



SFO | serious
fraud
office

SERIOUS FRAUD OFFICE

ANNUAL REPORT AND
ACCOUNTS 2020-2021

HC 578

Serious Fraud Office

Annual Report and Accounts

2020-21

(For the year ended 31 March 2021)

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

Accounts presented to the House of Lords by Command of Her Majesty

Ordered by the House of Commons to be printed on 15 July 2021



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Any enquiries regarding this publication should be sent to us at 2-4 Cockspur Street, SW1Y 5BS.

ISBN 978-1-5286-2577-7

CCS0421474562 07/21

Printed on paper containing 75% recycled fibre content minimum

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Statement from the Director



2020-21 was, in many ways, dominated by the wide-ranging impacts of the Covid-19 pandemic. It has been inspiring to see how well the SFO, UK law enforcement and the courts have responded so that we can continue to investigate and, where appropriate, prosecute serious and complex fraud, bribery and corruption. For the SFO this meant changing how we operate, with most staff working remotely, and adapting our practices and IT infrastructure to enable us to connect and collaborate with our partners in the UK and across the globe to progress our cases. The positive way in which the organisation responded to Covid-19 was highlighted by Her Majesty's Crown Prosecution Service Inspectorate (HMCPSI) in 2020. We continued to adjust and to adapt throughout the year, whilst maintaining focus and energy to deliver our goals.

Our people remain the SFO's most important asset. In 2020-21, we continued to strengthen our organisation and the experience of our staff through

I am pleased to present the Annual Report and Accounts for the Serious Fraud Office for the reporting year 2020-21

The Serious Fraud Office (SFO) exists to fight serious financial crime, to deliver justice to victims and to protect the UK's reputation as a safe place to do business. This is a noble mission and one that I am deeply proud to be part of. This Annual Report and Accounts for 2020-21 demonstrate the SFO's results and the progress we are making in many areas in order to realise our ambitions for the organisation, not only in terms of our operations but also in our culture and ways of working.

the Culture Change Programme, which was started in July 2019. This vitally important programme of work is ensuring the SFO's leadership behaviours and working culture make all staff feel valued as part of an inclusive workplace. In this reporting year, I am delighted to report that we have had an increase in Staff Survey scores in leadership and change, pay and benefits and my work. This shows that the programme is delivering and that our culture is improving, thanks to the dedication, mutual support and resilience of SFO staff.

The SFO's operational impact has been strong this year. We successfully prosecuted four individuals and corporates, opened eight new criminal investigations, and charged 20 individuals and corporates. The convictions of former Unaoil executives and further guilty pleas in the Petrofac case, all related to bribery connected to the oil industry, demonstrate the quality of our investigations. Our ability to deliver justice is also evident in our use of Deferred Prosecution

Agreements (DPAs), through which since 2014 the SFO has been able to secure cooperation of businesses who admit wrongdoing, pay for that wrongdoing and commit to improving their corporate governance. Since 2014, SFO DPAs have delivered £1.6bn to the public purse. In 2020-21 we secured two DPAs: with G4S Care & Justice Services Ltd, which involved a financial penalty and reimbursement of SFO costs totalling £44.4m; and with Airline Services Ltd which resulted in a payment of £2.98m including the SFO's costs.

The SFO returns a significant amount of the money we recover from criminals in our cases to victims through compensation payments. It is a key part of our strategic objectives to ensure that the needs of victims are at the heart of what we do and are considered throughout the life of a case. In 2020-21 our Proceeds of Crime Division (POCD) secured over £7.4m in new financial orders made against criminals convicted in SFO cases, and received payments relating to outstanding orders of more than £6.9m.

For the year ahead, I anticipate that the environment for law enforcement will continue to be demanding. The SFO will rise to the challenges ahead, and we will continue to learn from mistakes as well as successes. We are doing just that in

relation to the disclosure challenges in the trial of former employees of Serco, which led in April this year to the judge directing the jury to offer verdicts of not guilty. This learning includes an independent review we have commissioned to ensure we fully understand the facts and can take whatever action is necessary to address any shortcomings.

I will also continue to champion the work that the SFO does, to highlight our record of success and to invest in our future capability. A challenging economic situation has historically opened opportunities for ever-more innovative and ruthless criminality. The SFO is already adapting to the changing threat picture and will continue to make good use of public money to deliver our important mission.



Lisa Ososky
Director
Serious Fraud Office
9 July 2021





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Successful Outcomes (by Defendant)



Defendants brought to trial

Successful Outcomes (by case)



individuals were sentenced following conviction after trial or pleading guilty

Combined length of imprisonment sentences handed down this year of 14 years and 10 months

DPA's and Value



DPA's, £47.4 million in fines and penalties including costs awarded to the SFO

Number of cases opened



criminal cases, around 15% of our active cases*.

Number of Financial Orders Obtained



Financial Orders obtained, with a value of £7.4 million

* Our active cases are comprised of cases within our investigation division and our proceeds of crime and international assistance division.

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 Framework Agreement sets out the relationship between the Law Officers and the Director of the SFO.

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 complex financial crime 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. We uphold the rule of law and deliver justice for victims.

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 Statement provides 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 global reputation and integrity of the UK as an international financial centre and as a safe place to invest and do business, 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 had five strategic objectives covering 2020-21:

- 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

We live by a set of shared values that we expect from each other and that anyone we engage with can expect from us:

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.

SFO's principal risks as at 31 March 2021:

Cause - An element which has the potential to give rise to risk	Event - An occurrence or change of a set of circumstances	Consequence - the outcome of an event affecting objectives
<p>Operational:</p> <ul style="list-style-type: none"> - Not following/understanding end to end policies, procedures and processes or applying the law correctly and management oversight not identifying issues. - Policies, procedures and processes are not fit for purpose. 	<p>Not identifying, accepting, progressing or successfully delivering and prosecuting cases or other disposals (incl DPAs and proceeds of crime).</p>	<p>Reputational damage to the SFO and wider prosecution organisations and financial implications (immediate in costs awards but also undermines HMT confidence for the purpose of SRs).</p>
<p>People:</p> <p>Staff not having requisite skills, capabilities and confidence to undertake work.</p>	<p>Operational failure due to being unable to deliver the business/work to the expected standard.</p>	<p>Reputational damage to the SFO and financial implications.</p>
<p>People:</p> <p>Inefficient and ineffective management of functions.</p>	<p>Ineffective and inefficient operational delivery due to lack of clarity regarding what staff should be doing. Unmotivated and un-resilient workforce.</p>	<p>Reputational damage to the SFO and potential financial implications. Loss of staff/capability (or inability to recruit) to deliver our mission.</p>
<p>Strategy:</p> <ul style="list-style-type: none"> - SFO not considered a priority amongst key policy and legislative stakeholders. - Lack of awareness about the SFO to be considered a priority. 	<p>Failure to engage with key policy influencers and legislators on relevant issues.</p>	<p>Sub-optimal legislative environment for SFO cases. Loss of confidence in our ability and reputation impact.</p>
<p>Technology:</p> <p>Inadequate cyber security including:</p> <ul style="list-style-type: none"> - Unpatched vulnerabilities or system misconfiguration - Inadequate cyber security behaviours, processes and practices - Inadequate incident detection and response capability. 	<p>Successful cyber-attack against SFO systems and data.</p>	<p>Confidentiality, integrity or availability of information is compromised leading to potential legal, financial or reputational damage.</p>
<p>Technology:</p> <p>Inadequate IT systems - resilience and Disaster Recovery planning and response.</p>	<p>Prolonged loss of access to some or all of SFO's IT systems, with potential loss of data. eg:</p> <ul style="list-style-type: none"> - An externally driven failure such as fire, flood or cyber-attack - An internally driven failure such as software or hardware malfunction. 	<p>Delayed or abandoned case progression leading to legal, financial and reputational damage.</p>
<p>Information:</p> <p>Inadequate management of records and datasets, including:</p> <ul style="list-style-type: none"> - Inappropriate use, unauthorised disclosure or loss of personal data - Unlawful retention of information beyond legal requirements - Inadequate behaviours to capture and track data appropriately. 	<p>A data breach occurs (including data loss), data is unavailable when required, or cannot be processed in line with legislation including the UK Data Protection regime and the Public Records Act.</p>	<p>Legal challenge, financial loss and/or reputational damage as a consequence of:</p> <ul style="list-style-type: none"> - Delayed, or abandoned case progression - External audit and/or regulatory action (e.g. the ICO), including a fine up to £17.5m - Non-compliance with legislation.
<p>Information:</p> <p>Ineffective data collection - and analysis to progress cases swiftly.</p>	<p>Strategy design (and evolution) and delivery performance reporting is inefficient and ineffective.</p>	<p>Financial and reputational damage.</p>

Cause - An element which has the potential to give rise to risk	Event - An occurrence or change of a set of circumstances	Consequence - the outcome of an event affecting objectives
Legal: Legal action taken against the SFO.	Legal action in relation to: - employment issues - casework related issues - loss of information/data	Financial and reputational damage.
Financial: Failure to consider, monitor and escalate potential financial cost and implications for wider budget.	Unanticipated financial costs breaching budget limitations.	Reprioritisation of wider organisational objectives due to reduced funding availability.

Further information on how risks are managed can be found within the Governance Statement on page 41.

