagement on these topics, demonstrate the SFO's growing appetite and dedication to working with the private sector in pursuit of effective ways to detect, investigate and successfully prosecute serious crime.

The SFO continues to play a significant role, alongside other Whitehall, criminal justice and law enforcement partners, in preparing for the UK's withdrawal from the European Union (EU). This has included delivering training, ensuring the SFO's interests and strategic objectives are promoted and catered for in the plans and giving detailed advice to case teams to ensure there is minimal

operational impact by the potential loss of access to EU tools and measures.

Recognising the need to continually strengthen international engagement, this year saw the SFO delivering training on behalf of the UK Government, the OECD and UNCAC in Albania, Brazil, Chile, India, Indonesia, Kenya and Singapore. In addition SFO staff participated in international training programmes run by criminal justice partners in Singapore, Hong Kong and the United States.

Acknowledging the role of the SFO in the fight against international corruption, the SFO was admitted as a full member of the International Foreign Bribery Taskforce; a '5-eyes' working group set up in 2015 to share knowledge and best practice regarding foreign bribery investigations.

Appreciating the SFO's role in fighting international corruption, the Director was invited to give the keynote address at the 7th Independent Commission Against Corruption Symposium in Hong Kong. As in previous years the Director also attended the International Association of Prosecutors conference, this year held in Argentina, and the Director took part in a plenary session: "Different systems – similar challenges". In addition, the Director attended and presented to the Five Country Quintet of Attorneys General, held in the UK.

The SFO has welcomed officers on secondments from Singapore's Corrupt Practices Investigation Bureau, the US DOJ, the Bank of England and the Financial Conduct Authority, amongst others. As ever, this has enabled a useful exchange of ideas, experience and best practice regarding the investigation and prosecution of complex economic crime.

Digital and technological capability

We continue to investigate the most complex and data-heavy cases. The volume of data obtained during our investigations continues to increase in line with advances in technology. We have invested in the recruitment of staff into the Digital Forensics Unit (DFU), as well as in developing our skills and capability through training. The DFU continues to process millions of documents on behalf of our case teams and, at the same time, a more targeted approach has been taken towards the data we obtained to improve efficiency and effectiveness.

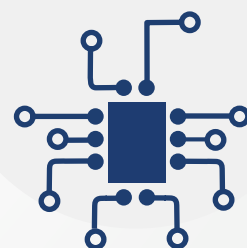
We have now embedded our new eDiscovery platform into the way that our cases work and all new cases, where they do not have interdependencies on other data, are using the new platform to progress their investigations and prosecutions. We continue to work closely with case teams to understand their datasets and how best we can support them in the use of the new technology available in the platform. Our intention is to migrate cases from the legacy eDiscovery platform to Axcelerate and are developing a technical process to support this. This will allow these cases to benefit from the enhanced functionality offered by the Axcelerate platform.

We continue to build our in-house technical capability so we reduce our reliance on less cost-effective external resources. We will further invest in our training and development, together with continuing to recruit the skills required.

The SFO has revised its Information Management (IM) strategy for the organisation, which sets a new vision for our IM culture, processes and technology. The delivery of that strategy is being taken forward through a programme of work, including the implementation of a new Document Management System which has now been procured and developed. When fully implemented that platform will provide staff in all areas with more efficient access to the information they need, whilst also providing more robust security and long term records management capabilities. The SFO has this year transferred its first historical records to The National Archives under the Public Records Act 1958, and continues to develop processes to address its hardcopy and digital record legacy. Building on our GDPR and Data Protection Act compliance measures, we have this year developed and delivered a new bespoke training programme to all staff, as well as one more specific to our network of Information Asset Owners.

**We have now
embedded our new
eDiscovery platform
into the way that
our cases work...**

Digital and Technological
Capability



Our People

The SFO strives to be an employer of choice with effective, highly-skilled, capable and motivated employees. Our approach to building and maintaining an effective workforce, and treating our people fairly and with respect and dignity, is measured to an extent through our participation in the Civil Service People Survey. Our engagement score in 2019 was 63%, a slight reduction of 1% compared with 2018.

All civil servants are entitled to 5 days of learning and development each year. During 2019-20, SFO staff undertook 3,181 days of training which equates to an average of 6.85 days per person, as compared with an aspirational target of for all staff to receive 5 days learning per year.

As part of our commitment to developing our people, we launched a three year Cultural Change Programme, championed by our Director. This was as a result of a leadership inspection carried out by the HMCPSI. The programme has four key objectives.

1. Implement Effective Organisational Development to deliver the SFO's vision. Ensuring staff feel valued and supported by having adequate resources and information available to get their jobs done.
2. Create a balanced effective workforce fairly reflecting the Roskill Model by recruiting and retaining the right people, at the right grades and disciplines to deliver high quality outputs.
3. Improve and maintain learning and development opportunities for all to enhance staff careers and further develop their skills.
4. Support improvements in staff wellbeing to offer an excellent staff experience at work and become an employer of choice.

To ensure our workforce has a meaningful stake a number of trusted representatives were chosen by SFO staff to form part of the group overseeing the programme and we are developing a series of

training and development programmes to support staff at all levels.

In addition to this programme we also:

- continued to develop investigative skills by working alongside the College of Policing in delivering an Investigation Training Programme and a Leading Complex Investigations programme as well as introducing a new programme for Leading Complex Prosecutions;
- continued to offer a sandwich placement programme for digital forensics students;
- continued to provide a performance management training programme for all managerial staff. Following a review this programme has been reconfigured and will continue to be delivered to all new SFO managers;
- completed the roll-out of a Talent Management Programme to all staff. Talent management discussions are now part of the routine annual management cycle;
- launched a new Professional Qualifications and Supplemental Training Policy to support those staff looking to attain professional qualifications;
- launched a new Professional Accountancy Qualifications Training Policy to support individuals to become fully qualified accountants via an apprenticeship scheme.

We are now supporting seven individuals to qualify as accountants;

- appointed a further eleven trainee investigators to our trainee programme;
- appointed three apprentices on Business Administration apprenticeships;
- launched an on-line GP service to provide staff with access to GP services 24/7;
- appointed four new Mental Health Allies to provide support to colleagues with mental health issues;
- reduced our sick absence rate by 6%. Levels of absence are now 30% lower than in 2015-16;
- launched a new Dispute Resolution Policy with the focus on resolving issues between staff and to help to create a more harmonious working environment;

- trained two staff as mediators to support in resolving issues between colleagues;
- launched a new Gender Identify and Intersex policy to support all colleagues in relation to gender identity issues; and
- launched a new training initiative using Action Learning Sets for our Band A leaders and managers.

We have a formal consultation framework with three recognised Trade Unions: the First Division Association (FDA); Prospect; and, the Public and Commercial Services Union (PCS).

The 2019-20 pay award was delivered on the basis of a performance matrix enabling top performing staff to move up the pay bands more quickly than other colleagues. Eligible staff received awards of between 2 and 2.8%.

**Delivering at least
5 days of training
and development
per full time
member of staff**



Financial Performance

The SFO's Resource DEL outturn for the year totals £64,627k against a voted limit of £65,560k, an underspend of £933k.

Capital DEL was underspent by £1,155k while AME was underspent by £1,500k. Due to its unpredictable nature it is very difficult to estimate spend within AME and in this instance the underspend is wholly related to the lack of significant new provisions in year.

The 2015 Spending Review, as amended in March 2018, set the SFO's financing requirements through to 2019-20 and renewed the principle that access to Reserve funding will continue to be a part of the SFO's settlement. This additional financing will continue to be agreed with HM Treasury on a year by year basis.

The net Resource DEL has increased by £13.1m since the Main Estimate was agreed, this is reflective of the particular circumstances of the SFO whereby access to the Reserve is available for the additional cost of cases above £2.5m (5% of non-ringfenced DEL). Of the £13.1m increase, £8.1m is attributed to cases which will cost above £2.5m for the year. The remainder of £5m is to make a payment on account in relation to a management receivership case.

Sustainability

The SFO is committed to government policy to improve sustainability and is working towards meeting the Greening Government Commitment (GGC) targets which started on 1 April 2011 with a baseline period of 2009-10.

Information on SFO progress can be found at page 107.

Lisa Osofsky
Accounting Officer
15 July 2020

ACCOUNTABILITY REPORT

Corporate Governance

Directors' report

The Governance Statement on page 32 includes the name of the Director and the composition of the SFO Board.

Register of interests

Senior managers within the SFO, including the non-executive directors, are required to complete a declaration of any interests. Details of our non-executive directors' declaration of interests can be found on our website <https://www.sfo.gov.uk/publications/corporate-information/transparency/non-executive-directors-declaration-of-interests/>. Note 14 to the accounts, page 85, confirms that no member of the Board, including non-executive directors, has any related-party interests.

EU withdrawal

On 29 March 2017, the UK Government submitted its notification to leave the European Union (EU) in accordance with Article 50. The SFO is not in receipt of EU funding nor does it manage any EU projects. Any subsequent changes or impacts on the SFO's work with EU law enforcement and criminal justice tools is subject to the outcome of the negotiations.

On 31 January 2020 the UK ceased to be a member of the European Union and the Transition period will end on 31 December 2020. Any subsequent changes or impacts on the SFO's work with EU law enforcement and criminal justice tools is subject to the outcome of the negotiations.

The focus of the SFO's activity is on how to prepare the business for all possible outcomes for Internal Security from negotiated outcome to no negotiated

outcome. It will require close working with our partners to ensure our interests and objectives are reflected in the wider HMG planning assumptions.

A programme of future planning is underway to ensure the SFO is prepared for all scenarios. This will include giving detailed advice to case teams to ensure there is minimal operational impact by delivering a suite of training and communications tailored to the outcome of negotiations and managing the cases in situ at the end point of the Transition Period.

Personal data related incidents

Two personal data breaches were reported to the Information Commissioner's Office (ICO) in the accounting period though one was subsequently withdrawn and re-categorised as a "near miss". There were 47 non-reportable data-related incidents recorded.

Auditors

The Serious Fraud Office's Accounts are audited by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General. No further assurance or other advisory services were provided by the auditors.

Remuneration to auditors for non-audit work

The SFO did not pay any remuneration to its auditors for non-audit work. The notional fee for the audit of the Department's Accounts for 2019-20 was £50,000, (2018-19: £50,000), and £5,000 (2018-19: £5,000) for the audit of the Trust Statement.

Statement of Accounting Officer's Responsibilities

Under Section 5(2) of the Government Resources and Accounts Act 2000 HM Treasury has directed the SFO to prepare, for each financial year resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Department during the year. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the SFO and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and,
- prepare the accounts on a going concern basis.

HM Treasury has appointed the Director of the SFO as Accounting Officer of the SFO. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the SFO's assets, are set out in Managing Public Money published by the HM Treasury.

The Accounting Officer has taken all the steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the SFO's auditors are aware of that information. So far as the Accounting Officer is aware, there is no relevant audit information of which the SFO's auditors are unaware.

The Accounting Officer confirms that the annual report and accounts as a whole are fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

Lisa Osofsky
Accounting Officer
15 July 2020

Governance Statement

Scope of responsibility

This statement covers the SFO's governance arrangements for the year ended 31 March 2020 for both the Departmental Resource Accounts and the SFO's Trust Statement at page 89.

The Director is responsible for the discharge of the organisation's functions through the SFO's Board, Executive Group, Audit & Risk Committee and other supporting governance forums. She is supported by the SFO's Chief Operating Officer who has direct responsibility for overseeing the organisation's operational work and corporate functions, including Finance, IT and Human Resources.

The Director is responsible for maintaining a sound system of internal control, which supports the achievement of the SFO's aims and objectives and compliance with its policies. The Director is also charged with safeguarding public funds and Departmental assets, for which she is personally responsible, in accordance with the responsibilities assigned to her in Managing Public Money.

Governance structure

The SFO's governance arrangements are in line with HM Treasury's and Cabinet Office's Code of Good Practice for Corporate Governance.

The three main governance forums are the Board, the Executive Group and the Audit and Risk Committee. There are also two committees which support the Executive Group. Alongside this, there are a number of supporting working groups, all of which feed into the work and responsibilities of at least one of the main governance forums.

A Framework Agreement published in January 2019 sets out the relationship between the Law Officers and the Director. The Framework Agreement replaces the protocol between the Attorney General and the Prosecuting Departments, signed

in July 2009. This relationship is an essential component of our governance. In accordance with the sponsorship and statutory superintendence arrangements, the Director meets with the Law Officers regularly. The Framework Agreement describes the Ministerial Strategic Board which meets three times per year. The Board's overarching aims are to oversee the strategic direction for the SFO and to hold the SFO to account for delivery of its strategic objectives. Other responsibilities include supporting the roles and responsibilities of the Law Officers and the Director, agreeing and supporting the SFO's engagement priorities and reviewing financial management, performance and efficiency. The Board is chaired by the Attorney General or the Solicitor General and its membership comprises the Law Officers, the Director, the Director-General (AGO), the Chief Operating Officer and an appropriate non-executive director. The Chief Inspector of HM Crown Prosecution Service Inspectorate and the Chief Financial Officer attend by invitation as required.

Committee structure

In March 2019 the Director created a new Chief Capability Officer role to complement and work alongside the existing Chief Operating Officer role. The Chief Capability Officer will be appointed and have responsibility for overseeing delivery of the full range of corporate and technology functions and acting as a catalyst and sponsor for new initiatives.

The membership of the Board, Executive Group and Audit and Risk Committee is set out in the tables below, and the purpose and arrangement of these forums is contained in the succeeding sections.