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 SFO has secured funding for the current financial year via Spending Review 2020 and will agree future funding as part of the Spending Review 2021 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

This year has been an unprecedented year for the SFO and we are proud of how we have responded to the challenges.

Our positive net financial impact is almost £1.3bn over the period 2016-17 to 2020-21. This means that over this period, the SFO's contributions to Her Majesty's Treasury are 4.2 times greater than our cost to the taxpayer.

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 recovered over £220k in compensation, all of which will be paid to victims.

Our successes against our Business Plan include:

Operations

Throughout the year the SFO continued to use the full range of tools and orders to investigate and prosecute our cases and recover the proceeds of crime. This year we have secured:

- Four convictions of individuals. Four individuals were sentenced: three were sentenced from convictions obtained this year and one individual sentenced from a conviction obtained in the previous year, with a combined sentencing imposed of 14 years and 10 months of imprisonment.
- Two DPAs resulting in over £47m in fines, penalties and costs.
- 20 individuals and corporates charged (two against corporates were suspended due to entering DPAs with the SFO). These trials will take place in 2021-22 and 2022-23.
- Over £220,000 in compensation for victims.

People

The SFO has adjusted rapidly to working remotely for the majority of its workforce. This has brought benefits and challenges for our people and we have paid particular attention on supporting the health and wellbeing of our workforce during this period and identifying the lasting impacts for our workforce planning for the future in the changing landscape of the workplace.

HMCPSI undertook an inspection of the SFO in July 2020. The findings recognised our commitment to supporting the health and wellbeing of our staff through regular, high quality and effective communication.

Our most recent civil service people survey, published in December 2020, showed an increase of 7% on leadership and managing change. We achieved a 16% increase from the previous year in our staff feeling that senior managers are sufficiently visible – a good achievement at any time but more notable as this covered the period of significant levels of remote working.

This year, 21 trainees graduated from our investigative trainee programme. The programme continues to generate significant interest demonstrated through over 2000 applicants applying, yielding strong competition throughout the recruitment process.

Stakeholders

We have maintained and built upon our relationships with stakeholders throughout the year especially with our key partners. We have collaborated with our Government partners, including the National Crime Agency's National Economic Crime Centre (NECC). We contributed to a series of legislative and policy initiatives that affect the wider Criminal

Justice System and help us secure the tools and powers for our casework.

Technology

The events of this year have highlighted and reinforced the importance of our digital, data and technology services which all of our staff rely on. We have been working to enhance our technology provision to meet the challenges of Covid-19 including introducing video conferencing technology and building the resilience of our network to support greater remote working. We have enabled our investigative work to continue during the pandemic by continuing to process digital material and evidence for our case teams.

“ ...the SFO’s contributions to Her Majesty’s Treasury are 4.2 times greater than our cost to the taxpayer ”

PERFORMANCE ANALYSIS



Our Performance this year

Whilst we had a number of successes in our casework during the year, we also encountered challenges. We will continue to learn from these events.

We successfully defended three grounds raised at the Divisional Court following Judicial Review launched by KBR Inc on the use of our Section 2 powers. Subsequently, KBR Inc sought only to appeal to the Supreme Court on only one of the three grounds. On 5th February 2021 the Supreme Court found against the SFO on this matter. This concerned the extraterritorial reach of our Section 2 powers to compel foreign companies to produce documents to the SFO which were held overseas. We will continue to use our strong international relationships and other existing tools such as Mutual Legal Assistance to secure crucial evidence for our cases. The SFO was liable to costs incurred by the prosecution of an estimated amount of £600,000.

In March 2021 the SFO received an adverse judgment at an employment tribunal brought by the former case controller on this investigation who had claimed unfair dismissal.

The SFO is appealing this decision.

In July 2019 we entered into a DPA with Serco Geografix Limited, under which SGL paid a financial penalty of £19.2 million, and the full amount of the SFO's investigative costs (£3.7m). This was in addition to the £12.8m compensation already paid by Serco to the MoJ as part of a £70m civil settlement in 2013. Two individuals were charged in December 2019 in connection with this case. Subsequently, on 26th April 2021 the SFO offered no evidence at their trial after a review of the disclosure process. The judge directed the jury to return verdicts of not guilty and the SFO accepted liability for reasonably wasted costs in respect of the trial. A full review and lessons learnt is being undertaken by a leading QC and remains at the forefront of implementing control procedures to ensure this is not repeated in the future.

Our casework

This year we have opened eight new criminal investigations including an investigation into a suspected fraudulent scheme operated by Raedex Consortium. We also publicly announced a further two ongoing investigations: We are investigating Bombardier Inc over suspected bribery and corruption in relation to contracts and/or orders from Garuda Indonesia; and, our investigation into Airline Services Limited which on 30 October 2020 resulted in a DPA.

We have charged 20 individuals and corporates, of which two charges against corporates were suspended due to entering a DPA. We have closed 12 criminal investigations without charge this year, of which nine had been open for over four years. 19 individuals and organisations were awaiting trial at the end of the year.

Highlights of our operational performance this year include:

- Obtaining the convictions of three individuals in July 2020 and February 2021, in addition to the guilty plea secured on a fourth individual in July 2019, as part of investigations into Unaoil executives' corrupt payments for oil contracts in post-occupation Iraq. These investigations revealed \$17 million worth of bribes to secure contracts worth \$1.7 billion for Unaoil and its clients.
- Obtaining further convictions for additional bribery offences committed by a former senior Petrofac executive. These offences relate to corrupt offers and payments to influence the award of contracts in the United Arab Emirates worth approximately \$3.3 billion. This guilty plea was in relation to their role in offering and making corrupt payments to agents to influence the awards of an engineering, procurement and construction contract to Petrofac in 2013 (and a variation to that contract awarded in 2014) on the Upper Zakum UZ750 Field

Development Project, and a front-end engineering design contract awarded to Petrofac in 2014 on the Bab Integrated Facilities Project, each located in Abu Dhabi. Total payments of approximately \$30 million were made, or were due to be made, by Petrofac to those agents in connection with these contracts.

- Entering into a DPA with G4S Care & Justice Services (UK) Ltd (G4S C&J). Under the terms of the DPA, G4S C&J accepted responsibility for three offences of fraud against the Ministry of Justice (MoJ). These offences arose from the scheme to deceive the MoJ as to the true extent of G4S C&J's profits between 2011 and 2012 from its contracts for the provision of electronic monitoring services. The scheme was designed to prevent the MoJ from attempting to decrease G4S C&J's revenues under those contracts. G4S C&J agreed to pay penalties and costs totalling £44.4 million. Additionally, the terms of the DPA bind G4S C&J to wide-ranging compliance obligations and improvements, including periodic review, assessment, and reporting of G4S plc's and G4S C&J's internal controls, policies and procedures by a third-party reviewer. These compliance obligations are a critical component of the DPA, offering substantial oversight and assurance regarding the future corporate conduct of a major UK government supplier.

-
- Entering into a DPA with Airline Services Limited (ASL) which requires ASL to pay over £2 million in financial penalties and disgorgement of profits. ASL accepted responsibility for three counts of failing to prevent bribery, arising from the company's use of an agent to win three contracts, together worth over £7.3 million, to refit commercial airliners for Lufthansa. The company is also obliged to fully co-operate with the SFO and any other domestic or foreign law enforcement agency.

The SFO continued to attend court hearings throughout this difficult year using Her Majesty's Courts and Tribunal Service Cloud Video Platform. We adapted our witness needs assessment questions to reflect the pandemic, talked to our witnesses and were able to offer those witnesses

uncomfortable with traveling to central London the opportunity to give their evidence from home.

The SFO continued to investigate London Capital and Finance Plc, 3,825 victims in this case responded to our online questionnaire and all the victims identified as requiring help were successfully contacted and relevant support provided.

The SFO fully engaged with the Ministry of Justice consultation on the new Code of Practice for Victims of Crime published in April 2021, ensuring there was voice for victims in large complicated fraud cases. The SFO continue to work to improve the service we provide our victims and witnesses; we provide regular updates on case progression on our website; needs assess all those we contact; and, make sure victims have the access to the support they require.



The SFO continue to work to improve the service we provide our victims and witnesses



Proceeds of crime and international assistance

The Proceeds of Crime and International Assistance Division predominantly uses powers under the Proceeds of Crime Act 2002 (POCA) in pursuit of criminal funds through restraint, confiscation and civil recovery action. These include: Unexplained Wealth Orders, Account Freezing and Forfeiture Orders. The Division also provides assistance to overseas authorities by freezing and confiscating assets in the UK on their behalf.

Despite challenges arising from the Covid-19 pandemic on court processing times, the team continued to work in pursuit of individuals and corporates to recover the proceeds of crime and demonstrate their commitment to compensating victims. The team sought Confiscation Orders and the Court's reconsideration of previous Confiscation Orders where further realisable assets were available. To that end we obtained Confiscation Orders valued at £5.6m. A total of £5.7m was recovered on orders this year and outstanding orders from previous years, with £200k paid as compensation to victims. The compensation was collected from Orders made in previous financial years. The SFO will seek Compensation Orders where there are victims; no Compensation Orders were sought during this year as there were no identifiable victims in the cases where Confiscation Orders were made.

The team continued to conduct Civil Recovery investigations involving applications to the High Court to show that, on the balance of probabilities, the assets being pursued were the proceeds of crime. Approximately £1.2m was recovered.

Proceeds of Crime

To illustrate our results below are some of our success stories:

- On 13 July 2020, two defendants were ordered to pay Confiscation Orders of £2.9m and £2.5m respectively. The former Chief Executive Officer and Chief Operating Officer of Afren, were each found guilty of one count of fraud and two counts of money laundering in October 2018.
- On 30 July 2020 SFO investigators successfully obtained an Account Forfeiture Order for £52k. In March 2019 the SFO commenced an Account Forfeiture investigation into money suspected to be recoverable property. The funds were being transferred by a defendant who was successfully prosecuted and convicted in 2018 for fraud offences. The defendant was transferring funds in respect of the purchase of a commercial property and was suspected to be deliberately bypassing the usual procedure of due diligence and money laundering checks by directly transferring funds directly to the vendor.
- In September 2020, the SFO obtained a Listed Asset order to recover over £500k worth of gold jewellery from the former partner of a convicted fraudster, on the basis that the jewellery was purchased either by the criminal or with the proceeds of his offending. The SFO's criminal investigation showed how the fraudster, who fled to another jurisdiction before charges could be brought, and his brother, defrauded a number of mortgage advisors into providing mortgages totalling £49.3m for properties worth only £5.6m.
- On 29 October 2020, an Account Forfeiture investigation was opened and an account with £400k was frozen. The account was linked to the successful prosecution of a defendant who used a chain of third party corporates under his ownership or control to further the fraud of which he was convicted,

one such company being based in Dubai. The company is no longer trading and the trading account is frozen awaiting forfeiture proceedings.

- On 13 November 2020 an out of court settlement was agreed between the SFO and a respondent for £1.2m plus £57k in costs. In November 2020, a civil recovery investigation linked to a UK property believed to be wholly or partly purchased with the proceeds of crime came to a conclusion. The property was owned by a Brazilian National who had entered into a plea agreement with Brazilian authorities in relation to bribery charges being brought against him. The SFO identified that £1.2m was used as part of the purchase funds for the property and was directly linked to criminality and therefore deemed recoverable funds. The settlement amount represented 24% of the value of the property.
- On 14 January 2021, the SFO successfully sought an increase in the original Confiscation Order of one defendant bringing the total confiscation amount

to £270k. Following a conviction for conspiracy to defraud, in August 2011 the defendant was made the subject of a Confiscation Order where the benefit figures was £1.1m and the available amount £107k. The defendant was found guilty of running a high-pressure share-pushing scheme from Spain to defraud around 1,250 UK-based investors out of over £7 million. The SFO discovered that the realisable assets of the defendant were greater than previously thought and following a further investigation, an increase to the original Confiscation Order was sought. The full amount recovered will be used to compensate victims.

International Assistance

The SFO is able to use its powers under the Criminal Justice Act 1987 to obtain evidence for overseas investigations and prosecutions pursuant to incoming requests for Mutual Legal Assistance. This interaction with overseas investigators and judicial authorities furthers the SFO's strategic objective to "develop, and strengthen, constructive relationships with partners both in the UK and internationally".

“A total of £5.7m was recovered on orders this year and outstanding... with £200k paid as compensation to victims”

Intelligence

In 2020 our Intelligence Division undertook a series of threat assessments to enable us respond to the changing landscape of economic crime. Drawing on experience of staff and working across our Economic Crime (EC) partners ensures we are focused in the right places. By doing so, we will find the next generation of cases which represent the significant issues facing the UK as a global financial centre. These threat assessments have influenced the work of our partnership working groups and form an integral part of the annual work plans across the EC landscape.

We continue to prioritise the development of high quality intelligence to develop our cases and remain alive to emerging threats. We have set an ambitious strategy to achieve this over 2021-22 focused on four themes:

- international bribery and corruption in a changing world;
- the 2021 threat landscape;
- getting ahead of investment fraud; and
- the growth of Cryptocurrency.

By homing in on the information we want to collect and using it to best effect, we will bring forward the next generation of cases at the SFO.



We continue to prioritise the development of high quality intelligence to develop our cases



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 COO, the Chief Investigator and the Chief Intelligence Officer (CIO).

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 ensure that an appropriate level of 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. Three 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 hypotheses 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. In light of the disclosure challenges in the Serco trial, we will be focusing and reviewing the Operational Handbook as part of the lessons learned exercise we are undertaking.

This will be reviewed as part of our lessons learned exercise on the recent trial of former Serco employees.

CRPs ensure that appropriate level of scrutiny and challenge is given to every case

Covid-19

The SFO continued to adhere to Government guidelines on working from home in order to stop the spread of Coronavirus and protect the NHS. Throughout the year, over c90% of our staff continued to work from home.

Our Contingency Planning Group which was set up to address the immediate issues and concerns from staff and to assess the effectiveness of our plans and the impact on our business continued to operate throughout the year. The group's focus was to tackle immediate and emerging issues created by the new working environment which included supporting staff working at home, and those who continued attending the office, and maintaining the systems and technology needed to enable staff to maintain productivity.

We introduced video conferencing technology to enable staff working remotely to connect with colleagues and their teams and extended it to enabling core investigative activity such as section 2 interviews to be conducted remotely or by telephone. We kept our digital forensics capability operational throughout processing the material we need to maintain pace in our investigations.

We brought defendants to trial during the pandemic. We worked with colleagues in the Criminal Justice System and the courts to enable these trials to continue during the restrictions, supporting victims and witnesses who need to attend to give evidence whether in person or remotely. The SFO adapted its victim and witness needs assessments to establish the personal circumstances of witnesses in relation to the pandemic. In one trial, working closely with HMCTS, we were able to accommodate all the civilian witnesses giving evidence from home via the cloud video platform.

The SFO also established the Strategic Covid Planning Group (SCPG) as a forward-looking and horizon scanning group to provide strategic and tactical oversight, working to anticipate and proactively plan for:

- The operational work of the SFO;
- The health, safety and well-being of our staff;
- The recruitment and induction of new staff;
- The development of staff; and,
- Work with partners across government to share learning and understanding of the impact on our work.

The SCPG is also planning for the longer term, and the lasting impact of the pandemic on how we work with a commitment to hybrid working for staff, subject to business need, so that we can continue to deliver the SFO's cases whilst offering flexibility to staff as to where they carry out their work.

EU Withdrawal

On 31 December 2021 the Transition Period that began when the UK ceased to be a member of the European Union on 31 January 2020 ended. At this point, a new Trade and Cooperation Agreement between the UK and the EU began. As our investigations often have significant international elements, it was essential that the SFO ensured that it was fully prepared for the outcome of the negotiations, in respect of EU law enforcement and judicial cooperation tools and measures, to ensure a smooth transition into the new relationship with the EU.

The SFO's EU Exit team prepared the business for the potential outcomes at the end of the transition period by engaging with operational partners and other government departments throughout the transition period whilst conducting a full triage of the SFO's casework, delivering bespoke advice to affected case teams and ensuring all transition considerations were taken into account in every relevant case. The result was that all EU tools

and measures (such as European Arrest Warrants, European Investigation Orders, and Asset Freezing and Confiscation tools) that could have been operationalised prior to the end of the transition period were put into operation so that they would continue to be dealt with under the previous regimes as provided for by the terms of the UK-EU Withdrawal Agreement.

Stakeholder engagement and contributions to cross-Whitehall policy development

This year has seen the SFO build on its long-standing relationships with UK and international partners, at both strategic and operational levels. We have continued to maintain and strengthen these relationships and seek out new opportunities for collaboration despite the unique situation and challenges presented by the global Covid-19 pandemic.

In response to the pandemic, the SFO along with its partners modified our methods of engagement and collaboration. In doing this, we minimised the impact of the national and global restrictions, ensuring the SFO was able to actively contribute and influence in both domestic and international settings.

Domestically, the SFO has continued to support and contribute to the Government's Serious and Organised Crime (SOC) Strategy. We are part of the law enforcement led delivery of the Government's Economic Crime Plan (ECP) objectives, and the collaborative work on the fraud reform programme. The SFO contributes to the overall governance to combat economic crime through participation in the Economic Crime Strategic Board, jointly chaired by the Home Secretary and the Chancellor, which is supported through the Economic Crime Delivery Board coordinating work across HMG. Through this, the SFO is able to carry out its niche role within the criminal justice system of investigating and prosecuting the top tier of serious or complex fraud, bribery or corruption, whilst ensuring our expertise and work also supports the delivery of ECP and SOC strategies and objectives.

Recognising the SFO's role in the economic crime landscape the Director participated in a number of events this year including a Royal United Services Institute webinar giving a keynote speech on future challenges in economic crime, and the Trace International Virtual Forum Q&A panel focussing on the SFO's insights on enforcement trends and priorities in the UK.

In addition, as an established and experienced law enforcement agency, the SFO continues to contribute to the cross-Government response to Covid-19 related public sector funding frauds and the newly emerging associated fraud threats (PPE mis-selling and vaccine supply) alongside key government and law enforcement partners.

The SFO has been consulted on, or contributed to, a diverse range of legislative and cross-Whitehall policy developments relevant to our work. These include reviews of the legislative frameworks governing the investigative and prosecutorial powers we use such as pre-charge bail; disclosure in criminal cases; and covert human intelligence sources. Through these, we have successfully influenced legislative amendments that will enable the SFO to continue to deliver justice fairly and more effectively, by better equipping us with tools and powers that are commensurate to the complexity of our casework.