Lisa Osofsky

Director

Lisa began her career working as a US federal prosecutor, taking on white collar crime cases including defence contractor and bank frauds, money laundering and drug related conspiracies. She spent five years as Deputy General Counsel and Ethics Officer at the FBI and was seconded to the SFO whilst a Special Attorney in the US Department of Justice's Fraud Division. She was also called to the Bar in England and Wales.

Lisa has worked for Goldman Sachs International as their Money Laundering Reporting Officer and spent seven years in the Corporate Investigation Division of Control Risks, where she advised on compliance issues. Prior to joining the SFO, Lisa worked for Exiger, a global governance, risk and compliance advisory firm, where she served as Regional Chair and Head of Investigations for Europe, Middle East and Africa.

Attended:

7 out of 8 Board meetings as Chair in 2019-20

2 out of 3 Audit and Risk Committee meetings in 2019-20



John Carroll

*Chief Operating Officer (interim)
from 7 October 2019.*

*Head of Strategy and Policy Division
until 4 October 2019*

John joined the Serious Fraud Office in June 2014 as Head of Law Enforcement Liaison and International Assistance. John has over 35 years' law enforcement experience in HM Revenue & Customs, the Ministry of Defence and the police, both in the UK and Hong Kong.

Attended:

4 out of 5 Board meetings in 2019-20

3 out of 3 Audit and Risk Committee meetings in 2019-20

Sara Lawson QC

General Counsel

Sara joined the Serious Fraud Office in May 2019 as General Counsel. Formerly of Red Lion Chambers, Sara is a barrister with extensive experience prosecuting government, criminal and regulatory cases.

Prior to taking Silk in 2017, she worked for the Insolvency Service as Standing Counsel and as member of the Government Regulatory 'A' List, and prosecuted on behalf of the Health and Safety Executive, the Office of Rail and Road and the Environment Agency.

Attended:

6 out of 6 Board meetings in 2019-20



Liz Corrin

Chief Financial Officer

Liz joined the Serious Fraud Office in April 2019 as Head of Corporate Services. Her previous post was at the Government Internal Audit Agency where she held a similar position. Liz has also worked at the Office of Rail and Road, Department for Transport, HM Treasury and in the private sector.

Attended:

4 out of 4 Board meetings in 2019-20

3 out of 3 Audit and Risk Committee meetings in 2019-20



Mark Thompson

*Chief Operating Officer
(until 4 October 2019)*

Mark joined the SFO in 2004 as a Principal Investigator and worked on a range of major fraud enquiries, including the successful cases against Severn Trent Water Ltd and the directors of McAlpine Slate Ltd. He subsequently specialised in financial investigation work and helped establish the SFO's Proceeds of Crime Division in 2009.

Attended:

4 out of 4 Board Meetings in 2019-20

1 out of 1 Audit and Risk Committee Meeting in 2019-20



Non-Executive Directors



Martin Spencer

Martin Spencer was appointed in March 2019. He has a background in economics, business leadership and IT consulting. Martin is currently

Senior Vice President at NTT DATA and has held a number of leadership roles in both the UK and across Europe with KPMG Consulting and Capgemini. He was previously a Director at Detica where he consulted on international business, technology, data analytics and fraud detection. Martin also sits as a non-executive director on the boards of the Education and Skills Funding Agency and the NHS Counter Fraud Authority.

Attended:

8 out of 8 Board meetings in 2019-20.

3 out of 3 Audit and Risk Committee meetings in 2019-20.



Emir Feisal

Emir Feisal was appointed in March 2019. He is a Chartered Accountant and Fraud Examiner and spent the majority of his

career as Associate Managing Editor at the Sunday Times where he was responsible for the organisation's finances. He has held a wide variety of board level posts, including at St Georges Hospital, the Council of the Inns Court and the Bar Tribunal Adjudication Service. Alongside his non-executive director commitments, Emir sits as a Commissioner for the Judicial Appointments Commission.

Attended:

8 out of 8 Board meetings in 2019-20.

3 out of 3 Audit and Risk Committee meetings in 2019-20.



Magnus Falk

Magnus Falk was appointed in July 2019. Magnus is a senior adviser to the Financial Conduct Authority. He spent most of his career developing

ways to exploit technology to improve business performance, first at Accenture and later at Credit Suisse, where his last role was Managing Director and Chief Information Officer for EMEA countries. He served as deputy Chief Technology Officer to the UK Government in 2014-15.

Attended:

6 out of 6 Board meetings in 2019-20

3 out of 3 Audit and Risk Committee meetings in 2019-20



Sanjay Bhandari

Sanjay Bhandari was appointed in July 2019. Sanjay had a 29 year career in professional services. He spent the first 15 years

of his career as a lawyer specialising in fraud and white collar crime at Herbert Smith Freehills and Baker McKenzie. He then had a number of leadership roles in forensic technology, compliance and innovation at KPMG and EY, where he was a Partner for 12 years.

Attended:

6 out of 6 Board meetings in 2019-20

3 out of 3 Audit and Risk Committee meetings in 2019-20

Tony Osbaldiston

(Non -Executive Director until 24 July 2019)

Attended:

2 out of 3 Board meetings in 2019-20

1 out of 1 Audit and Risk Committee meetings in 2019-20

Ruth Evans

(Non -Executive Director until 25 July 2019)

Attended:

2 out of 3 Board meetings in 2019-20

1 out of 1 Audit and Risk Committee meetings in 2019-20

The Board

The Director chairs the Board and its membership additionally comprises the Chief Operating Officer, General Counsel, Chief Financial Officer and the four non-executive directors. In 2019-20, the Board met eight times. The Board is the SFO's principal forum that sets the strategic direction and provides the senior leadership for both the corporate and operational functions of the SFO. During the year, the Director put in place arrangements to increase the number of non-executive directors from three to four with the intention of enhancing the degree of independent scrutiny and challenge to the Board and SFO business delivery processes.

The Board specifically:

- sets the SFO's vision, mission, direction and values;
- sets the priorities for the SFO's Strategic Plan and approve it;
- sets the priorities for the SFO's annual Business Plan and approve it;
- monitors progress against the Strategic Plan and annual Business Plan;
- reviews the Annual Report and Accounts;
- leads by example and provide support and leadership to the Executive Group;
- ensures strategic and operational functions are performing effectively, efficiently and delivered in an ethical manner;
- approves the SFO's annual budget;
- provides independent, effective and robust challenge to the Executive Group as appropriate / holds members to account for operational delivery;
- oversees SFO Performance (immediate and future objectives);
- considers ways to improve performance (value for money);
- sets the priorities for strategic engagement with the SFO's partners/stakeholders;
- monitors the SFO's external reputation and its relationships with key stakeholders.

Working practices have been agreed so that the Board can discharge its responsibilities effectively. These practices deal with the cycle of meetings, setting agendas, the timetable for distributing papers and communicating decisions.

The Board aims to reach decisions by consensus. In exceptional cases, however, a decision may be taken by the Director alone because of the Director's ultimate personal responsibility for the SFO as Accounting Officer.

In addition to this formal role, there are other occasions when the Board may meet to discuss important issues that could affect the SFO's strategy, results or performance.

Cabinet Office and HM Treasury's Code of Good Practice for Corporate Governance cites a nominations and governance committee as good practice. Because the SFO is a small, non-ministerial department, the Board does not consider that a separate nominations and governance committee is necessary. Instead, the Board carries out the nominations and governance function as part of its normal terms of reference.

Executive Group

In January the quarterly Executive Group was discontinued and the weekly informal SCS Group was reconstituted as a weekly Executive Group meeting to increase the frequency of decision making in a more agile and efficient manner.

Under delegated authority from the Board, the Executive Group is the principal, tactical decision making body that delivers on the Board's vision through the annual Business Plan and is responsible for overseeing the SFO's overall performance and delivery against its stated objectives. It is chaired by the Director and its membership comprises the Chief Operating Officer, General Counsel, and all senior civil servants at SCS1 level (operational and corporate). During the year, the Heads of Finance, Human Resources, Communications and Governance and Private Office also attended meetings.

The Executive Group delivers the Board's vision through the annual Business Plan and oversees the operational delivery of the business. To support that delivery, the People and Culture Committee (PCC) and the Strategy and Engagement Committee have delegated responsibility to develop policies and ideas on behalf of the Executive Group, make recommendations and implement those decisions that are relevant to that committee.

The Executive Group:

- provides assurance to the Board on implementation of the SFO's Strategic Plan;
- is accountable for delivery of the SFO's Business Plan by reviewing, challenging, scrutinising performance and taking appropriate action to ensure successful delivery;
- works with its peer Committee, the Audit and Risk Committee (ARC) to ensure that controls are in place to identify, manage, mitigate and monitor strategic risks to which the organisation may be exposed;

- ensures the SFO's core values are embedded within the culture of the organisation;
- ensures objectives and of the four supporting (People, Stakeholder, Technology and Operation) Committees are in place and that they are coherent, relevant and consistent;
- oversees key infrastructure matters such as facilities and accommodation;
- provides appropriate oversight of key programmes and projects;
- ensures sound financial management and scrutiny to achieve business objectives.

The Executive Group aims to reach decisions by consensus. In exceptional cases, however, a decision may be taken by the Director alone because of the Director's ultimate personal responsibility for the SFO as Accounting Officer.

In addition to this formal role, there are other occasions when the Executive Group may meet to discuss important issues that could affect the SFO's strategy, results or performance.

Staff are routinely encouraged to attend Executive Group meetings as observers which brings transparency to the function of the meetings and the way in which decisions are made at a corporate level.

Executive Group committees

The two Executive Group committees are:

- **Strategy and Engagement** – under delegated authority from the Executive Group, the Strategy and Engagement Committee is responsible for developing and maintaining constructive relationships with all external partners reinforcing the SFO's reputation as a single focus specialist investigative and prosecuting authority tackling the top level of serious or complex fraud, bribery and corruption.
- **People and Culture** – under delegated authority from the Executive Group, the People and Culture Committee is responsible for developing strategies and policies to foster an inclusive workplace for all its people supported by the Diversity Champion, and consider and advise on matters affecting its people.

In April 2020, the Board Operating Framework will be revised to establish four committees, with delegated authority from the Executive Group, to provide clear governance of the SFO's key priorities – Operations, People, Stakeholders and Technology. These four committees will be:

- the Operations Committee;
- the Strategic Engagement Committee (formerly the Strategy and Engagement Committee);
- the People, Culture and Capability Committee (formerly the People and Culture Committee); and,
- the Technology and Business Engagement Committee.

The work of the Executive Group and its committees is supported by a number of working groups set up to address specific issues or to update processes and practice within the SFO. Such groups cover areas including equality and

diversity, the Operational Handbook, training, evidence handling, community engagement and charities and victims and witnesses. These groups will align under the governance of the relevant committee to provide oversight, risk assurance and quality control.

Audit and Risk Committee

The Committee is chaired by a non-executive director (NED) and meetings are attended by all current NEDs who are standing members. Others who attended by invitation throughout the year included the Director, Chief Operating Officer, Chief Financial Officer, Chief Technology Officer, Head of Strategy & Policy, Head of Finance, Head of Governance and Private Office and the Senior Information Risk Information Owner (SIRO). Representatives from the SFO's Internal Audit function and the National Audit Office also attended, providing the Committee with independent assurance to discharge its responsibilities appropriately.

The Committee is a peer group to the Executive Group and supports the Director in her role as Accounting Officer. It reviews and assesses the reliability of the assurances that the Director and Executive Group receive. The Committee reviews and oversees the organisation's internal and external auditing arrangements, plans, results, and management responses. It also considers the adequacy of the SFO's risk assessment and risk management procedures, as well as the internal control systems which are overseen by the Risk Management Group.

Risk Management Group

The Risk Management Group (RMG) is chaired by the Chief Investigator, as SIRO. Working with the Executive Group and Audit and Risk Committee, the RMG coordinates and guides risk management across the SFO, implementing change when required. The Group considers the SFO's risk appetite and adequacy of its risk assessment and

risk management procedures as well as internal control systems. It is responsible for ensuring that the SFO's Strategic Risk Register is up-to-date and accurately reflects the risks faced by the organisation.

Other committees

Case Evaluation Board (CEB)

The CEB enables the Director to make an informed decision based on its recommendation to initiate or decline an investigation. It meets according to the intelligence pipeline and reports to the Director. Core members are General Counsel, the Chief Operating Officer, the Chief Investigator and the Chief Intelligence Officer.

Case Review Panel (CRP)

The general purpose of the CRP is to ensure that sound judgement and appropriate investigative and legal expertise are being brought to bear on cases, and that cases are progressing in an appropriate manner in compliance with all relevant legal and operational guidance.

The core membership draws together and includes a wider range of key contributors and incorporates those with legal and investigative expertise. The aim is that all cases will be scrutinised at least twice per calendar year.

Strategic and Tactical Tasking and Co-ordination Group (STT&CG)

The Strategic and Tactical Tasking and Co-ordination Group is chaired by the Chief Intelligence Officer and usually meets on a quarterly basis. The Group provides a governance process that enables senior managers to consider the intelligence picture, operational priorities, prioritisation of casework and alignment of resources to meet agreed objectives. The Group also considers the priorities and objectives set out in the SFO's Strategic Intelligence Assessment and future intelligence requirements. Group membership includes General Counsel, heads of operational divisions and the Chief Intelligence Officer.

Risk management

The SFO has a multi-layered approach to identifying and managing potential risks to the organisation. Our strategy is to identify and mitigate risks based on clear management leadership and by delegating authority to appropriate levels. Each Head of Division is accountable for risk and risk mitigation in their respective divisions. We aim to involve all our staff in taking a collaborative approach to managing risk.