Alongside maintaining relationships with Law Enforcement partners, Whitehall departments, Ministers, and policy leads, the SFO also has a role in supporting parliamentary committee work. The Director met with the All Party Parliamentary Group (APPG) on Whistleblowing to discuss the UK's whistleblowing framework and the relationship of the framework with the SFO's work.

The SFO works closely with the AGO to ensure both the Law Officers and parliament are kept informed of SFO work and progress. Key avenues of parliamentary scrutiny include Attorney General's Questions, Justice and Treasury Select Committees, where parliamentarians regularly examine our work

and delivery, and are able to ask or table (at AGQs) questions about our work, progress and results. We regularly support these with facts, information and briefings as required.

Additionally, we continue to engage with the Law Commission on reviews relevant to our core business such as its review of the Proceeds of Crime Act confiscation regime. Through this, we provided operational insight and guidance on the SFO experience of the work within the current regime and any challenges identified.

Having played a significant role in the establishment of the NECC, two years on the SFO considers the NECC a key strategic and operational partner. The SFO continues to actively contribute the NECC, not only through SFO seconded staff, but through working more closely with NECC partners, including the City of London Police and the NCA to ensure casework is joined up, and that we are using our skillsets to the fullest. We remain committed to delivering justice effectively and believe that this will be achieved by working together through a true multi-agency approach. This is exemplified through the SFO's contribution to the NECC's national law enforcement campaign Operation Otello targeting high-harm frauds, that includes Operation Giantkind, a focus on investment fraud.

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. The SFO continues to co-chair the multiagency Bribery & Corruption Sanctions Evasion Threat Group. These activities are underpinned by Memorandums 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.

The SFO's role in fighting corruption continues to develop and expand. We are committed to supporting the work of Home Office's Joint Anti-Corruption Unit including as an active member of the UK's delegation at the Organisation for Economic Co-operation and Development's (OECD) Working Group on Bribery. Recognising the SFO's skill and experience, we were an integral member of the lead assessment team for the OECD Working Group on Bribery's Phase 4 evaluation on the United States' implementation of the OECD's Convention of Combatting Bribery of Foreign Public Officials in International Business.

The SFO as the only UK law enforcement agency to utilise the DPA as a prosecution tool, has provided increased support and guidance to other jurisdictions seeking to develop a similar framework. This is in addition to having published in redacted format our revised internal guidance Operational Handbook chapter on DPAs, to help share expertise and expand the knowledge and understanding of interested stakeholders.

Through virtual methods, we have delivered training and information sessions focussed on capability building through sharing our expertise with criminal justice partners including Australia, Indonesia, Singapore, Mexico and South Korea. This is in addition to participation in International Law Enforcement Networks (LEN) such as the Latin America and Caribbean Anti-Corruption LEN to share experience.

Digital and technological capability

A key focus for this year has been enhancing our technology provision to meet the challenges of the pandemic and remote working. This included implementing new video conferencing capabilities to improve remote collaboration and increasing our network capacity and resilience. We have adapted our technology support model to meet the challenges of supporting a more dispersed workforce. We have also developed solutions to support new ways of working across the organisation, for example enabling interviews to be carried out remotely.

Our Digital Forensic unit has continued to provide a vital flow of evidence to case teams despite restrictions on office attendance due to the pandemic. During this year we have continued to build our skills and capabilities, implemented process improvements and made greater use of automation. We plan to further enhance our capabilities in this area in the next financial year. We processed over 7.3 million items* this year.

This year we have focussed on moving our cases from old systems to newer systems that have better functionality. This will allow teams to benefit from the advanced analytical capabilities provided by our e-Discovery platform.

We continue to evolve our Information Governance through a new framework of policies, roles and responsibilities for information risk management. Updated guidance and e-learning on handling personal data has also been issued to all staff this year, including in response to the pandemic, as well as changes to the international data transfer regimes throughout the withdrawal from the EU. We continue to work closely with law enforcement partners and policy leads in and across government around international data sharing post-EU exit. We continue to select historical case and corporate records for preservation at The National Archives in line with the Public Records Act 1958.



We have adapted... to meet the challenges of supporting a more dispersed workforce



* Items include databases, spreadsheets, documents, drawings, emails, images and other files.

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 2020 was 62%, a slight reduction of 1% compared with 2019. We have seen success with our drive to promote greater inclusion and fair treatment in the SFO with a reduction in discrimination, bullying and harassment. We will continue striving to create an inclusive and fair organisation for all staff. One of our commitments is to improve the leadership and management of the SFO. This year we saw a 7% increase overall in this area. Notably, there was a 16% increase in relation to visibility of senior leaders and managers.

All civil servants are entitled to five days of learning and development each year. During 2020-21, SFO staff undertook 1,757 days of training which equates to an average of 3.67 days per person, as compared with an aspirational target for all staff to receive 5 days learning per year. We are focussing on doing more in this area after a drop in our People Survey results. This includes a new leadership and management development portfolio offering for all staff to improve their leadership and management capabilities, through a guided learning package.

As part of our commitment to developing our people and in response to a leadership inspection carried out by HMCPSI, in 2019 the Director launched a three year Culture Change Programme.

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 the group overseeing the programme and we are continuing to develop a series of training and development programmes to support staff at all levels.

Successes so far include:

- completing the roll-out of a Talent Management Programme to all staff. Talent management discussions are now part of the routine annual management cycle;
- launching a new Professional Qualifications and Supplemental Training Policy to support those staff looking to attain professional qualifications;
- appointing a further eleven trainee investigators to our trainee programme;
- appointing three apprentices on Business Administration apprenticeships;
- launching an on-line GP service to provide staff with access to GP services 24/7;
- appointing four new Mental Health Allies to provide support to colleagues with mental health issues;
- launching a new Dispute Resolution Policy with the focus on resolving issues

between staff and to help to create a more harmonious working environment;

- training two staff as mediators to support in resolving issues between colleagues;
- launching a “simply thanks” scheme to recognise contributions made by colleagues;
- launching a new Gender Identify and Intersex policy to support all colleagues in relation to gender identity issues; and
- launching a new training initiative using Action Learning Sets for our Band A leaders and managers with the aim of giving Band A's confidence to address complex issues by discussing these in a supportive group environment to produce new ideas.

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) and continue to engage constructively with all of them on a wide range of matters.

The 2020-21 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 1% and 2.8%.

“ One of our commitments is to improve the leadership and management of the SFO ”

Financial Performance

HM Treasury sets the budgetary framework for government spending. The total amount a department spends is referred to as the Total Managed Expenditure (TME) which is split into:

- Departmental Expenditure Limit (DEL)
- Annually Managed Expenditure (AME)

As part of spending review, which normally occurs every three to five years, HM Treasury set limits for DEL budgets, as DEL budgets are understood and controllable. AME budgets are agreed with HM Treasury each year, as these capture spending which is more volatile or demand led.

In addition to being split into DEL or AME, department's budgets are also split into Resource or Capital categories. Resource budgets capture current expenditure (including depreciation, which is the current cost associated with fixed assets, and is ringfenced) whilst Capital budgets capture new investment and financial transactions.

Further analysis of budgets is between Programme and Administration costs. Programme budgets capture expenditure on front line services. Administration budgets capture any expenditure not included in programme budgets, such as enabling functions, rent and IT. They are controlled to ensure that as much money as practicable is available for front line services.

The SFO's Resource DEL outturn for the year totals £65,477k against a voted limit of £66,877k, an underspend of £1,400k. Capital DEL was underspent by £2,361k.

The Department has incurred an Excess of £2,550k as a result of costs being incurred in the Serco Geografix Limited case. As referred to on page 18, two individuals were charged in December 2019 in connection with the Serco case and the trial commenced on 29 March 2021. On 26

April 2021 the SFO offered no evidence at their trial after a review of the disclosure process. The judge directed the jury to return verdicts of not guilty and the SFO accepted liability for reasonably wasted costs in respect of the trial. The incurring of the costs has been treated as an event after the reporting period and an adjustment made in the accounts. As a result, there was no opportunity to request budgetary cover and the Voted Resource AME control total has been exceeded, resulting in a qualified audit opinion and an Excess Vote. The Department will seek parliamentary approval by way of an Excess Vote in the next Supply and Appropriation Act.

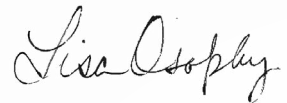
The 2019 Spending Round, set the SFO's financing for 2020-21 and renewed the principle that access to Reserve funding will continue to be a part of the SFO's settlement for those cases where costs are above £2.5m (5% of non-ringfenced DEL). This additional financing will continue to be agreed with HM Treasury on a year by year basis and confirmed in the Supplementary Estimate.

The net Resource DEL has increased by £13.5m since the Main Estimate was agreed. Of the increase, £9m is attributed to cases which will cost above £2.5m for the year.

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 120.



Lisa Osofsky
Lisa Osofsky
Accounting Officer
9 July 2021





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Corporate Governance Report

Director's report

The Governance Statement on page 41 sets out the governance, risk, assurance and internal control framework. The SFO's governance arrangements are implemented in line with HM Treasury's and Cabinet Office's Code of Good Practice for Corporate Governance.

We are an Arm's Length Body that is sponsored by the Attorney General's Office (AGO), the formal relationship and responsibilities between the AGO and SFO are set out in a Framework Agreement which was published on 21 January 2019. Throughout 2020-21 we have developed a governance framework that will hold the responsibility of overseeing, challenging and managing the risks to the delivery of our organisational objectives. Within this framework, the SFO Board is the senior governance body supported by a series of committees and groups.

Departmental assurance process on management of interests and business appointments

The SFO has a policy for the declaration and management of interests in place for all staff. This policy aims to ensure that all staff are able to recognise any potential conflict of interest and ensure that this does not affect, or appear to allow their judgement or integrity to be compromised. The policy exists to protect the Serious Fraud Office and its investigations and prosecutions and adheres to the requirements of the Civil Service Management Code (section 4.3).

It also ensures that any outside employment held by Senior Civil Servants does not present a conflict of interest.

In particular:

- All staff are required to complete a 'Register of Interests' form as part of the SFO

recruitment checks, whether they have a conflict of interest or not.

- All staff are required to re-submit the Register of Interest form whenever their circumstances change.
- All staff must declare any new conflicts as part of the annual security appraisal process or if circumstances change.

There is also a mandatory requirement for all staff to complete Conflicts of Interest training annually.

Personal data related incidents

One personal data breach was reported to the Information Commissioner's Office (ICO) in the accounting period. The ICO decided there was no further action needed on the matter. There were 49 non-reportable data-related incidents recorded.

We conducted an exercise to understand how the breach occurred and subsequent new controls have been embedded to mitigate a recurrence of this particular type of breach which now requires additional manual confirmation steps before information is released.

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 2020-21 was £55,000, (2019-20: £50,000), and £5,000 (2019-20: £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 she takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

An Additional Accounting Officer has been appointed for instances where the Director is not available. This arrangement has not been called on this year.

Governance Statement

Scope of responsibility

This statement covers the SFO's governance arrangements for the year ended 31 March 2021 for both the Departmental Resource Accounts and the SFO's Trust Statement at page 99.

The Director is responsible for the discharge of the organisation's functions through the SFO's Board, Executive Committee (which replaced the Executive Group in November 2020), Audit & Risk Committee and other supporting governance forums. She is supported by the SFO's Chief Operating Officer (COO) who has responsibility for overseeing the organisation's operational work and the Chief Capability Officer (CCO) who has responsibility for the full range of corporate and technology functions, and acts as catalyst and sponsor for new initiatives. In the last Annual Report and Accounts it was noted that the Director created the CCO role and Michelle Crotty was appointed in August 2020.

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

A Framework Agreement published in January 2019 sets out the relationship between the Law Officers and the Director. 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 (MSB) which meets three times per year.

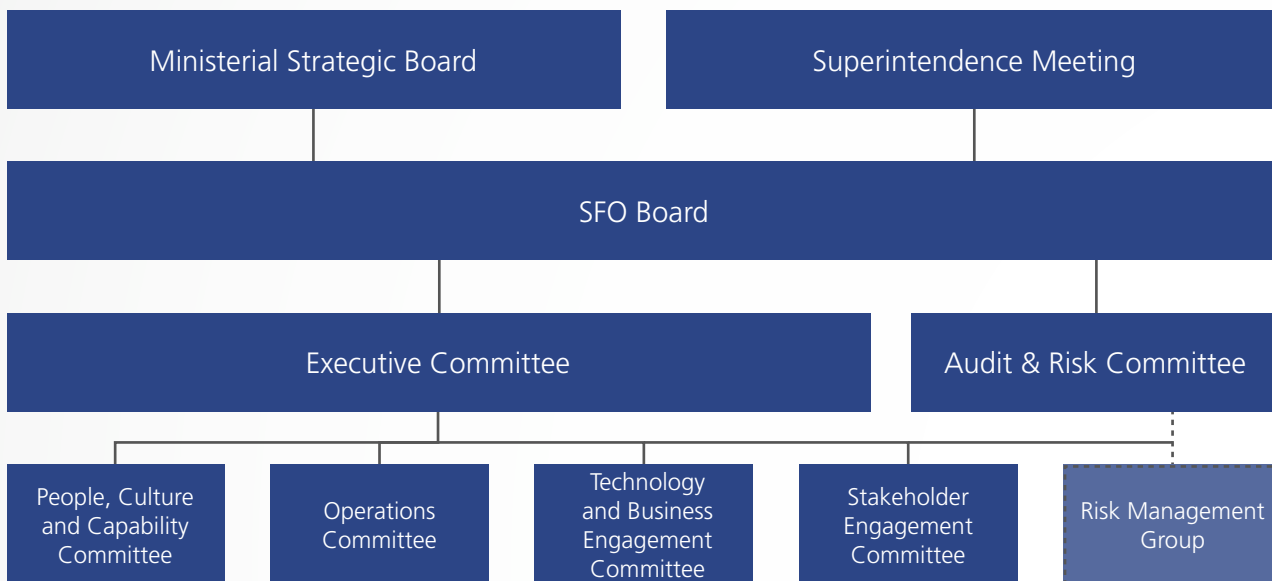
The Board's overarching aims are to oversee the strategic direction for the SFO and to hold the SFO to account for delivery of its strategic objectives. Other responsibilities include supporting the roles and responsibilities of the Law Officers and the Director, agreeing and supporting the SFO's engagement priorities and reviewing financial management, performance and efficiency.

The MSB is chaired by the Attorney General or the Solicitor General and its membership comprises the Law Officers, the Director, the Director-General (AGO), the COO, and an appropriate non-executive director. The CCO, Chief Financial Officer and the Chief Inspector of HM Crown Prosecution Service Inspectorate also attend as required.

The Attorney General's superintendence extends to matters encompassing SFO casework. Regular superintendence meetings are held between the Attorney General and Director of the SFO to discuss cases which are particularly sensitive, or have the potential to set precedent or hold implications for prosecution of criminal justice policy. These meetings are designed to provide assurance to the Law Officers on the appropriate decision making of the SFO in its casework. Any other meetings are convened as required between the Law Officers and the Director of the SFO.

Committee 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 Committee and the Audit and Risk Committee. There are also four sub-committees which support the Executive Committee in achieving the SFO's objectives across our four priority areas (Operations, People, Stakeholder and Technology). 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.



In April 2020, our governance was revised to establish four committees, with delegated authority from the Executive Group (now Executive Committee), to provide clear governance of the SFO's key priorities – Operations, People, Stakeholders and Technology.

These four committees are the:

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

The work of the Executive Committee and its sub-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, victims and witnesses and community engagement and charities. These groups are aligned under the governance of the relevant committee to provide oversight, risk assurance and quality control.

The membership of the Board, Executive Group Committee 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. The membership of the Board, Executive Committee 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.

Executive



Lisa Osofsky

Director

Lisa Osofsky 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 in August 2018, 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 7 Board meetings as Chair in 2020-21

3 out of 3 Audit and Risk Committee meetings in 2020-21



John Carroll

Chief Operating Officer

John Carroll joined the Serious Fraud Office in June 2014 as Head of Law Enforcement Liaison and International Assistance. His permanent appointment as Chief Operating Officer was confirmed in May 2020.

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:

7 out of 7 Board meetings in 2020-21

3 out of 3 Audit and Risk Committee meetings in 2020-21

Sara Lawson QC

General Counsel

Sara Lawson 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.

Attended:

7 out of 7 Board meetings in 2020-21



Michelle Crotty

Chief Capability Officer from 10 August 2020

Michelle Crotty joined the SFO in August 2020 from her role as Director of Strategy at the National Crime Agency. Michelle has spent the last 14 years working in a range of government departments including as Director at the Attorney General's Office and Deputy Director at the Sentencing Council, an Arm's Length Body of the MoJ. Prior to entering the civil service she was a partner in a leading London legal aid practice

Attended:

4 out of 4 Board meetings in 2020-21

2 out of 2 Audit and Risk Committee meetings in 2020-21



Liz Corrin

Chief Financial Officer

Liz Corrin 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. She is a Fellow of the Institute of Chartered Accountants in England and Wales.

Attended:

7 out of 7 Board meetings in 2020-21

3 out of 3 Audit and Risk Committee meetings in 2020-21



Non-Executive Directors



Martin Spencer

Martin Spencer was appointed in March 2019. Martin has a background in economics, business leadership and IT consulting. Martin 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, the NHS Counter Fraud Authority and joined the Audit Committee of the London Fire Brigade.

Attended: 7 out of 7 Board meetings in 2020-21
3 out of 3 Audit and Risk Committee meetings in 2020-21



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 before taking up a portfolio career as an independent board member, adviser and charity trustee. Sanjay is also an active and recognised leader of Equality, Diversity and Inclusion strategies. He is a member of the government sponsored Parker review on ethnicity on UK Boards and is Chair of Kick It Out, English footballs leading equality and inclusion charity.

Attended: 6 out of 7 Board meetings in 2020-21
3 out of 3 Audit and Risk Committee meetings in 2020-21



Emir Feisal

Emir Feisal was appointed in March 2019. Emir 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. Alongside his non-executive director commitment, Emir sits as a Commissioner for the Judicial Appointments Commission, and as a Presiding Justice in the Adult Court. Emir also sits as a Committee member on the Public Service Honours Committee and, is a Board member at the Driver Vehicle Standard's Agency and The Pension Ombudsman.