Risks are monitored and reviewed within the SFO by various different Groups and Committees. The Board and Executive Group lead on the SFO's approach to risk management. The Risk Management Group (RMG), a committee of the Executive Group, provides advice and guidance to risk owners and an assurance to the Board and the Audit & Risk Committee on risk governance.

The SFO has a risk management policy statement and a Risk Management Booklet that set out the approach to risk and the expectations and standards the organisation aims to attain.

Risk registers

The Strategic Risk Register (SRR) is a log of individual risks which carry the potential to impact upon the delivery of the SFO's strategic aims and objectives. The SRR is updated regularly and is reviewed and monitored by the RMG, Audit and Risk Committee and the Executive Group.

Divisional Risk Registers (DRR) are maintained by each division and are a log of risks which have the potential to affect the operational capabilities of the SFO. DRRs are reviewed by the Chief Investigator and any risks that could potentially be elevated to the SRR are referred to, and considered by, the RMG.

Individual casework risks are recorded in a Case Risk Register which is maintained by heads of operational divisions. Risk is inherent in the operational aspects of the SFO's business,

particularly in the investigation and prosecution of cases. Managers and casework staff keep case risks under continuing review and they are taken into account when commencing an investigation and, where appropriate, a prosecution. At the prosecution stage, risks are balanced against the need to pursue cases in the public interest. The SFO also ensures that it complies with best practice guidance in respect of undertaking operational risk assessments particularly when deploying staff outside of the SFO estate on search operations.

As part of our programme and project management procedures, risk registers are used to manage and mitigate the associated risks. For the more significant programmes or projects, a Risks, Issues and Decisions Log is used to enhance risk management. An escalation process enables programme and project risks to be referred to the Chief Investigator as circumstances require.

Risk appetite

A Risk Management Booklet is published on the SFO's intranet and is available to all staff. This outlines the SFO's approach to risk management, risk ratings, review processes and roles and responsibilities. The risk appetite is set as low, medium or high dependent on the extent of exposure to risk deemed acceptable or within tolerance to the SFO.

Information assurance

The SFO's security arrangements comply with the Security Policy Framework (SPF) that sets out how government information and assets should be protected and handled in a way that ensures government departments can function effectively, efficiently and securely. The SPF, and principles common to all aspects of security, underpins the SFO's security and risk policies that help safeguard the business and its people. The SFO operates a rolling security programme that focuses on assets and behaviours and includes inter alia mandatory induction and information security training, security

refreshers and the provision of regular updates and guidance to staff on the SFO's Intranet. During the accounting period the SFO's security focus included improving personnel security via an independent review that baselined our processes against the Personnel Security Maturity Model and we have made good progress in respect of the annual Departmental Security Health Check.

The Chief Investigator is responsible for promoting a security culture that aligns with government and SFO security priorities and objectives. He maintains strategic oversight on all aspects of security and is accountable to the SFO's Board and its Executive Group. The Chief Investigator is also the SFO's Senior Information Risk Owner (SIRO) and is responsible for information risk management and in this capacity is accountable to the Audit and Risk Committee and the Executive Group.

The SFO's security governance structure includes Information Asset Owners (IAOs), primarily senior civil servants (SCS), who are responsible for assuring information security within their areas of responsibility and for providing quarterly assurance reports to the Chief Investigator. During the accounting period, the IAOs and Non-Executive Directors received information management training delivered by the Security Advisor and Information Management Team.

Information risk management is also supported by an Information Management Programme Board that owns the SFO's Information Management Strategy. This sets out guiding principles and a framework that underpins good information management and project supervision. A Data Protection Working Group meets on a regular basis to monitor data protection compliance, ensure risks are identified and mitigated in a timely manner and to provide a forum to share knowledge arising from cross-government groups, ICO guidance and enforcement action.

Whistleblowing

The Chief Investigator maintains overall responsibility for the SFO's whistleblowing policy and practice. As a permanent member of the Executive Group and an invited attendee at the Audit and Risk Committee, he makes periodic reports to these governance groups, and to the Board, on the effectiveness of the SFO's procedures. A register of referrals is maintained together with a record of complaints of victimisation. There were no internal whistleblowing referrals within the accounting period.

Workers may decide to blow the whistle to a prescribed person rather than their employer. The Director is a prescribed person to whom a whistleblower may make complaints about fraud and/or bribery and corruption. Further details on the role of prescribed persons may be found in guidance published by the Department for Business, Energy and Industrial Strategy. An annual report on whistleblowing disclosures is made in accordance with the Prescribed Persons (Reports on Disclosures of Information) Regulations 2017 and published on the SFO's website.

Inspection

There have been five inspections of the SFO by HM Crown Prosecution Service Inspectorate (HMCPSI). The first two inspections were by invitation of the Director and concerned casework. The third was a statutory inspection of the SFO's governance arrangements using new powers in the Anti-social Behaviour, Crime and Policing Act 2014. The fourth and fifth inspections took place towards the end of 2018-19 and concerned case progression and leadership and change management.

The case progression inspection was undertaken on a statutory basis and examined issues relating to the pace of our investigations, focusing on the period between case acceptance and charge. The Director also invited HMCPSI to conduct an inspection on leadership and change management

to provide an independent view to help inform our response to the issues raised in the Civil Service People Survey. Both of these reports have been published on the HMCPSI website.

Quality assurance

Quality assurance provides the Director with objective information about the efficiency and effectiveness of the SFO's work and about the extent of compliance with systems, policies and guidance. This helps the SFO to deliver on its strategic objectives, deliver value for money, comply with statutory requirements and operate in accordance with its values.

The Quality Assurance Team is part of the Governance Unit and reports to the Director on progress and performance. It works closely with the SFO's internal auditors so that the programme of audit and assurance work is comprehensive and joined-up. The Quality Assurance Team also manages the SFO's relationship with HMCPSI with the aim of securing fair and proportionate improvements to the SFO's efficiency and effectiveness. The Director and the Law Officers take assurance from all this activity.

Effectiveness of the risk management and governance framework

The Director, as Accounting Officer, is responsible for reviewing the effectiveness of the system of internal control. Her review of its effectiveness is informed by the work of the internal auditors, quality assurance and comments made by the external auditors in their Audit Completion Report and other reports. The Head of Internal Audit (HIA) provides an annual report and opinion on the adequacy and effectiveness of the SFO's framework of governance, risk management and controls.

For 2019-20, the HIA opinion is of Limited Assurance (level three from a four tier structure), namely that weaknesses remain in the framework of governance, risk management and control such

that it could be, or could become, inadequate and ineffective. Although the opinion acknowledges some improvement in control effectiveness and project management, the residual risk exposure is outside business tolerance and is unlikely to reduce without further intervention, in particular by strengthening the second line of defence activities. The HIA opinion and findings from audits undertaken during the year reflect the findings in the HMCPSI leadership review, in that there are cultural issues that undermine the effectiveness of our framework. It is recognised that we have commenced a three-year Culture Change Programme to tackle these issues, and that we are strengthening our framework of governance and internal controls.

The arrangements set out in this Governance Statement are adequate and meet the requirements set out in Managing Public Money and Corporate Governance in Central Government Departments: Code of Good Practice, as they apply to the SFO. The Audit and Risk Committee (A&RC) conducts a cyclical assessment of its arrangements with the next review planned for 2020-21. Data reported to the Board is based on existing SFO systems such as the Central Reporting Database which are accurate and fit for purpose. Papers submitted to the Board during the year include the annual report of the A&RC on its activity and regular updates by the Chief Operating Officer, General Counsel and Heads of Divisions.

The Board and A&RC have advised the Director on the effectiveness of the system of internal control. There is a continuing plan to address weaknesses and make sure that the system is continuously improved.

Measures in place include:

- regular reports by the internal auditors, based on the annual Internal Audit Plan, and in line with the Government Internal Audit Standards, together with any recommendations for improvement;
- improved business and strategic planning processes;
- improved data security procedures and supporting communications;
- regular reports from the chair of the A&RC to the Board; and,
- regular advice on the effectiveness of the system of internal control.

Lisa Osofsky
Accounting Officer
15 July 2020

Remuneration and Staff

Remuneration

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

Remuneration policy

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Senior Salaries Review Body. In reaching its recommendations, the Review Body considers:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits; and,

- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. The Director's salary is linked to that of a High Court Judge.

Remuneration committee

The remuneration of Senior Civil Servants (SCS) is determined in accordance with the report of the Senior Salaries Review Body. The SFO's SCS Pay Committee meets annually to consider pay increases and bonus payments in accordance with these recommendations. The committee consists of the Director, the non-executive directors, and a senior HR professional from another Government Department

Performance appraisal

Performance management of staff below the SCS is covered by the SFO's performance appraisal system. The system supports all staff in improving their performance through continuous dialogue between managers and staff. It provides a framework for conversations about objective setting, how people have performed against their objectives, and what development needs they have. A formal review of performance is conducted at least once a year. Bonuses can be paid in-year to individuals to reward work on particularly demanding tasks or situations. Annual performance bonuses are based on performance appraisal markings.

In 2019-20, the annual performance bonus accrual for grades below the SCS totalled £120,771 (2018-19: £129,458).

Senior official appointments

Lisa Osofsky was appointed Director of the SFO by the Attorney General in August 2018 for a fixed term of five years, ending in 2023.

Remuneration (including salary) and pension entitlements

This information has been audited.

The following sections provide details of the remuneration and pension interests of the SFO's senior management (i.e. Board members) during the year.

Non-Executive board members remuneration

Name and title	Salary £000		Benefits in Kind (to nearest £100)		Total £000	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Martin Spencer Non-Executive Director (from 1 March 2019)	10-15	0-5 (10-15 FYE)	-	-	10-15	0-5 (10-15 FYE)
Emir Feisal Non-Executive Director (from 1 March 2019)	10-15	0-5 (10-15 FYE)	-	-	10-15	0-5 (10-15 FYE)
Sanjay Bhandari Non-Executive Director (from 1 July 2019)	5-10 (10-15 FYE)	-	-	-	5-10 (10-15 FYE)	-
Magnus Falk Non-Executive Director (from 1 July 2019)	5-10 (10-15 FYE)	-	-	-	5-10 (10-15 FYE)	-
John Anthony Osbaldiston Non-Executive Director (to 24 July 2019)	5-10 (10-15 FYE)	15-20	500	1,700	5-10 (10-15 FYE)	15-20
Ruth Evans Non-Executive Director (to 25 July 2019)	0-5 (10-15 FYE)	10-15	-	100	0-5 (10-15 FYE)	10-15

The non-executive directors have been appointed on a three-year renewable contract with their remuneration determined by the number of days required for their duties at a rate per diem plus reimbursement of expenses. None of the current non-executive directors are members of the Civil Service Pension Scheme.

Executive board members remuneration

Name and title	Salary (£000)		Bonus payment (£000)		Pension benefits (to nearest £1,000) ¹		Total (£000)	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Lisa Osofsky Director	180-185	105-110 (180-185 FYE)	-	-	70	41	250-255	145-150
Sara Lawson QC General Counsel (from 1 May 2019)	130-135 (140-145 FYE)	-	-	-	52	-	180-185	-
John Carroll Interim Chief Operating Officer (from 30 September 2019)	45-50 (95-100 FYE)	-	0-5	-	45	-	95-100	-
Liz Corrin Chief Financial Officer (from 30 September 2019)	45-50 (95-100 FYE)	-	-	-	51	-	95-100	-
Mark Thompson Chief Operating Officer (to 4 October 2019) Interim Director (from 21 April 2018 to 27 August 2018)	65-70 (125-130 FYE)	135-140	-	-	42	150	110-115	285-290
Alun Milford General Counsel (to 21 December 2018)	-	95-100 (125-130 FYE)	-	-	-	22	-	115-120

¹ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Department and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process.

Bonuses relate to the performance in the year prior to which they become payable to the individual. The bonuses reported in 2019-20 relate to performance in 2018-19, and the comparative bonuses reported for 2018-19 relate to performance in 2017-18.

Pay multiples

The SFO is required to disclose the relationship between the remuneration of the highest-paid director and the median remuneration of the SFO's workforce. Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Pay multiples

	2019-20	2018-19
Highest paid individual (£000)	180-185	180-185 (FYE)
Median total (£)	34,679	36,481
Remuneration ratio	5.26	5.00

The increase in the ratio reflects the relative increase in the highest paid board member in comparison to the rest of the workforce.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest-paid director in SFO in the financial year 2019-20 was £180-185k (2018-19: £180-185k (FYE)). This was 5.26 times (2018-19: 5.00) the median remuneration of the workforce, which was £34,679 (2018-19: £36,481).

In 2019-20, 1 (2018-19: 0) employee received remuneration in excess of the highest-paid board member. The figures include both permanent and non-permanent staff. Remuneration ranged from £15,000 – £20,000 to £180,000 - £185,000 (2018-19: £15,000 – £20,000 to £180,000 - £185,000).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Pension Benefits Board Executive Members

Name and title	Accrued pension at pension age as at 31/3/20 or date of leaving and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/20	CETV at 31/3/19	Real increase in CETV
	£000	£000	£000	£000	£000
Lisa Osofsky Director	5-10	2.5-5	97	35	46
Sara Lawson QC General Counsel (from 1 May 2019)	0-5	2.5-5	37	-	28
John Carroll Interim Chief Operating Officer (from 30 September 2019)	20-25 plus a lump sum of 60-65	0-2.5 plus a lump sum of 5-7.5	466	415	44
Liz Corrin Chief Financial Officer (from 30 September 2019)	45-50	2.5-5	895	815	40

Mark Thompson Chief Operating Officer (to 4 October 2019) Interim Director (from 21 April 2018 to 27 August 2018)	45-50	0-2.5	682	647	25
Alun Milford General Counsel (to 21 December 2018)	-	-	-	885	-

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme (CSOPS) or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures

quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages).