Attended: 7 out of 7 Board meetings in 2020-21
3 out of 3 Audit and Risk Committee meetings in 2020-21



Magnus Falk

Magnus Falk was appointed in July 2019. Magnus 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. More recently he has served on the boards of a bank and a data centre provider as well as being a Senior Advisor to the Financial Conduct Authority. He is currently a CIO advisor at Zoom.

Attended: 7 out of 7 Board meetings in 2020-21
3 out of 3 Audit and Risk Committee meetings in 2020-21

The Board

The Director chairs the Board and its membership additionally comprises the COO, CCO, General Counsel, CFO and the four non-executive directors.

In 2020-21, the Board met seven 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. In the previous 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 approves it;
- sets the priorities for the SFO's annual Business Plan and approves it;
- monitors progress against the Strategic Plan and annual Business Plan;
- reviews the Annual Report and Accounts;
- 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 Committee 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. An example of this are the series of senior leadership away days which were across January to March 2021. This series of away days was scheduled to discuss the SFO's future ambitions including refreshing our mission, priorities and strategic objectives for the coming years, to set the foundation to build a new strategic plan for 2022-23 onwards.

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 Committee

In November 2020 the Executive Group agreed to create a new weekly Executive Committee made up of the Director, COO, CCO and General Counsel to replace the Executive Group with increased clarity and accountable leadership at the top of the SFO. The Committee meets weekly to allow for strategic decision making in a more agile manner. It is the principal senior management authority responsible for delivering the SFO's Strategic Plan effectively, efficiently and economically through its Business Planning process.

The Executive Committee (ExCo):

- 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, and scrutinising performance against the Business Plan and taking appropriate action to ensure successful delivery;
- Assures the Board, through its Audit and Risk Committee that controls are in place, fit for purpose and are operating as intended;
- Ensures the SFO's core values are embedded within the culture of the organisation with support of the Culture Change Programme;
- Develops and communicates strategic plans and decisions;
- Delegates regular operational oversight and decision making arrangements to the four supporting Sub-Committees (People, Stakeholder, Technology and Operations) and that they escalate issues as necessary in accordance with their roles and responsibilities;
- Oversees the work of and decides upon matters escalated by Sub-Committees or Divisions; and
- Ensures sound financial management and scrutiny to achieve business objectives.

The Executive Committee 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, there are other occasions when the Executive Committee may meet to discuss important issues that could affect the SFO's strategy, results or performance.

Executive Committee Sub-Committees

The following four sub-committees report into the Executive Committee. During the year, they were chaired by either the General Counsel, Chief Operating Officer or Chief Capability Officer:

- **Stakeholder Engagement Committee** – under delegated authority from the Executive Committee, the Stakeholder Engagement Committee is responsible for developing and maintaining constructive relationships and effective communications with its stakeholders and external partners, to reinforce the SFO's reputation and recognition as a specialist investigation and prosecution authority tackling the top level of serious or complex fraud, bribery and corruption.
- **People, Culture and Capability Committee** – under delegated authority from the Executive Committee, the People, Culture and Capability Committee is responsible for overseeing the delivery of the SFO's People Strategy and related policies and ensuring the SFO has the right capacity, resource and expertise to deliver its strategic objectives and business plan. Ensuring the SFO's values and behaviours are embedded within the organisation to make the SFO a truly inclusive workplace for all.

- **Operations Committee** – under delegated authority from the Executive Committee, the Operations Committee is responsible for governance and oversight of all operational activity and relevant working groups responsible for effective case progression, operational guidance and training, and organisational learning to ensure that all operational activity is conducted lawfully and in accordance with the DSFO’s Statement of Principle.
- **Technology and Business Engagement Committee** – under delegated authority from the Executive Committee, the Technology and Business Engagement Committee oversees the digital, data and technology (DDaT) strategy for the Serious Fraud Office and provide authority and guidance as required to ensure its delivery. It also ensures that the strategy, approach and solutions are underpinned by the needs and requirements of the SFO business and are fully aligned to its strategic objectives and business plan.

Audit and Risk Committee (A&RC)

The Committee is chaired by a non-executive director (NED) and meetings are attended by all current NEDs who comprise the core membership as standing members. Other attendees who are considered by the Chair for invitation at each meeting include: the Director of the SFO (in their capacity as Accounting Officer); COO; CCO; CFO; and Head of Governance. Representatives from the SFO’s Internal Audit function and the National Audit Office are also invited to attend, providing the Committee with independent assurance to discharge its responsibilities appropriately.

The Committee supports the Director in her role as Accounting Officer. It reviews and assesses the reliability of the assurances that the Director and Executive Committee 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 (RMG)

Working with the Executive Committee 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. It is responsible for ensuring that the SFO’s Risk Registers are up-to-date and accurately reflect the risks faced by the organisation. The RMG challenges risk management across business functions managed via the four governance committees - Operations, People Culture & Capability, Stakeholder Engagement, Technology and Business Engagement, and holds the Chair of each committee to account. During 2020-21 the chair of the (RMG) changed from the Chief Investigator to the CCO.

Other committees and groups

Case Evaluation Board (CEB)

The CEB is chaired by General Counsel. 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 COO, the Chief Investigator and the CIO.

Case Review Panel (CRP)

The CRP is chaired by General Counsel. 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 but will be reviewed at least, once as a requirement.

Strategic and Tactical Tasking and Co-ordination Group (STCG)

The STCG is chaired by the CIO and 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, the COO, CCO, heads of operational divisions and the CIO.

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 Committee lead on the SFO's approach to risk management. The RMG, a committee of the A&RC, provides advice and guidance to risk owners and an assurance to the Board and the A&RC 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.

We are evolving our approach to risk over the coming year to embed a more intrinsic approach to risk management that forms an integral part of our culture and enables us to identify, manage, and mitigate risks whilst taking advantage of

opportunities within our appetite. On 26 April 2021, after a review of the disclosure process, the judge directed the jury to return verdicts of not guilty and the SFO accepted liability for reasonably wasted costs in respect of the trial (see Note 13 and page 18).

Our principal risks at the end of 2020-21 are outlined on page 13. These risks were agreed by ARC, Board and ExCo as the risks and opportunities that are key to the SFO achieving its strategic objectives.

Risk registers

The Strategic Risk Register (SRR) is a log of individual risks which carry the potential to impact upon the design and delivery of the SFO's strategic aims and objectives. The SRR is updated regularly and is reviewed and monitored by the Board, A&RC, Executive Committee and RMG. We phased out the SRR in 2020-21 and replaced this with Principal Risks for the SFO.

During 2020-21 as part of the review of the governance framework, the SFO transitioned to a Functional Risk model. We moved to managing risk at the functional rather than divisional level. This allowed us to generate a common purpose and strengthen our approach to risk management. New Functional Risk Registers (FRR) were created for, and are maintained by, each of the four sub-committees of the Executive Committee with individual risk owners accountable for managing and reporting on their risks to their respective committee. The FRRs are reviewed by the sub-committees and the RMG.

Individual casework risks are recorded in a Case Risk Register which is maintained by General Counsel with risks owned and managed by the operational Heads of Division. Risk is inherent in the operational aspects of the SFO's business, particularly in the investigation and prosecution of cases. Following recent disclosure issues (as detailed on page 18), we will be reviewing our approach to risk management on cases as part of our lessons

learned exercise and implementing findings within the wider context of our risk management work.

Managers and casework staff are expected to 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 Portfolio Board as circumstances require.

Risk appetite

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. We are reviewing how risk appetite is set across the organization, which will be led and agreed by our Board.

Information assurance

The SFO's security arrangements are continuously improved towards compliance with the Government Functional Standard GovS 007 Security Standard that sets out how government aims to give Accounting Officers, Boards and Senior Security Advisers the tools to create and develop a robust risk based approach to security planning. The functional standard is designed to promote consistent and coherent working within government organisations. Government security standards, and principles common to all aspects of security, underpin 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 behaviors and includes inter alia mandatory induction and information security training, security campaigns and the provision of regular updates and guidance to staff on the SFO's Intranet. A programme of continuous improvement has been established whereby the SFO has participated in a number of cross government assurance activities and will take forward implementation of recommendations. During the accounting period the SFO's security focus included proportionate security responses to the Covid-19 response, ensuring risks associated with changes in working practices were identified and mitigated as far as possible with staff awareness and procedural changes.

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 CCO and ultimately to the SFO's Executive Committee and Board.

The SFO has now formally transitioned executive level responsibility for information risk from the Chief Investigator to the CCO and COO. Going forward the CCO and COO shall discharge oversight and responsibility for information risk management in their respective area of the organisation.

The SFO's Senior Information Risk Owners (SIROs) are responsible for information risk management and in this capacity are accountable to the Audit and Risk Committee and the Executive Committee ensuring that accountability for information governance is aligned to the delivery of our core objectives. 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.

The SFO Information Governance Framework sets out clearly how the SFO ensures its information

assets are managed, protected and exploited through effective governance controls. 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, Information Commissioner's Office guidance and enforcement action.

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 97, confirms that no member of the Board, including non-executive directors, has any related-party interests and no conflicts of interest or potential conflicts of interest have been identified.

Whistleblowing

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.

Whistleblowing is covered by the SFO's 'Raising a concern (including whistleblowing)' policy which is available to all staff via the SFO intranet. The policy sets out how staff can raise a concern and has a section specifically covering whistleblowing with a link to the Public Interest Disclosure Act 1998 (PIDA).