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

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or figures shown relate to the benefits that the not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



Staff

Staff costs

	2019-20			2018-19
	£000			£000
	Permanently employed staff	Others	Total	Total
Wages and salaries	20,708	5,818	26,526	24,588
Social security costs	2,241	-	2,241	2,130
Other pension costs	5,395	-	5,395	3,879
Sub Total	28,344	5,818	34,162	30,597
Less recoveries in respect of outward secondments	-	-	-	-
Total net costs	28,344	5,818	34,162	30,597

£196k of other staff costs have been capitalised and are not included in the figures above (2018-19: £nil).

£5,818k of contingent labour expenditure was incurred in 2019-20 (2018-19: £5,455k). There are nil members of staff on short-term loan and 10 on long-term loan to other government departments with an average duration of 2 years. The cost of staff on short-term loans are classified as programme.

For 2019-20, employers' contributions of £5,393k were payable to the PCSPS (2018-19: £3,789k) at one of four rates in the range of 20.0% to 25.5% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £86k (2018-19: £73k) were paid to one or more of the panel of appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £nil (2018-19: £nil), were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill-health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £13k (2018-19: £nil). Contributions prepaid at that date were £nil (2018-19: £nil).

Off-Payroll Engagements (e.g. contractors, consultants) as at 31 March 2020, for more than £245 per day and that last for longer than six months

Number of existing engagements as at 31 March 2020	
Of which:	
Number that have existed for less than one year at time of reporting	3
Number that have existed for between one and two years at time of reporting	0
Number that have existed for between two and three years at time of reporting	2
Number that have existed for between three and four years at time of reporting	0
Number that have existed for four years or more at time of reporting	0
Total	5

All existing off-payroll engagements have been subject to a risk-based assessment as to whether assurance is required that the individual is paying the correct amount of tax and, where necessary, that assurance has been sought.

This information has been audited.

Reporting of Civil Service and other compensation schemes - exit packages

Exit package cost band	2019-20			2018-19
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total number of exit packages by cost band
<£10,000	-	-	-	-
£10,000 - £25,000	-	1	1	1
£25,000 - £50,000	-	-	-	-
£50,000 - £100,000	-	-	-	2
£100,000 - £150,000	-	-	-	-
£150,000 - £200,000	-	-	-	-
Total Number of exit packages	-	1	1	3
Total cost £000	-	12	12	198

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

This information has been audited.

Average number of employees

The average number of full-time equivalent employees during the year was as follows:

2019-20				2018-19
Permanently employed staff	Fixed Term Appointments	Agency Staff	Total	Total
421	26	121	568	528

SCS by pay band

The number of SCS staff by pay band in the SFO as at 31 March 2020 was as follows:

	2019-20	2018-19
SCS 3	1	1
SCS 2	2	1
SCS 1	9	9
Total (excluding non-executives)	12	11

Staff composition

The gender breakdown of permanent and fixed term staff at the SFO at 31 March 2020 was as follows:

	Male	Female
SCS	5	7
Non SCS staff	250	219
Total	255	226

The proportion of staff who are recorded as being from a black and minority ethnic (BAME) background is 17.3%. No SCS staff are recorded as being from a BAME background. Levels of staff recorded as having a disability are: 0% of SCS and 3.7% of non-SCS which is below the total Civil Service figure for 2018-19 of 11.7%.

The SFO is committed to equality of opportunity and diversity in all its employment practices, policies and procedures. This means that no

employee or potential employee will receive less favourable treatment due to their race, sexual orientation, nationality, ethnic origin, disability, religion and belief, gender identity or marital status. We are committed to the employment and career development of people with disabilities. To demonstrate our commitment we display the 'Disability Confident' symbol in all our recruitment literature.

As a Disability Confident Employer we:

- have undertaken and successfully completed the Disability Confident self-assessment;
- are taking all of the core actions to be a Disability Confident employer;
- are offering at least one activity to get the right people for our business and at least one activity to keep and develop our people.

positively valuing the spectrum of skills and talent of its people. The SFO's Dignity at Work policy emphasises the importance of treating everyone with dignity and respect, irrespective of any of the protected characteristics. The SFO's policy offers guidance on what to do if unacceptable behaviour occurs

The development and implementation of the SFO's Equality and Diversity Action plan is overseen by a Diversity Champion at Board level.

In addition the SFO operates a guaranteed interview scheme which means that it is committed to interviewing all disabled applicants who meet the minimum criteria for a job vacancy and to consider them on their abilities. On a case by case basis the SFO seeks to make reasonable adjustments to support employees who are, or become, disabled to make sure they stay in employment.

The SFO actively supports the Civil Service Positive Action Pathway (PAP) Programme. The programme provides support to staff from four Equality Act strands (gender, ethnicity, disability and sexual orientation) by delivering a programme of activities and workshops aimed at breaking down barriers to promotion; in particular, lack of confidence, role modelling and mentoring.

The SFO is committed to providing an environment where everyone is treated with dignity and respect, recognising the differences between people and

The SFO also supports the Civil Service wide Future Leaders Scheme and currently has 4 members of staff on that programme.

For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020

No. of off-payroll engagements of board members and/or senior officials with significant financial responsibility, during the financial year	0
Total no. of individuals on payroll and off-payroll that have been deemed "board members, and/or senior officials with significant financial responsibility", during the financial year. This figure includes both on and off payroll engagements	0

Sickness absence

There has been a slight decrease in Average Working Days Lost (AWDL) from 6.42 days in 2018-19 to 6.10 days in 2019-20 against a Civil Service average in 2018 of 6.9 days (2019 figures are not yet available).

Trade union facility time information

Relevant union officials

Number of employees who were relevant union officials during the period	Full-time equivalent employee number
6	5.2

Percentage of time spent on facility time

Percentage of time	Number of employees who were relevant union officials during the period
Less than 1%	6
1-50%	-
51-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time (£)	-
Total pay bill (£)	-
Percentage spent on facility time (%)	-

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	-
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Expenditure on consultancy

There was nil spend on consultancy in 2019-20 (2018-19: £nil).

Lisa Osofsky
Accounting Officer
15 July 2020

PARLIAMENTARY ACCOUNTABILITY AND AUDIT

Accountability

This information has been audited.

Losses and special payments

There were no losses during the period which in aggregate exceeded £300,000.

Contingent liabilities

SFO has no contingent liabilities.

Remote contingent liabilities

The SFO has a legacy Proceeds of Crime enforcement case, dating to 2008, which relates to a high value complex confiscation order. By order of the court an Enforcement Receiver (ER) was appointed. The assets which are potentially subject to the enforcement receivership are held by a number of corporate entities and spread across a number of jurisdictions.

The costs of the ER are covered by statutory provision within the Criminal Justice Act 1988 which amounts to an indemnity for the ER in the event that their costs exceed recoveries by the end of the receivership. In such an event the costs would then fall on the SFO to pay.

The SFO is of the view that there remain significant sums potentially available to recover and that these far exceed the fees likely to be incurred in the receivership.

Eurasian Natural Resources Corporation Ltd have commenced proceedings against the SFO for c£70m in damages for alleged misfeasance.

Long-term expenditure trends

The SFO's planned expenditure as agreed with HM Treasury is shown below, this covers the net expenditure which is met from the Parliamentary Estimate. Totals for 2016-17 and 2017-18 were set in the 2015 Spending Review while those for 2018-19 and 2019-20 are as amended by the Chief Secretary to the Treasury in March 2018. For details of the final outturn for the year see the Statement of Parliamentary Supply on page 58.

The Resource Departmental Expenditure Limit (DEL) funding is to cover the costs of the SFO incurred in investigating and, where appropriate, prosecuting cases of serious or complex fraud, bribery and corruption. Ring fenced DEL is non cash funding to cover the anticipated costs of depreciation of non-current assets financed via Capital DEL.

In addition to the above the SFO currently has access to HM Treasury Reserve funding to finance the costs of investigating very large and complex cases. This financing is agreed with HM Treasury on a case by case and year by year basis.

The Capital DEL Funding is to enable the SFO to invest in improving and developing its IT infrastructure to meet its operational needs, procure a new Document Review and Case Management System and keep pace with technological developments.

	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	2020-21
Non-ring fenced DEL	32,800	32,900	57,000	49,760	50,677
Ring fenced DEL	2,900	2,800	2,700	2,700	2,700
Resource DEL	35,700	35,700	59,700	52,460	53,377
Capital DEL	5,200	1,500	2,200	2,900	4,000

Statement of Parliamentary Supply

This information has been audited

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) requires SFO to prepare a Statement of Parliamentary Supply (SoPS) and supporting notes.

The SoPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament.

The SoPS is a key accountability statement that shows, in detail, how an entity has spent against their Supply Estimate. Supply is the monetary provision (for resource and capital purposes) and cash (drawn primarily from the Consolidated Fund), that Parliament gives statutory authority for entities to utilise. The Estimate details supply and is voted on by Parliament at the start of the financial year.

Should an entity exceed the limits set by their Supply Estimate, called control limits, their accounts will receive a qualified opinion.

The format of the SoPS mirrors the Supply Estimates, published on gov.uk, to enable comparability between what Parliament approves and the final outturn.

The SoPS contain a summary table, detailing performance against the control limits that Parliament have voted on, cash spent (budgets are compiled on an accruals basis and so outturn won't exactly tie to cash spent) and administration.

The supporting notes detail the following: Outturn by Estimate line, providing a more detailed breakdown (SoPS 1); a reconciliation of outturn to net operating expenditure in the SOCNE, to tie the SoPS to the financial statements (SoPS 2); a reconciliation of outturn to net cash requirement (SoPS 3); and, an analysis of income payable to the Consolidated Fund (SoPS 4).

Summary of Resource and Capital Outturn

	Note	2019-20 £000						2018-19 £000
		Estimate			Outturn			Outturn
		Voted	Non Voted	Total	Voted	Non Voted	Total	Total
Departmental Expenditure Limit								
- Resource	1.1	65,560	-	65,560	64,627	-	64,627	58,024
- Capital	1.2	2,900	-	2,900	1,745	-	1,745	1,420
Annually Managed Expenditure								
- Resource	1.1	1,500	-	1,500	-	-	-	364
Total Budget		69,960	-	69,960	66,372	-	66,372	59,808
Total Resource		67,060	-	67,060	64,627	-	64,627	58,388
Total Capital		2,900	-	2,900	1,745	-	1,745	1,420
Total		69,960	-	69,960	66,372	-	66,372	59,808

Net Cash Requirement

	SoPS Note	2019-20 £000			2018-19 £000
		Estimate	Outturn	Outturn compared with Estimate: saving	Outturn
Net Cash Requirement	3	65,760	64,095	1,665	59,026

Administration Costs

	2019-20 £000		2018-19 restated £000
	Estimate	Outturn	Outturn
Administration Costs	8,330	7,799	7,324

Explanation of variances between Estimate and Outturn are given in SoPS Note 1.

SoPS1 Net outturn

SoPS1.1 Analysis of net resource outturn by section

	2019-20 £000									2018-19 £000
	Outturn						Estimate			Outturn
	Administration			Programme			Net Total	Net Total	Net total compared to Estimate	Total
	Gross	Inc	Net	Gross	Inc.	Net				
Spending in Departmental Expenditure Limit										
Voted:										
Investigations and Prosecutions	7,799	-	7,799	57,818	(990)	56,828	64,627	65,560	933	58,024
Voted:										
New provision and adjustment to existing provisions	-	-	-	-	-	-	-	1,500	1,500	364
Total	7,799	-	7,799	57,818	(990)	56,828	64,627	67,060	2,433	58,388

Explanation of variation between Estimate and Outturn (net total resources):

There has been an overall underspend against the Estimate.

The underspend on Resource DEL was £933k. The underspend of £1,500k on AME was due to its unpredictable nature. It is very difficult to estimate spend within AME and in this instance the anticipated requirement for cover for new provisions has not materialised.

SoPS1.2 Analysis of net capital outturn by section

	2019-20					2018-19
	£000					£000
	Outturn			Estimate		Outturn
	Gross	Income	Net	Net Total	Net total compared to Estimate	Total
Spending in Departmental Expenditure Limit						
Voted:						
A Investigations and Prosecutions	1,745	-	1,745	2,900	1,155	1,420
Total	1,745	-	1,745	2,900	1,155	1,420

Explanation of variance between Estimate and Outturn:

Capital DEL is underspent by £1,155k for 2019-20 against an allocation at Estimate of £2,900k. The SFO has the final stages of implementation for a document management system. The next phase will involve the implementation of the case management systems and the migration of data from its current location. The timing of the expenditure on the new ERP system has slipped into 2020-21. The schedule of works for leasehold improvements in 2019-20 was amended to reflect a reduction in the SFO's contribution.