Inspection

In 2020-21 there were two inspections undertaken by HMCPSI. Unlike all of the previous inspections which were conducted on-site at the SFO's offices, these inspections were conducted remotely. This was necessitated due to Covid-19 requiring a fundamental shift in conducting inspection work.

The first inspection concerned a review of the SFO response to Covid-19 with the report published in July 2020. The report examines the immediate responses of the SFO to Covid-19. HMCPSI considered that we had dealt well with the challenges created by lockdown. In particular inspectors noted that:

- We had successfully moved from working in the office to working from home for the majority of our staff.
- We continued to progress cases in spite of the restrictions; and
- We had taken steps to keep staff updated throughout and to promote well-being across the organisations.

The second inspection examined our handling of public complaints with the report published in February 2021. The inspectors recognised the quality of our responses to complaints and agreed with our decisions to uphold or not uphold a complaint in all of the cases they examined.

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.

The annual internal audit opinion is a key element of the assurance framework, which the Accounting Officer needs to inform her annual Governance Statement. It does not detract from the Accounting Officer's personal responsibility for the framework of governance, risk management and control, on the effectiveness of which she takes assurance from her senior management and format controls, as well as from internal audit. The SFO Internal Audit function is now provided by the cross-Whitehall Government Internal Audit Agency (GIAA), an executive agency of the Treasury.

The SFO Annual Opinion and report covered the period 1 October 2020 to 31 March 2021. The Head of Internal Audit issued an annual opinion of limited. Due to GIAA signing the MoU with SFO in October there was a period of time where no internal audit work was undertaken by HMRC (previous internal auditors) or GIAA. Both SFO and GIAA acknowledged this period represented a gap in internal audit work or assurance and due to the very short time frame to complete the internal audit work GIAA were unable to take any reliance on external work performed by HMCP/NAO etc. By GIAA ensuring the agreed audit plan was reviewed, prioritised and delivered we met the priorities of the SFO. The planned internal audit programme, including revisions to the programme during the course of the year, was reviewed and endorsed by the Audit and Risk Committee and Accounting Officer. GIAA has delivered a wide programme of challenging internal audit engagements in 2020-21 from HR starters and leavers, Programme Management, IT Systems Resilience and Cyber Security. This meant that the audit programme delivered was current, appropriate and relevant.

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 exception being the Board have agreed not to convene a Nominations Committee, as explained on

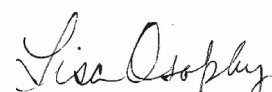
page 46 above. A Board Effectiveness Review was undertaken at the end of 2020-21 as recommended within the Code. The purpose of this review is to stimulate the Board to think on how they carry out their role and focus on continuous improvement of their effectiveness. Data reported to the Board is based 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 COO, CCO, General Counsel and Heads of Divisions.

The Audit and Risk Committee (A&RC) conducts a cyclical assessment of its arrangements with the next review planned for 2021-22.

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
9 July 2021

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 is chaired by the Director and consists of 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 2020-21, the annual performance bonus accrual for grades below the SCS totalled £178,118 (2019-20: £120,771) and for SCS grades was £33,520 (2019-20 £32,726).

Senior Official Appointments

Following a fair and open competition supported by the Civil Service Commission, John Carroll was confirmed in his role as Chief Operating Officer of the SFO on 28 May 2020 and Michelle Crotty was appointed as Chief Capability Officer with effect from 10 August 2020.

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	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Martin Spencer <i>Non-Executive Director</i>	10-15	10-15	-	-	10-15	10-15
Emir Feisal <i>Non-Executive Director</i>	10-15	10-15	-	-	10-15	10-15
Sanjay Bhandari <i>Non-Executive Director</i>	10-15	5-10 (10-15 FYE)	-	-	10-15	5-10 (10-15 FYE)
Magnus Falk <i>Non-Executive Director</i>	10-15	5-10 (10-15 FYE)	-	-	10-15	5-10 (10-15 FYE)
John Anthony Osbaldiston <i>Non-Executive Director (to 24 July 2019)</i>	-	5-10 (10-15 FYE)	-	500	-	5-10 (10-15 FYE)
Ruth Evans <i>Non-Executive Director (to 26 July 2019)</i>	-	0-5 (10-15 FYE)	-	-	-	0-5 (10-15 FYE)

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)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Lisa Osofsky Director	180-185	180-185	-	-	70	70	250-255	250-255
Sara Lawson QC General Counsel	145-150	130-135 (140-145 FYE)	10-15	-	58	52	215-220	180-185
John Carroll Chief Operating Officer	115-120	45-50 (95-100 FYE)	10-15	-	150	45	280-285	95-100
Michelle Crotty Chief Capability Officer (from 10 August 2020)	75-80 (120-125 FYE)	-	-	-	31	-	105-110	-
Liz Corrin Chief Financial Officer	95-100	45-50 (95-100 FYE)	0-5	-	67	51	165-170	95-100
Mark Thompson Chief Operating Officer (to 4 October 2019)	-	65-70 (125-130 FYE)	-	-	-	42	-	110-115

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 2020-21 relate to performance in 2019-20, and the comparative bonuses reported for 2019-20 relate to performance in 2018-19.

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

	2020-21	2019-20
Highest paid individual (£000)	180-185	180-185
Median total (£)	36,998	34,679
Remuneration ratio	4.93	5.26

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 2020-21 was £180-185k (2019-20: £180-185k). This was 4.93 times (2019-20: 5.26) the median remuneration of the workforce, which was £36,998 (2019-20: £34,679).

In 2020-21, nil (2019-20: 1) employees 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 (2019-20: £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 31/3/21 or date of leaving and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/21	CETV at 31/3/20	Real increase in CETV
	£000	£000	£000	£000	£000
Lisa Osofsky Director	10-15	2.5-5	162	97	47
Sara Lawson QC General Counsel	5-10	2.5-5	83	37	33
John Carroll Chief Operating Officer	25-30 plus a lump sum of 80-85	5-7.5 plus a lump sum of 20-22.5	608	466	142
Michelle Crotty Chief Capability Officer (from 10 August 2020)	20-25	0-2.5	298	276	16
Liz Corrin Chief Financial Officer	50-55	2.5-5	991	896	53
Mark Thompson Chief Operating Officer (to 4 October 2019)	-	-	-	682	-

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 arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, 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 (subject to audit)

	2020-21			2019-20
	Permanently employed staff	Others	Total	Total
			£000	£000
Wages and salaries	22,097	6,396	28,493	26,526
Social security costs	2,440	-	2,440	2,241
Other pension costs	5,833	-	5,833	5,395
Sub Total	30,370	6,396	36,766	34,162
Less recoveries in respect of outward secondments	-	-	-	-
Total net costs	30,370	6,396	36,766	34,162

£178k of other staff costs have been capitalised and are not included in the figures above (2019-20: £196k).

£6,392k of contingent labour expenditure was incurred in 2020-21 (2019-20: £5,818k). There are nil members of staff on short-term loan and 12 on long-term loan to other government departments with an average duration of 1.9 years. The cost of staff on short-term loans are classified as programme.

For 2020-21, employers' contributions of £5,724k were payable to the PCSPS (2019-20: £5,393k) 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 £109k (2019-20: £86k) 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 (2019-20: £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 £12k (2019-20: £13k). Contributions prepaid at that date were £nil (2019-20: £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 (not subject to audit)

Number of existing engagements as at 31 March 2020	
Of which:	
Number that have existed for less than one year at time of reporting	1
Number that have existed for between one and two years at time of reporting	1
Number that have existed for between two and three years at time of reporting	-
Number that have existed for between three and four years at time of reporting	3
Number that have existed for four years or more at time of reporting	-
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.

Reporting of Civil Service and other compensation schemes - exit packages (subject to audit)

Exit package cost band	2020-21			2019-20
	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
£25,000 - £50,000	-	2	2	-
£50,000 - £100,000	-	-	-	-
£100,000 - £150,000	-	-	-	-
£150,000 - £200,000	-	-	-	-
Total Number of exit packages	-	2	2	1
Total cost £000	-	64	64	12

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.

Average number of employees (subject to audit)

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

2020-21				2019-20
Permanently employed staff	Fixed Term Appointments	Agency Staff	Total	Total
455	24	138	617	568

The Civil Service's staff turnover (including all moves out of the Civil Service) during 2020-21 was 5.2%. The Departmental turnover rate (including moves between Civil Service Departments) during the same period was 8.5%.

SCS by pay band

The number of SCS staff by pay band in the SFO as at 31 March 2021 was as follows:

	2020-21	2019-20
SCS 3	1	1
SCS 2	3	2
SCS 1	9	9
Total (excluding non-executives)	13	12

Staff composition

The gender breakdown of permanent and fixed term staff at the SFO as at 31 March 2021 was as follows:

	Male	Female
SCS	5	8
Non SCS staff	267	209
Total	272	217

The proportion of staff who are recorded as being from a black and ethnic minority (BAME) background is 17.6%. No SCS staff are recorded as being from a BAME background. Levels of staff recorded as having a disability are: 0% of SCS and 4.4% of non-SCS which is below the total Civil

Service figure for 2020 of 12.8%.

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 an accredited 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.

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 is committed to providing an environment where everyone is treated with dignity and respect, recognising the differences between people and 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 by John Carroll.