SoPS2. Reconciliation of outturn to net operating expenditure

SoPS2.1 Reconciliation of net resource outturn to net operating cost

	SoPS Note	2019-20	2018-19
		£000	£000
		Outturn	Outturn (restated)
Total resource outturn in Statement of Parliamentary Supply	1.1	64,627	58,388
		64,627	58,388
Less income payable to the Consolidated Fund	4.1	(5,221)	(2,907)
Net Operating Cost in Statement of Comprehensive Net Expenditure		59,406	55,481

SoPS3 Reconciliation of Net Resource Outturn to Net Cash Requirement

	SoPS Note	2019-20 £000		
		Estimate	Outturn	Net total outturn compared with Estimate: saving / (excess)
Net Resource Outturn	1.1	67,060	64,627	2,433
Capital outturn	1.2	2,900	1,745	1,155
Accruals to cash adjustments				
Depreciation		(2,700)	(1,823)	(877)
New Provisions and adjustments to previous provisions		(1,500)	-	(1,500)
(Increase) / Decrease in payables		-	(794)	794
Increase / (Decrease) in receivables		-	395	(395)
Other non-cash items		-	(55)	55
Use of provision		-	-	-
Net cash requirement		65,760	64,095	1,665

SoPS4. Income payable to the Consolidated Fund

SoPS4.1 Analysis of income payable to the Consolidated Fund

In addition to income retained by the Department, the following income is payable to the Consolidated Fund.

	2019-20 Outturn £000		2018-19 Outturn £000	
	Income	Receipts	Income	Receipts
Income outside ambit of the Estimate	(5,221)	(4,639)	(2,907)	(884)
Excess cash surrenderable to the Consolidated Fund				
Total payable to the Consolidated Fund	(5,221)	(4,639)	(2,907)	(884)

Income outside the ambit of the Estimate primarily refers to receipts from the Asset Recovery Incentivisation Scheme (ARIS). The ARIS scheme permits investigators and prosecutors to receive a percentage of confiscated criminal assets and income from civil settlements.

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Opinion on financial statements

I certify that I have audited the financial statements of the Serious Fraud Office for the year ended 31 March 2020 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Department's Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

I have also audited the Statement of Parliamentary Supply and the related notes, and the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2020 and of the Department's net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2020 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in

the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Serious Fraud Office in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Serious Fraud Office's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Serious Fraud Office have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Serious Fraud Office's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery,

intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Serious Fraud Office's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Serious Fraud Office's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit

findings, including any significant deficiencies in internal control that I identify during my audit.

I am required to obtain evidence sufficient to give reasonable assurance that the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement. I am also required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the Serious Fraud Office and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General

17 July 2020



FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2020

	Note	2019-20 £000	2018-19 (restated) £000
Income			
Cost awards and other income	4	990	196
Consolidated fund extra receipts	4	5,221	2,907
Total operating income		6,211	3,103
Expenditure			
Staff costs	2	34,162	30,597
Purchase of goods and services	3	25,105	21,064
Accommodation	3	4,473	4,612
Depreciation and impairment charges	3	1,823	1,880
Provisions increase	3	(1)	376
Other operating expenditure	3	55	55
Total operating expenditure		65,617	58,584
Net operating expenditure		59,406	55,481

The notes on pages 72 to 85 form part of these accounts.

Statement of Financial Position

As at 31 March 2020

	Note	2019-20 £000	2018-19 £000
Non-current assets:			
Property, plant and equipment	5	1,465	1,945
Intangible assets	6	4,589	4,186
Trade and other receivables	11	46	48
Total non-current assets		6,100	6,179
Current assets:			
Trade and other receivables	11	5,592	4,613
Cash and cash equivalents	10	3,106	218
Total current assets		8,698	4,831
Total assets		14,798	11,010
Current liabilities:			
Trade and other payables	12	(12,222)	(7,958)
Provisions	13	-	-
Total current liabilities		(12,222)	(7,958)
Non-current assets plus net current assets		2,576	3,052
Non-current liabilities			
Trade and other payables	12	-	-
Provisions	13	(451)	(451)
Total non-current liabilities		(451)	(451)
Assets less liabilities		2,125	2,601
Taxpayers' equity and other reserves:			
General fund		2,014	2,490
Revaluation reserve		111	111
Total equity		2,125	2,601

Lisa Osofsky
Accounting Officer
15 July 2020

The notes on pages 72 to 85 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2020

	Note	2019-20 £000	2018-19 (restated) £000
Cash flows from operating activities			
Net operating cost		(59,406)	(55,481)
Adjustments for non-cash transactions	3	1,877	2,311
(Increase)/Decrease in trade and other receivables	11	(977)	(3,389)
less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure		-	-
Increase/(Decrease) in trade payables	12	4,264	(2,676)
less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		(2,603)	1,627
Use of provisions	13	-	(12)
Net cash outflow from operating activities		(56,845)	(57,620)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(539)	(416)
Purchase of intangible assets	6	(2,073)	(106)
Proceeds of disposal of property, plant and equipment		-	-
Net cash outflow from investing activities		(2,612)	(522)
Cash flows from financing activities			
From the Consolidated Fund (Supply) - current year		65,587	54,943
Advances from the Contingencies Fund		-	-
Repayments to the Contingencies Fund		-	-
Net financing		65,587	54,943
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		6,130	(3,199)
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		-	-
Payments of amounts due to the Consolidated Fund		(3,242)	(1,347)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		2,888	(4,546)
Cash and cash equivalents at the beginning of the period	10	218	4,764
Cash and cash equivalents at the end of the period	10	3,106	218

The notes on pages 72 to 85 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2020

	Note	General Fund (restated) £000	Revaluation Reserve £000	Total Reserves £000
Balance at 31 March 2018		1,797	111	1,908
Net Parliamentary Funding		54,943	-	54,943
Net Parliamentary Funding – deemed		4,257	-	4,257
Supply payable adjustment	12	(174)	-	(174)
CFERS payable to the Consolidated Fund	4	(2,907)	-	(2,907)
Comprehensive Net Expenditure		(55,481)	-	(55,481)
Non-Cash Adjustments				
Auditor's remuneration	3	55	-	55
Movements in Reserves				
Transfer between reserves				
Balance at 31 March 2019		2,490	111	2,601
Net Parliamentary Funding		65,587	-	65,587
Net Parliamentary Funding – deemed		174	-	174
Supply payable adjustment	12	(1,665)	-	(1,665)
CFERS payable to the Consolidated Fund	4	(5,221)	-	(5,221)
Comprehensive Net Expenditure		(59,406)	-	(59,406)
Non-Cash Adjustments				
Auditor's remuneration	3	55	-	55
Movements in Reserves				
Transfer between reserves		-	-	-
Balance at 31 March 2020		2,014	111	2,125

The notes on pages 72 to 85 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2019-20 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Serious Fraud Office for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Serious Fraud Office are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In addition to the primary statements prepared under IFRS, the FReM also requires the Department to prepare one additional primary statement. The Statement of Parliamentary Supply, page 57, and supporting notes, pages 59 to 61, show outturn against Estimate in terms of the net resource requirement and the net cash requirement.

Accounting convention

These accounts have been prepared under the historical cost convention and where material modified to account for the revaluation of property, plant and equipment and intangible assets at their value to the business by reference to their current costs.

Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the SFO becomes a party to the contractual provisions of the instrument. The Department is subject to a limited range of financial instruments as its cash requirements are met through the Estimates process, and it is not exposed to significant credit, liquidity or market risk.

Borrowings

The SFO has limited powers to borrow money to fund short-term fluctuations in cash flow.

Trade receivables

Trade and other receivables are non-interest bearing and stated at fair value. Provision is made where there is evidence that the balances will not be recovered in full. Note 11 on page 83 sets out the closing receivable values at 31 March.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, and short-term highly-liquid deposits with a maturity period of three months or less. Note 10 on page 83 sets out the closing cash balances held by the SFO.

Trade payables

Trade payables are not interest bearing and are stated at their fair value. Note 12 on page 84 sets out the closing receivable values at 31 March.

Property, plant and equipment and intangible assets

The Department does not own any freehold land or buildings. Property, plant and equipment assets are included in the Statement of Financial Position at their fair values. Expenditure on property, plant and equipment and intangible assets is capitalised when that expenditure, on an individual basis, is £2,000 or more. For IT expenditure the £2,000 threshold is applied to assets on a grouped basis. Development expenditure represents internally generated assets under construction.

Property, plant and equipment and intangible assets are subject to consideration for an annual impairment review if there are any indicators of such impairments arising. Notes 5.1 page 78 and 6.1 page 80 detail the closing position at 31 March.

Revaluation reserve

The unrealised element of the Revaluation Reserve is disclosed in the Statement of Financial Position. Realised elements are transferred from the reserve to the General Fund. Downward revaluations are charged to the existing balance brought forward for that particular asset. If there is no previous balance,

the charge is expensed in-year and disclosed in the Statement of Comprehensive Net Expenditure.

Depreciation and amortisation

Depreciation and amortisation are provided monthly on a straight line basis at rates calculated to write off the valuation of property, plant and equipment and intangible assets, less the estimated residual value, over their estimated useful lives. Depreciation and amortisation are provided from the month of acquisition up to and including the month of disposal.

The useful lives, residual values and depreciation and amortisation methods are reviewed annually with any revisions to those estimates accounted for retrospectively. The respective useful lives are as follows:

<u>Property, plant and equipment</u>	
Improvements to leasehold property	Over the unexpired term of the lease
Information technology	5 years
Furniture and fittings	5-10 years
<u>Intangible assets</u>	
Software licenses	Over the term of the software license
Information technology	5 years or over the unexpired term of the software license (whichever is the shorter)
Website	5 years

Development expenditure is not amortised until the assets are brought into use, at which point amortisation is applied in accordance with the asset category to which the asset is transferred on coming into use.

Costs awarded to the Serious Fraud Office (SFO)

Costs may be awarded to the SFO as prosecutor under Section 18 of the Prosecution of Offences Act 1985 following a successful prosecution, or as a result of subsequent appeal proceedings. Where costs are awarded, they may subsequently be revoked or reduced as a result of a successful appeal by the defendant. The court may order that they are not to be recovered without leave of the court, defer recovery until a future date,

or subsequently vary the amount and/or timing of recovery or waive it altogether. Responsibility for the recovery of costs awarded rests with the appropriate magistrates' court. The SFO has no powers to recover costs awarded to it.

Where costs are awarded, they are shown as receivables on the Statement of Financial Position. Where they may not be recovered without leave of the court, full provision is made against them until

leave is obtained. In other cases, the SFO makes a judgement on the likelihood of costs being recovered based on the circumstances of each case, and may make provisions accordingly. In practice, full provision is made one year after the debt becomes due except where the defendant is making regular payments to the SFO. Where costs are subject to appeal proceedings, full provision is made against them until all proceedings are finally determined. Subsequent treatment of these receivables and provisions will depend on the outcome of the proceedings.

Costs awarded to the SFO are written off after a period of five years unless there are compelling reasons to believe that payment will be received.

Costs awarded against the SFO

Any costs awarded against the SFO are included under prosecution costs for the year in which the awards are made unless awarded against the SFO due to inadequacy on the part of the SFO. In such cases costs awarded against the SFO are included within the losses and special payments note on page 56 as part of the Parliamentary Accountability and Audit section.

Asset Recovery Incentivisation Scheme

SFO receipts from the Asset Recovery Incentivisation Scheme (ARIS) for Civil Recovery and Confiscation Orders are recognised at the point that settlement is confirmed by the Courts. From April 2014 all ARIS receipts are paid to the Consolidated Fund as a Consolidated Fund Extra Receipt (CFER) and recorded as such in the Statement of Parliamentary Supply note 4.1 on page 61.

Other income

Any amounts relating to income not covered above is recognised at the point of payment and includes both budgetary and non-budgetary income. Non-budgetary income is outside the ambit of the Department and is surrenderable to the Consolidated Fund as a CFER and recorded as such in the Statement of Parliamentary Supply note 4.1 on page 61.

Foreign exchange

The presentational currency used for the financial statements is sterling. Transactions which are denominated in a foreign currency are translated at the rate of exchange ruling on the date of the transaction, except where rates do not fluctuate significantly, in which case an average rate for the period is used.

Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new scheme, alpha, was introduced with transition arrangements in place for staff who were members of the prior scheme the Principal Civil Service Pension Scheme (PCSPS). Both alpha and PCSPS schemes are unfunded and are non-contributory except in respect of dependants' benefits. The Department recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the schemes of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on alpha and the PCSPS.

Provisions – Legal, Leasehold and Other

The Department provides for legal and constructive obligations, which are of uncertain timing or amount, at the reporting date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the HM Treasury discount rate. Note 13 on page 84 sets out the current value of provisions at the SFO.

Operating leases

Operating lease rentals and lease incentives are charged to the Statement of Comprehensive Net Expenditure in equal amounts over the lease term. The Department currently holds operating leases for premises as well as reprographic equipment, note 7.2 on page 82 sets out the current value of lease commitments.

Value Added Tax (VAT)

Most of the activities of the Department are outside the scope of VAT, and in general output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of property, plant and equipment and intangible assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

Third party assets

The Department may seize monetary assets. If the Department retains any monetary assets, it invests the sums in an interest-bearing account. The principal and the interest earned are held on behalf of the third party and are not a part of the Department's accounts, details of sums held are disclosed in note 15 on page 85.

Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the Department discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

Operating segments

The Department does not have any operating segments to report.

Application of newly issued accounting standards not yet effective

The SFO has reviewed the IFRSs in issue but not yet effective, to determine if it needs to make any disclosures in respect of those new IFRSs that are or will be applicable. In the case of IFRS 16 Leases, the standard, which will replace IAS 17 from 1 April 2021, requires lessees to recognise assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset is low value.

The expense on operating leases previously recognised within the Statement of Comprehensive Net Expenditure is replaced by a depreciation charge and a finance charge. This will apply to all relevant leases unless the term is less than 12 months or the underlying asset has a low value. SFO has chosen to adopt IFRS 16 on a cumulative catch-up basis and therefore the cumulative impact on previous years' results will be recognised within equity at the beginning of the period. As at 1 April 2021 a right of use asset and lease liability will be recognised for all relevant leases not previously recognised as finance leases for accounting purposes under IAS 17. These reflect the right to use leased assets and the future lease payments respectively. The initial value of the right of use asset will consist of the present value of the minimum lease payments discounted in accordance with HM Treasury direction. This discount rate, if subject to change prior to expected transition date, will impact the estimated balances.

SFO's right-to use assets and liabilities are estimated to increase by £2,664k on 1 April 2021. There is no impact on retained earnings on 1 April 2021.

2. Staff costs

	2019-20			2018-19
	£000			£000
	Permanently employed staff	Others	Total	Total
Wages and salaries	20,708	5,818	26,526	24,588
Social security costs	2,241	-	2,241	2,130
Other pension costs	5,395	-	5,395	3,879
Sub Total	28,344	5,818	34,162	30,597
Less recoveries in respect of outward secondments	-	-	-	-
Total net costs	28,344	5,818	34,162	30,597

£196k of other staff costs have been capitalised and are not included in the figures above (2018-19: £nil).

3. Operating costs

	Note	2019-20 £000	2018-19 restated £000
Purchase of goods and services:			
Counsel costs		11,202	10,643
IT costs		2,957	3,056
General administration		3,195	2,975
Rentals under operating leases		2,485	2,368
Costs awarded against the SFO		72	2,284
Other accommodation costs		1,988	2,244
Other case costs		7,225	1,476
Travel and subsistence		441	528
Civil litigation		-	107
Write off of asset		13	-
Proceeds on asset disposals		-	(5)
		29,578	25,676
Non-cash items:			
Depreciation		1,020	1,079
Amortisation		803	801
Increase/(decrease) in provision		(1)	376
Loss on disposal of property, plant and equipment		-	-
External Auditors' remuneration		55	55
		1,877	2,311
Total		31,455	27,987

4. Income

	2019-20 £000	2018-19 restated £000
Costs awards	959	57
Other income	31	139
Total income within the ambit	990	196
Payable to the Consolidated Fund		
Consolidated Fund Extra Receipts	5,221	2,907
Total income	6,211	3,103

5. Property, plant and equipment

5.1 Property, plant and equipment 2019-20

All assets are owned.

	Improvements to Leasehold Property £000	Information Technology £000	Furniture & Fittings £000	Total £000
Cost or valuation				
At 1 April 2019	1,820	7,775	32	9,627
Additions	-	508	31	539
Disposals	-	-	-	-
Reclassifications	-	-	-	-
At 31 March 2020	1,820	8,283	63	10,166
Depreciation				
At 1 April 2019	1,798	5,864	20	7,682
Charged in year	8	1,004	7	1,019
Disposals	-	-	-	-
Reclassifications	-	-	-	-
At 31 March 2020	1,806	6,868	27	8,701
Net book value at 31 March 2020	14	1,415	36	1,465
Net book value at 31 March 2019	22	1,911	12	1,945

Reconciliation of cash flows to property, plant and equipment additions

	2019-20 £000	2018-19 (restated) £000
Total property, plant and equipment additions	393	416
Opening property, plant and equipment accrual	-	-
Closing property, plant and equipment accrual	-	-
Cash flows for property, plant and equipment additions	539	416

5.2 Property, plant and equipment 2018-19

	Improvements to Leasehold Property £000	Information Technology £000	Furniture & Fittings £000	Total £000
Cost or valuation				
At 1 April 2018	1,820	7,359	32	9,211
Additions	-	416	-	416
Disposals	-	-	-	-
Reclassifications	-	-	-	-
At 31 March 2019	1,820	7,775	32	9,627
Depreciation				
At 1 April 2018	1,790	4,799	13	6,602
Charged in year	8	1,065	7	1,080
Disposals	-	-	-	-
Reclassifications	-	-	-	-
At 31 March 2019	1,798	5,864	20	7,682
Net book value at 31 March 2019	22	1,911	12	1,945
Net book value at 31 March 2018	30	2,560	19	2,609

6. Intangible assets

6.1 Intangible assets 2019-20

	Information Technology	Software Licenses	Website Costs	Development Expenditure	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 2019	3,600	5,269	169	941	9,979
Additions	-	189	-	1,017	1,206
Disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
At 31 March 2020	3,600	5,458	169	1,958	11,185
Amortisation					
At 1 April 2019	3,600	2,036	157	-	5,793
Charged in year	-	795	8	-	803
Disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
At 31 March 2020	3,600	2,831	165	-	6,596
Net book value at 31 March 2020	-	2,627	4	1,958	4,589
Net book value at 31 March 2019	-	3,233	12	941	4,186

Reconciliation of cash flows to intangible asset additions

	2019-20	2018-19
	£000	£000
Total intangible asset additions	1,206	1,004
Opening intangible asset accrual	898	-
Closing intangible asset accrual	(31)	(898)
Cash flows for intangible assets additions	2,073	106

6.2 Intangible assets 2018-19

	Information Technology £000	Software Licenses £000	Website Costs £000	Development Expenditure £000	Total £000
Cost or valuation					
At 1 April 2018	3,600	5,163	169	43	8,975
Additions	-	106	-	898	1,004
Disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
At 31 March 2019	3,600	5,269	169	941	9,979
Amortisation					
At 1 April 2018	3,595	1,247	149	-	4,991
Charged in year	5	789	8	-	802
Disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
At 31 March 2019	3,600	2,036	157	-	5,793
Net book value at 31 March 2019	-	3,233	12	941	4,186
Net book value at 31 March 2018	5	3,916	20	43	3,984

7. Capital commitments and other commitments

7.1 Capital commitments

Capital commitments at 31 March 2020 totalled £nil (2018-19: £nil).

7.2 Commitments under leases

Total future minimum lease payments under operating leases are given in the table below, for each of the following periods:

	2019-20 £000	2018-19 £000
Obligations under operating leases comprise:		
Buildings:		
Not later than 1 year	2,602	2,481
Later than 1 year and not later than 5 years	2,715	5,317
Later than 5 years	-	-
	5,317	7,798
Other:		
Not later than 1 year	31	31
Later than 1 year and not later than 5 years	69	100
Later than 5 years	-	-
	100	131

Property lease commitments relate to office space and offsite IT hosting for business continuity purposes:

- 2-4 Cockspur Street to 24 March 2022;
- Spring Park, Corsham, to 31 March 2023.

The properties have been assessed against IAS 17 Leases and determined as operating leases and therefore the associated commitments have been recorded in this note.

The SFO entered into one five year contract on 24 May 2018 and one five year contract on 6 August 2018 for the provision of reprographic equipment.

8. Other Financial Commitments

The Department has not entered into any non-cancellable contracts which are not leases, PFI contracts or other service concession arrangements.

9. Financial instruments

As the cash requirements of the Department are met through the Estimates process, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the expected purchase and usage requirements and the Department is therefore not exposed to significant credit, liquidity or market risk.

The Department has very limited powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the entities in undertaking its activities.

10. Cash and cash equivalents

	2019-20 £000	2018-19 £000
Balance at 1 April	218	4,764
Net change in cash and cash equivalent balances	2,888	(4,546)
Balance at 31 March	3,106	218
The following balances at 31 March were held at:		
Government Banking Service	3,106	218
Balance at 31 March	3,106	218

11. Trade receivables and other current assets

11(a) Due within one year

	2019-20 £000	2018-19 £000
Amounts falling due within one year:		
VAT receivable	504	316
Deposits and advances	191	208
Other receivables	67	126
Prepayments and accrued income	2,172	1,924
Costs awarded to the SFO	84	49
Provision for bad and doubtful debt	(39)	(41)
Consolidated Fund extra receipts	2,613	2,031
	5,592	4,613

11(b) Due after more than one year

	2019-20 £000	2018-19 £000
Amounts falling due after more than one year:		
Costs awarded to the SFO	46	48

12. Trade payables and other current liabilities

	2019-20 £000	2018-19 £000
Amounts falling due within one year:		
Taxation and social security	622	581
Trade payables	1,615	532
Accruals and deferred income	3,648	3,262
Pension providers	587	436
Non-current asset accruals	31	898
Amounts issued from the Consolidated Fund for supply but not spent at year end	1,665	174
Consolidated Fund extra receipts due to be paid to the Consolidated Fund:		
Received	1,441	44
Receivable	2,613	2,031
	12,222	7,958

13. Provisions for liabilities and charges

	Legal claims £000	Leasehold property dilapidations £000	Other £000	Total £000
Balance at 1 April 2019	-	451	-	451
Provided in the year	-	-	-	-
Provisions not required written back	-	-	-	-
Provisions utilised in the year	-	-	-	-
Balance at 31 March 2020	-	451	-	451
Amounts falling due within one year	-	-	-	-
Amounts falling due after one year	-	451	-	451
Total	-	451	-	451

13.1 Leasehold property dilapidations

This provision reflects all known legal claims where legal advice indicates that the claim is more likely than not to be successful and the amount of the claim can be reliably estimated.

13.2 Legal claims

This provision reflects all known legal claims where legal advice indicates that the claim is more likely than not to be successful and the amount of the claim can be reliably estimated.

13.3 Other

Other provisions reflects all known claims that do not fall under early departure costs, leasehold property or legal costs.

14. Related-party transactions

The SFO has had a small number of transactions with other Government Departments.

No Board member, key manager or other related party has undertaken any material transactions with the Department during the year.

15. Third party assets

The SFO manages a small number of sterling interest-bearing accounts containing seized monies. These are not SFO assets but are held as part of the SFO's law enforcement activities and, as such, do not form part of these accounts. Once legal proceedings have been completed, any seized cash is forfeited to the Home Office, confiscated by the court or, if the defendant is found not guilty, returned.

The assets held at the reporting date to which it was practical to ascribe monetary values comprised monetary assets such as bank balances and monies on deposit. The balance held at 31 March 2020 was £76,382 (2018-19: £51,553).

16. Events after the reporting period

There were no events after the reporting period.

The financial statements were approved by the Accounting Officer for issue on the date they were certified by the Comptroller and Auditor General.

TRUST STATEMENT

Accounting Officer's Foreword

Scope

This Trust Statement reports on receipts arising from Deferred Prosecution Agreements concluded by the Serious Fraud Office during the financial year. These sums are paid into HM Treasury's Consolidated Fund.

Deferred Prosecution Agreements are a means of disposing of cases involving corporate defendants and arise from the operational activity of the Serious Fraud Office, the costs of which are accounted for in the separate financial statements contained in this Annual Report.

Statutory Background

Deferred Prosecution Agreements were introduced on 24 February 2014, under the provisions of Schedule 17 of the Crime and Courts Act 2013. A Deferred Prosecution Agreement (DPA) is an agreement reached between a prosecutor and an organisation which could be prosecuted, under the supervision of a judge. They are available to the SFO and there is a Code of Practice for Prosecutors which was published jointly by the SFO and Crown Prosecution Service on 14 February 2014 after a public consultation.

A DPA allows a prosecution to be suspended for a defined period provided the organisation meets certain specified conditions. DPAs can be used for fraud, bribery and other economic crime. They apply to organisations only, never individuals. The key features of DPAs are:

- They enable a corporate body to make full reparation for criminal behaviour without the collateral damage of a conviction (for example sanctions or reputational damage that could put the company out of business and destroy the jobs and investments of innocent people);
- They are concluded under the supervision of a judge, who must be convinced that the DPA is 'in the interests of justice' and that the terms are 'fair, reasonable and proportionate';

- They avoid lengthy and costly trials;
- They are transparent, public events.

Under a DPA, a prosecutor charges a company with a criminal offence but proceedings are automatically suspended if the DPA is approved by the judge. A company would only be invited to enter DPA negotiations if there was full cooperation with an SFO investigation.

If the negotiations go ahead, the company agrees to a number of terms, such as paying a financial penalty, paying compensation, paying the costs of the SFO and co-operating with future prosecutions of individuals. If the company does not honour the conditions, the prosecution may resume. Arrangements for monitoring compliance with the conditions is set out in the terms of the DPA.

Financial Background

The receipts from DPAs relating to financial penalties and compensation are not retained by the SFO and are payable to HM Treasury's Consolidated Fund. Where the terms of the DPA include payment of the SFO's investigation costs in cases funded from the Reserve, the applicable portion of those costs is also payable to the Consolidated Fund and included in this Trust Statement.

In cases which are funded from the SFO's core vote, any relevant costs awards are retained by the SFO

and accounted for as income in the accompanying separate financial statements for that vote. Costs in excess of SFO limits for retained income that arise from a DPA are also included in this Trust Statement.

No material expenditure was incurred in the process of collecting and processing these receipts.

Business Review

One DPA (Tesco Stores Ltd) was concluded in the financial year (2018-19: none).

Airbus

The Serious Fraud Office has entered into a record-breaking Deferred Prosecution Agreement (DPA) on 31 January 2020 with the global aerospace company Airbus SE following its approval by Dame Victoria Sharp, President of the Queen's Bench Division.

Under the terms of the DPA, Airbus SE has agreed to pay a fine and costs amounting to €991m (£830m) to the SFO in the UK, and in total, €3.6bn as part the world's largest global resolution for

bribery, involving authorities in France and the United States.

The indictment, which has been suspended for the term of the DPA, covers five counts of failure to prevent bribery. The conduct involves Airbus' Commercial and Defence & Space divisions. The conduct covered by the UK DPA took place across five jurisdictions: Sri Lanka, Malaysia, Indonesia, Taiwan and Ghana between 2011 and 2015.



Serco Geografix Ltd (SGL)

On 4 July 2019, the SFO's application for a DPA was approved by Mr Justice William Davis. Accompanying the DPA with SGL is an Undertaking in which Serco Group assumes certain obligations including ongoing cooperation with the SFO and further strengthening of its Group-wide Ethics and Compliance functions, as well as annual reporting on its Group-wide assurance programme. Separately, Serco have agreed that this annual report will be provided to the Cabinet Office.

In entering the DPA, SGL took responsibility for three offences of fraud and two of false accounting arising from a scheme to dishonestly mislead the

MoJ as to the true extent of the profits being made between 2010 and 2013 by SGL's parent company, Serco Limited (SL), from its contract for the provision of electronic monitoring services. The scheme was designed to prevent the MoJ from obtaining information to which it was entitled and from using this to decrease SL's revenues under that contract.

The DPA resulted in a payment by SGL of £19.2m and payment of the SFO's costs. Compensation to the victim of the conduct, the Ministry of Justice (MoJ), has already been paid by Serco as part of a £70m civil settlement in 2013.

Güralp Systems Ltd

Cansun Güralp, Andrew Bell and Natalie Pearce were acquitted of conspiracy to make corrupt payments in relation to payments made to a South Korean public official between 2002 and 2015.

The conclusion of the trial removes reporting restrictions on the Deferred Prosecution Agreement reached by the SFO and Güralp Systems Ltd, which was agreed in October 2019. Güralp Systems Ltd accept the charges of conspiracy to make corrupt payments and a failure to prevent bribery by employees in relation to the payments made between 2002 and 2015.

As a result of this DPA, Güralp Systems Ltd has agreed to pay a total of £2,069,861 for disgorgement of gross profits to the SFO for onward transmission to the Consolidated Fund. The DPA also requires Güralp Systems Ltd to cooperate fully and truthfully with the SFO and to review and maintain its existing internal controls, policies, and procedures regarding compliance with the Bribery Act 2010.

Results and Appropriations

The net revenue for the Consolidated Fund for the year was £859m (2018-19: £2m). Total transfers to the Consolidated Fund from the Trust amounted to £988m (2018-19: £107m). The balance due to the Consolidated Fund is £154m at 31 March 2020 (2017-18: £278m). Cash balances at the year-end were £nil (2018-19: £nil).

Lisa Osofsky
Director
15 July 2020

Statement of the Accounting Officer's Responsibilities

Under Section 2(3) of the Exchequer and Audit Departments Act 1921 HM Treasury has directed the SFO to prepare, for each financial year, a Trust Statement in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Trust Statement and of its: Statement of revenue, other income and expenditure; Statement of financial position; and Statement of cash flows cash flows for the financial year.

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

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the Trust Statement; and,
- prepare the Trust Statement on a going concern basis.

HM Treasury has appointed the Director of the SFO as Accounting Officer. The responsibilities of an Accounting Officer, including responsibility for

the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the SFO's assets, are set out in Managing Public Money published by the HM Treasury.

Accounting Officer's confirmation

As Accounting Officer, as far as I am aware, there is no relevant audit information of which the SFO's auditors are unaware. I have taken all of the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the National Audit Office are aware of that information.

The annual report and accounts as a whole is fair, balanced and understandable and I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

Lisa Osofsky
Accounting Officer
15 July 2020

Performance report and accountability report

The Department's Performance Report covering both the Department and the Trust Statement is shown on page 9.

The Department's Accountability Report covering both the Department and the Trust Statement is shown on page 29.

Governance statement

The Department's governance statement covering both the Department and the Trust Statement is shown on page 32.

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Opinion on financial statements

I certify that I have audited the Trust Statement of the Serious Fraud Office for the year ended 31 March 2020 under the Exchequer and Audit Departments Act 1921. The financial statements comprise the Statement of Revenue, Other Income and Expenditure, the Statement of Financial Position, the Statement of Cash Flows and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

In my opinion:

- the Serious Fraud Office Trust Statement gives a true and fair view of the state of affairs of Deferred Prosecution Agreements and Other Income as at 31 March 2020 and of the net revenue for the year then ended; and
- the financial statements have been properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my

certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Serious Fraud Office in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Serious Fraud Office's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Serious Fraud Office have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Serious Fraud Office's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Accounting Officer for the audit of the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Exchequer and Audit Departments Act 1921.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Serious Fraud Office's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of

accounting estimates and related disclosures made by management.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Serious Fraud Office's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion, the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report on Other Legal and Regulatory Requirements

I am also required to perform and report on additional procedures and express an opinion on specific matter on the Serious Fraud Office's Trust Statement, as required by Section 2 of the 1921 Exchequer Act. These responsibilities are beyond those required under the ISAs. Under the legislation as he is required to, the C&AG has examined, on behalf of the House of Commons, the money which is by law payable into the Exchequer in order to ascertain that adequate regulations and procedures have been framed to secure an effective check on the assessment, collection, and proper allocation of revenue, and to satisfy myself that any such regulations and procedures have been duly carried out.

In my opinion I am satisfied that adequate regulation and procedures have been framed to secure an effective check on the assessment, collection, and proper allocation of revenue and procedures are being duly carried out.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
17 July 2020

*National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP*



Statement of Revenue, Other Income and Expenditure

For the year ended 31 March 2020

	Note	2019-20 £000	2018-19 £000
Revenue			
Deferred Prosecution Agreements:			
Financial penalties		(854,795)	-
Interest income		-	-
Compensation		-	-
Total		(854,795)	-
Other income			
DPA costs payable to the Consolidated Fund		-	-
Compensation		-	-
(Gain)/loss on DPA		(3,893)	(1,687)
Total revenue		(858,688)	(1,687)
Expenditure			
Other expenditure		-	-
Total operating expenditure		-	-
Net revenue for the Consolidated Fund		(858,688)	(1,687)

There were no recognised gains or losses accounted for outside the above Statement of Revenue, Other Income and Expenditure (2018-19: nil).

The notes on pages 101 to 103 form part of these accounts.

Statement of Financial Position

As at 31 March 2020

	Note	2019-20 £000	2018-19 £000
Non-current assets			
Trade and other receivables	2(b)	2,070	150,620
Total non-current assets		2,070	150,620
Current assets:			
Trade and other receivables	2(a)	151,579	131,256
Cash and cash equivalents		-	-
Total current assets		151,579	131,256
Total assets		153,649	281,876
Current liabilities:			
Trade and other payables		-	-
Total current liabilities		-	-
Assets less liabilities		153,649	281,876
Balance on Consolidated Fund account at 31 March		153,649	281,876

Lisa Osofsky
Accounting Officer
 15 July 2020

The notes on pages 101 to 103 form part of these accounts.

Cash Flow Statement

For the year ended 31 January 2020

	Note	2019-20 £000	2018-19 restated £000
Cash flows from revenue activities		987,807	105,006
Cash paid to Consolidated Fund		(987,807)	(105,006)
Increase/(decrease) in cash and cash equivalents		-	-

Notes to the Statement of cash flows

Reconciliation of net cash flows to movement in net funds	Note	2019-20 £000	2018-19 restated £000
Net revenue for Consolidated Fund		858,688	1,687
Decrease / (increase) in non-cash assets	2	128,227	105,351
Adjustments for non-cash transactions		892	(2,032)
Net cash flow from revenue activities		987,807	105,006

Analysis of changes in net funds	Note	2019-20 £000	2018-19 £000
Increase/(decrease) in cash in this period		-	-
Net funds as at 1 April (opening cash at bank)		-	-
Net cash as at 31 March (closing cash at bank)		-	-

The notes on pages 101 to 103 form part of these account.

NOTES TO THE TRUST STATEMENT

1. Principal accounting policies

Basis of accounting

The Trust Statement is prepared in accordance with the accounts direction issued by HM Treasury in accordance with section 2(3) of the Exchequer and Audit Departments Act 1921. The Trust Statement is prepared in accordance with the 2018-19 Government Financial Reporting Manual (FReM) issued by HM Treasury.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Serious Fraud Office for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Serious Fraud Office are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The income and associated expenditure contained in this statement are those flows of funds which the SFO handles on behalf of the Consolidated Fund and Treasury where it is acting as an agent rather than principal.

Accounting convention

These accounts have been prepared under the historical cost convention.

Revenue recognition

Receipts from Deferred Prosecution Agreements (DPA) are recognised at the point that settlement is confirmed by the Courts. DPA cost awards, where they are payable to the Consolidated Fund are also recognised at the point that settlement is confirmed by the Courts.

Due to the uncertainty of the DPA process and a

lack of historic data to indicate the probability of a DPA being agreed the SFO does not classify DPA's in progress as contingent assets. For the purposes of the accounting treatment DPA's are recognised at the point that the agreement is approved.

Interest

Interest on DPA's are recognised at amortised cost, with gains or losses showing in the statement of revenue, other income and expenditure as per IFRS 9.

Gain Loss on DPA's

The SFO revises its estimates of the receipts and therefore adjusts the carrying amount of the financial asset to reflect actual and revised estimated cash flows. The adjustment is then recognised as Gain or Loss (income or expense) at the year end.

Payables

Payables are stated at their fair value and includes interest payable as specified in the DPA agreement where applicable.

Receivables

Receivables are stated at their fair value and includes interest payable as specified in the DPA agreement where applicable, note 2 on page 105 refers.

Expenditure

The notional audit fee for the Trust Statement is included within operating costs note 3 of the SFO accounts. Any expenditure included in the Trust Statement is the direct cost of collection of sums owing.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, and short-term highly-liquid deposits with a maturity period of three months or less.

Foreign exchange

The presentational currency used for the financial statements is sterling. Transactions which are denominated in a foreign currency are translated at the rate of exchange ruling on the date of the transaction, except where rates do not fluctuate significantly, in which case an average rate for the period is used.

Receivables

2(a) Due within one year

	2019-20 £000	2018-19 £000
Amounts falling due within one year:		
Financial penalties and disgorgement of profits	151,579	131,256
Compensation	-	-
Costs awarded to the SFO	-	-
	151,579	131,256

2(b) Due after more than one year

	2019-20 £000	2018-19 £000
Amounts falling due after one year:		
Financial penalties and disgorgement of profits	2,070	150,620
Compensation	-	-
Costs awarded to the SFO	-	-
	2,070	150,620

3. Events after the reporting period

The SFO received approval to enter into a Deferred Prosecution Agreement (DPA) with G4S Care and Justice Services (UK) Ltd (G4S C&J), a wholly-owned subsidiary of G4S Plc. The DPA will result in a payment by G4S C&J of £38.5m and payment of the SFO's full costs of £5.9m. Compensation to the victim of the conduct, the UK Ministry of Justice (MoJ) has already been paid by G4S C&J as part of a £121.3m civil settlement in 2014. In entering the DPA, G4S C&J will accept responsibility for three offences of fraud against the UK Ministry of Justice (MoJ) arising from a scheme to dishonestly mislead the MoJ as to the true extent of its profits between 2011 and 2013 from its contracts for the provision of electronic monitoring services. The scheme was designed to prevent the MoJ from obtaining information to which it was entitled and from using this to decrease G4S C&J's revenues under those contracts.

The financial statements were approved by the Accounting Officer for issue on the date they were certified by the Comptroller and Auditor General.

ACCOUNTS DIRECTION GIVEN BY HM TREASURY IN ACCORDANCE WITH SECTION 2 OF THE EXCHEQUER AND AUDIT DEPARTMENTS ACT 1921

1. This direction applies to those government departments listed in appendix 2.

2. The Department shall prepare a Trust Statement ("the Statement") for the financial year ended 31 March 2020 for the revenue and other income, as directed by the Treasury, collected by the department as an agent for others, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual by HM Treasury ("FReM") which is in force for 2019-20.

3. The Statement shall be prepared, as prescribed in appendix 1, so as to give a true and fair view of (a) the state of affairs relating to the collection and allocation of taxes, licence fees, fines and penalties and other income by the Department as agent and of the expenses incurred in the collection of those taxes, licence fees, fines and penalties insofar as they can properly be met from that revenue and other income; (b) the revenue and expenditure; and (c) the cash flows for the year then ended.

4. The Statement shall also be prepared so as to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

5. When preparing the Statement, the Department shall comply with the guidance given in the FReM (Chapter 8). The Department shall also agree with HM Treasury the format of the Principal Accounting Officer's Foreword to the Statement, and the supporting notes, and the accounting policies to be adopted, particularly in relation to revenue recognition. Regard shall also be given to all relevant accounting and disclosure requirements in Managing Public Money and other guidance issued by HM Treasury, and to the principles underlying

International Financial Reporting Standards.

6. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.

7. The Statement shall be transmitted to the Comptroller and Auditor General for the purpose of his examination and report by a date agreed with the Comptroller and Auditor General and HM Treasury to enable compliance with the administrative deadline for laying the audited accounts before Parliament before the Summer Recess.

8. The Trust Statement, together with this direction (but with the exception of the related appendices) and the Report produced by the Comptroller and Auditor General under section 2 of the Exchequer and Audit Departments Act 1921 shall be laid before Parliament at the same time as the Department's Resource Accounts for the year unless the Treasury have agreed that the Trust Statement may be laid at a later date.

Vicky Rock
Interim Director, Government Financial Reporting
Her Majesty's Treasury
18 June 2020

EXTRACT FROM APPENDIX 2

No	Sponsoring Department	Income Stream	Responsible Entity
8	Serious Fraud Office	Deferred Prosecution Agreements	SFO

ANNEX A

SUSTAINABILITY
REPORT

Sustainability Report

Greening Government

The Serious Fraud Office is committed to play a part in meeting the government's ambitious goals for 2020 to improve sustainability and is working towards meeting the Greening Government Commitment (GGC) targets baselined against performance in 2009-10. The Governments goals from 2020 onwards are likely to change and these will be reflected in next year's annual report.

The 2019-20 targets compared to a 2009-10 baseline, are:

- cut greenhouse gas (GHG) emissions by 32% from the whole estate and UK business transport;
- reduce the number of domestic business flights taken by 30%;
- reduce waste sent to landfill to less than 10% of overall waste; continue to reduce the amount of waste generated and increase the proportion of waste which is recycled;
- reduce paper consumption by 50%;
- continue to further reduce water consumption and continue to improve on the reductions they had made;
- continue to buy more sustainable and efficient products and services with the aim of achieving the best long-term, overall value for money for society.

Area		2019-20 Performance		2018 - 19
		2019 - 20	Target	
Greenhouse Gas emissions (Scopes1, 2 & 3 business travel including air and rail travel)		354 (tCO2e)	1,367 (tCO2e)	364 (tCO2e)
Estate Energy	Consumption	1,209 kWh	-	1,212 kWh
	Expenditure	£174k	-	£134k
Estate Waste	Amount	49 tonnes	63 tonnes	49 tonnes
	Expenditure	£5.4k	-	£9.5k
Estate Water	Consumption	3,544 m ³	4,467 m ³	3,804 m ³
	Expenditure	£11.8k	-	£4.5k

For 2019-20 Greenhouse Gas emissions remain significantly below the target by 74%. Estate Energy Consumption has decreased by 0.25%, Water usage has decreased by 7% and Estate Waste has stayed the same respectively from 2018-19, all are still below the baseline target.

Greenhouse Gas emissions

There are three different classifications of greenhouse emissions, known as Scopes:

Scope 1:

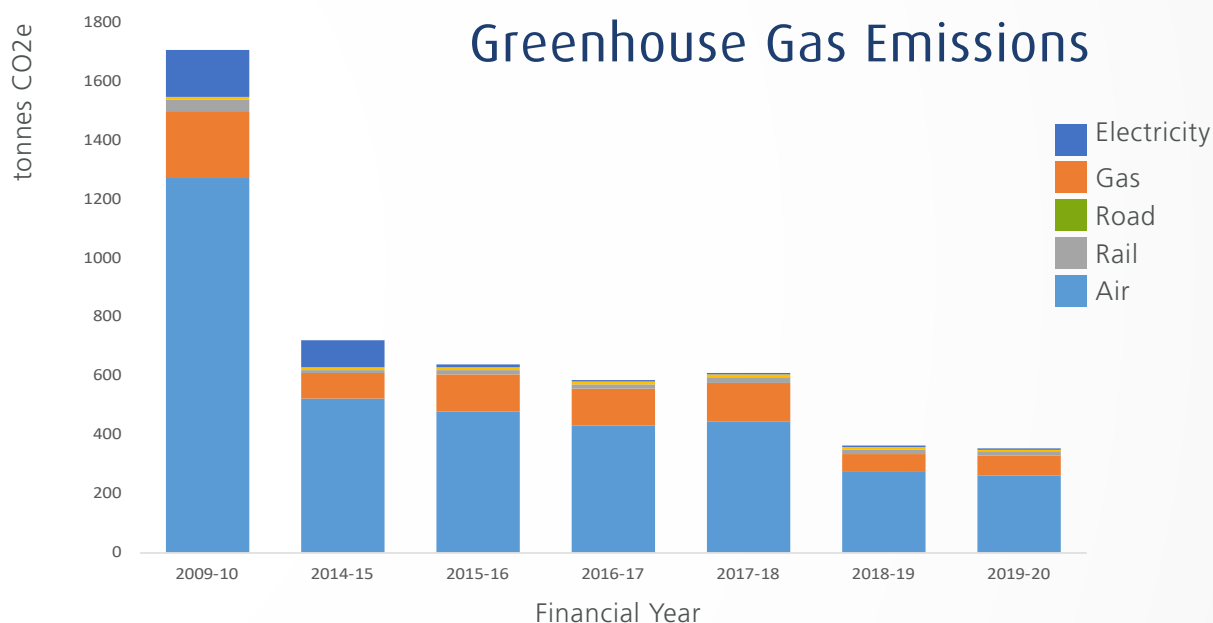
Direct emissions occurring from sources owned or controlled by the department, for example, emissions from combustible boilers and from fleet vehicles.

Scope 2:

Indirect emissions occurring from electricity consumed which is supplied by another party.

Scope 3:

Other indirect emissions. All other emissions which occur as a consequence of our activity but which are not owned or controlled by the department. For example emissions as a result of staff travel on public transport, taxis or airline flights.



Greenhouse Gas Emissions		2009-10	2014-15	2015-16	2016-17	2017-18	2018-19	2019-2020
Non-financial indicators (tCO ₂ e)	Total Gross Emissions for Scopes 1 & 2	1,409	568	567	520	540	313	308
	Total Net Emission for Scopes 1 & 2	1,409	568	567	556	540	313	308
	Gross Emissions Scope 3 Business Travel	209	113	34	26	33	31	26
	Other Scope 3 Emissions Measured	93	42	37	36	37	22	20.76

Related Energy Consumption (kWh,000s)	Electricity: Non Renewable	2,220	1,003	963	964	990	900	860
	Electricity: Renewable	166	0	0	0	0	0	0
	Gas	1,254	458	660	668	717	312	349
Financial Indicators (£k)	Expenditure on Energy	309	121	113	105	135	134	174
	CRC Licence Expenditure	0	0	0	0	0	0	0
	Expenditure on Accredited Offsets	0	0	0	0	0	0	0
	Expenditure on Official Business Travel	303	220	95	116	125	106	104

Combined Related Energy Consumption has decreased by 3k kWh (0.25%) on 2018-19 levels, and the overall total gross emissions has also decreased by 10 tonnes CO₂e (2.75%). Following optimisation by the landlord of their building management system the energy consumption decrease has been maintained in line with the previous year.

Domestic flights

The number of domestic flights taken by SFO staff on official business continues to be below the 2009-10 baseline of 99 flights. In 2019-20, 37 domestic flights were taken, which is a decrease from the 2018-19 figure of 13, and is now 63% less than the baseline. This area is demand led by operational case requirements¹.

Waste minimisation and management

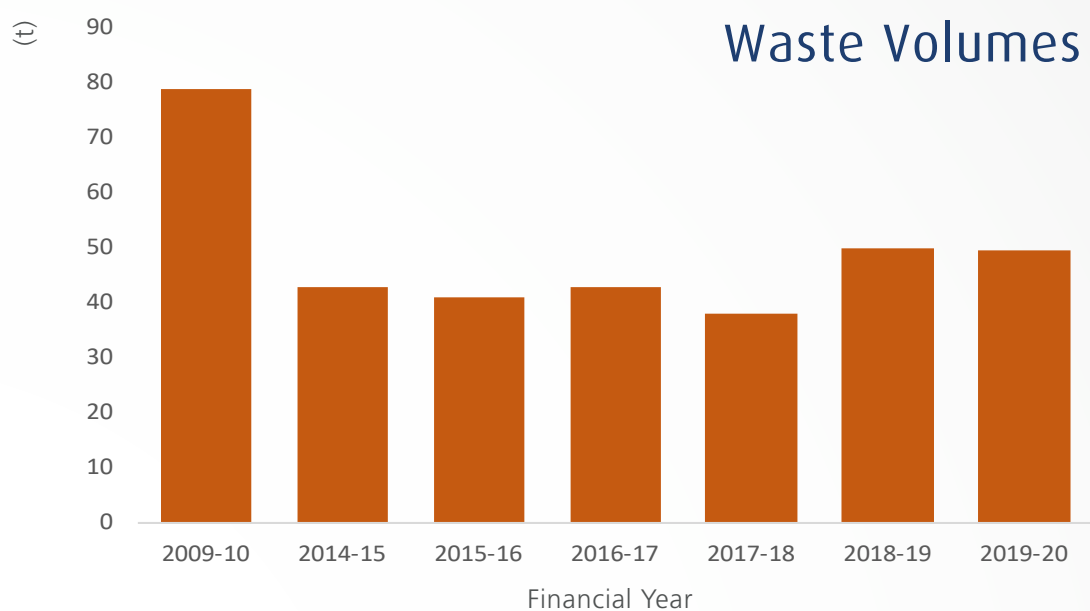
The target is to reduce landfill waste generated by 10% from the 2009-10 baseline. For 2019-20, 49 tonnes of waste was generated which is in line with the previous year. This is due to the SFO continuing their disposal program of redundant items (which could not be reused), following changes to improve space utilisation. Waste is still below the 63 tonne baseline (a 22% decrease against the baseline).

The SFO operates in a flexible working environment where waste is collected at central points on each floor, encouraging recycling and an overall reduction in the volume of waste. The SFO also recycles 100% of its waste paper and uses 100% recycled paper for its in-house printing facility and floor printers. In relation to disposal of IT equipment the SFO complies with the requirements under the WEEE Directive.

The SFO continues to work with our landlords seeking initiatives to reduce and manage its waste further.

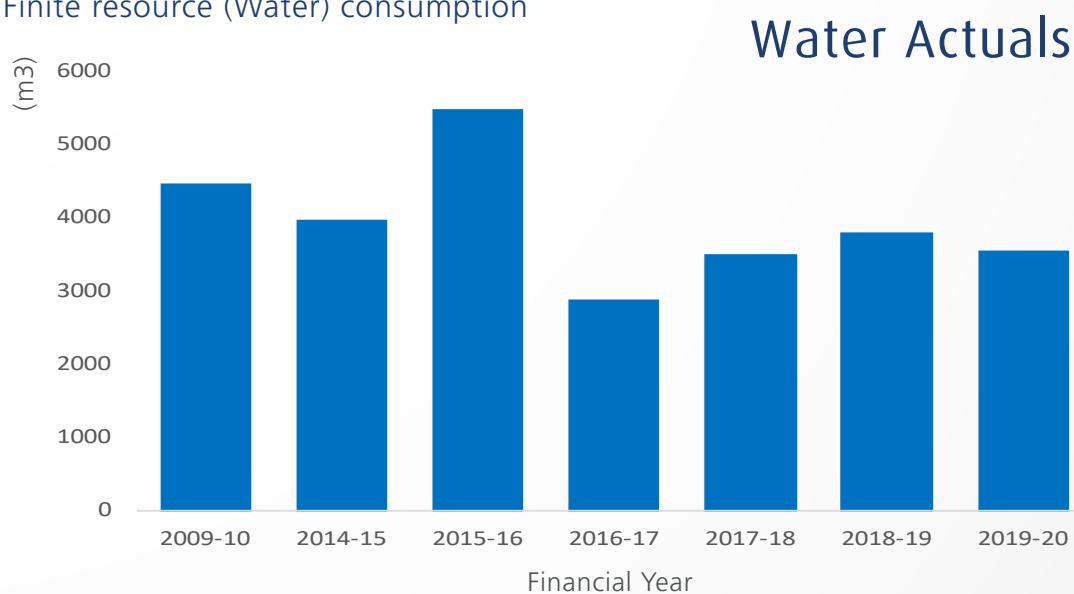
Westminster Council waste collection continues to use mixed recycling (which is processed dependant on materials) and landfill materials are incinerated to produce electricity for 50,000 homes and businesses, the TFL tube system and residual ash is used in road building and repair.

¹ In line with the requirements given, international air travel is not included in our business travel reporting.



			2009-10	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Weight (t)	Non Hazardous Waste	Landfill	40	18	17	0	0	2	0
		Reused/Recycled	39	26	24	26	22	30	32
		Incinerated/Energy from waste	0	0	0	17	17	17	17
Cost (£k)	Non Hazardous Waste	Landfill	18	4.5	4.5	0	0	0.5	0
		Reused/Recycled	31	3	3	2.5	3	3	3
		Incinerated/Energy from waste	0	0	0	5.5	5	6	5

Finite resource (Water) consumption



Finite Resource Consumption		2009-10	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Non-financial indicators (m ³)	Water Consumption	4,466	3,985	5,485	2,882	3,503	3,804	3544
Financial Indicators (£k)	Water Supply Costs	3	6	9	8	4.5	11	11

Water usage for 2019-20 has decreased on the previous year by 260m³ (6%). Usage however is at 20% below baseline target. This is as a result of capital projects that impact on water consumption being deferred.

The Greening Government target is to ensure that water consumption is reduced from 2009-10 baseline and for each department to continue to reduce its water usage. As the SFO occupies a shared building as a tenant, and water is managed under the service charge as a percentage, it is difficult to control overall usage which can result in fluctuations in consumption figures.

Sustainable procurement

The SFO makes use of centralised framework contracts where appropriate, that embed the Government Buying Standards (GBS) within them. Where there are no centralised contracts available then any contract entered into will meet the GBS requirements.

Governance

The Solicitor General represents the Law Officers' Departments (LODs) on Sustainable Development matters.

Our results against the GGC targets are reported annually.

Notes:

1. Figures have been presented using the 2018-19 FREM guidance and GGC conversion figures.
2. Estimates have been used in some instances where complete data was not available from suppliers or service providers.
3. Electricity figures only relate to SFO consumption. As the minor occupier they do not attempt to reflect any charges made through the service charge.



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