The SFO 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 2020 and 31 March 2021

No. of off-payroll engagements of board members and/or senior officials with significant financial responsibility, during the financial year	-
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	8

Sickness absence

There has been a decrease in Average Working Days Lost (AWDL) from 6.10 days in 2019-20 to 4.01 days in 2020-21 against a Civil Service average in 2020 of 7.4 days.

Trade union facility time information

Relevant union officials

Number of employees who were relevant union officials during the period	Full-time equivalent employee number
5	4.37

Percentage of time spent on facility time

Percentage of time	Number of employees who were relevant union officials during the period
Less than 1%	1
1-50%	4
51-99%	-
100%	-

Percentage of pay bill spent on facility time

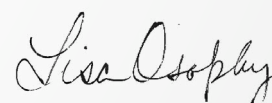
Total cost of facility time (£)	-
Total pay bill (£)	-
Percentage spent on facility time (%)	-

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 £42k spend on consultancy in 2021 (2019-20: £nil).



Lisa Ososky
Accounting Officer
9 July 2021

PARLIAMANTARY ACCOUNTABILITY AND AUDIT



Statement of Outturn against Parliamentary Supply (SoPS)

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FRM) requires the Serious Fraud Office to prepare a Statement of Outturn against 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 House of Commons.

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 has voted on, cash spent (budgets are compiled on an accruals basis and so outturn will not 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).

The SoPS and Estimates are compiled against the budgeting framework, which is similar to, but different to, IFRS. An explanation of the budgeting framework and key terms is provided on page 33, in the financial performance section of the Performance Analysis. Further information on the Public Spending Framework and the reasons why budgeting rules are different to IFRS can also be found in Chapter 1 of the Consolidated Budgeting Guidance, available on gov.uk

The SoPS provides a detailed view of financial performance, in a form that is voted on and recognised by Parliament. The financial performance section, in the Performance Analysis, provides a summarised discussion of outturn against estimate and functions as an introduction to the SoPS disclosures.

The Department has incurred an Excess of £2,550k as a result of costs being incurred in the Serco Geografix Limited case. As referred to on page 18, two individuals were charged in December 2019 in connection with the Serco case and the trial commenced on 29 March 2021. On 26 April 2021 the SFO offered no evidence at their trial after a review of the disclosure process. The judge directed the jury to return verdicts of not guilty and the SFO accepted liability for reasonably wasted costs in respect of the trial. The incurring of the costs has been treated as an adjusting event after the reporting period and an adjustment made in the accounts. As a result, there was no opportunity to request budgetary cover and the Voted Resource AME control total has been exceeded, resulting in a qualified audit opinion and an Excess Vote. The Department will seek parliamentary approval by way of an Excess Vote in the next Supply and Appropriation Act.

Summary of Resource and Capital Outturn

	Note	2020-21 £000							2019-20 £000
		Estimate			Outturn			Voted outturn compared with Estimate: saving/ (excess)	Outturn
		Voted	Non Voted	Total	Voted	Non Voted	Total	Total	
Departmental Expenditure Limit									
- Resource	1.1	66,877	-	66,877	65,477	-	65,477	1,400	64,627
- Capital	1.2	3,600	-	3,600	1,239	-	1,239	2,361	1,745
Annually Managed Expenditure									
- Resource	1.1	1,000	-	1,000	3,550	-	3,550	(2,550)	-
Total Budget		71,477	-	71,477	70,266	-	70,266	1,211	66,372
Total Resource		67,877	-	67,877	69,027	-	69,027	(1,150)	64,627
Total Capital		3,600	-	3,600	1,239	-	1,239	2,361	1,745
Total		71,477	-	71,477	70,266	-	70,266	1,211	66,372

Net Cash Requirement

	SoPS Note	2020-21 £000			2019-20 £000
		Estimate	Outturn	Outturn compared with Estimate: saving	Outturn
Net Cash Requirement	3	67,777	64,923	2,854	64,095

Administration Costs

	2020-21 £000		2019-20 £000
	Estimate	Outturn	Outturn
Administration Costs	8,605	8,574	7,799

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

	2020-21 £000									2019-20 £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	8,574	-	8,574	57,893	(990)	56,903	65,477	66,877	1,400	64,627
Spending in Annually Managed Expenditure										
Voted:										
New provision and adjustment to existing provisions	-	-	-	3,550	-	3,550	3,550	1,000	(2,550)	-
Total	8,574	-	8,574	61,443	(990)	60,453	69,027	67,877	(1,150)	64,627

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

There has been an overall overspend against the Estimate.

The underspend on Resource DEL was £1,400k. The Department has incurred an Excess of £2,550k as a result of costs being incurred in the Serco Geografix Limited case, as referred to on page 65.

SoPS1.2 Analysis of net capital outturn by section

	2020-21 £000				2019-20 £000
	Outturn			Estimate	Outturn
	Gross	Income	Net	Net Total	Net total compared to Estimate
Spending in Departmental Expenditure Limit					
Voted:					
A Investigations and Prosecutions	1,239	-	1,239	3,600	2,361
Total	1,239	-	1,239	3,600	2,361

Explanation of variance between Estimate and Outturn:

Capital DEL is underspent by £2,361k for 2020-21 against an allocation at Estimate of £3,600k. The SFO is undergoing a significant programme of capital expenditure in 2020-21, due to the global pandemic there was project slippage into 2021-22. A Budget Exchange to transfer £0.4m (maximum 10%) of 2020-21 Capital DEL provision to the 2021-22 financial year was included in the supplementary estimate to ensure there is some provision for this in 2021-22.

SoPS2. Reconciliation of outturn to net operating expenditure

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

	SoPS Note	2020-21 £000	2019-20 £000
		Outturn	Outturn
Total resource outturn in Statement of Parliamentary Supply	1.1	69,027	64,627
Less income payable to the Consolidated Fund	4.1	(7,776)	(5,221)
Net Operating Cost in Statement of Comprehensive Net Expenditure		61,251	59,406

SoPS3 Reconciliation of Net Resource Outturn to Net Cash Requirement

	SoPS Note	2020-21 £000		
		Estimate	Outturn	Net total outturn compared with Estimate: saving / (excess)
Net Resource Outturn	1.1	67,877	69,027	(1,150)
Capital outturn	1.2	3,600	1,239	2,361
Accruals to cash adjustments				
Depreciation		(2,700)	(1,448)	(1,252)
New Provisions and adjustments to previous provisions		(1,000)	(3,550)	2,550
(Increase) / Decrease in payables		-	(509)	509
Increase / (Decrease) in receivables		-	224	(224)
Other non-cash items		-	(60)	60
Use of provision		-	-	-
Net cash requirement		67,777	64,923	2,854

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.

	2020-21 Outturn £000		2019-20 Outturn £000	
	Income	Receipts	Income	Receipts
Income outside ambit of the Estimate	(7,776)	(8,739)	(5,221)	(4,639)
Excess cash surrenderable to the Consolidated Fund	-	-	-	-
Total payable to the Consolidated Fund	(7,776)	(8,739)	(5,221)	(4,639)

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.

Accountability

This information has been audited.

Losses and special payments

There were no losses during the period which in aggregate exceeded £300k. The Department is in the process of agreeing 3 special payments amounting to £3.55m.

Details of the special payments over £300k:

Serco

The provision has arisen due to the collapse of the Serco case in April 2021, after a review of the disclosure process. The judge directed the jury to return verdicts of not guilty and the SFO accepted liability for reasonably wasted costs in respect of the trial.

KBR Inc

The SFO served a section 2 notice to officials of KBR Inc. KBR Inc then invited the SFO to withdraw the notice on the basis that it unlawfully required the production of documents held entirely outside the UK jurisdiction. A claim was filed by KBR Inc in the High Court on 19 October 2017. A divisional court was convened and they found in favour of the SFO. KBR Inc appealed the decision in the Supreme Court. This appeal was allowed, rendering KBR Inc successful and the SFO liable for costs.

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.

ENRC have commenced proceedings against the SFO for c£70m in damages for alleged misfeasance. This case is currently at trial.

Long-term expenditure trends

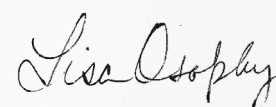
The SFO's planned expenditure as agreed with HM Treasury is shown below, this covers the net expenditure which is met from the Parliamentary Estimate. Totals for 2016-17 and 2017-18 were set in the 2015 Spending Review while those for 2018-19 and 2019-20 are as amended by the Chief Secretary to the Treasury in March 2018. Spending Round 2019 set the totals for 2020-21. For details of the final outturn for the year see the Statement of Parliamentary Supply on page 65.

	2016-17 £000	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000
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

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.



Lisa Osofsky
Lisa Osofsky
Accounting Officer
9 July 2021

THE CERTIFICATE 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 2021 under the Government Resources and Accounts Act 2000. The financial statements comprise the 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. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

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 Serious Fraud Office's affairs as at 31 March 2021 and of its net operating expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Qualified opinion on regularity

In my opinion, except for the excess described in the basis for qualified opinion paragraph below, in all material respects:

- the Statement of Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year

ended 31 March 2021 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 for qualified opinion on regularity

Parliament authorised a Resource Annually Managed Expenditure limit for the Serious Fraud Office of £1 million. Against this limit, the Serious Fraud Office incurred an outturn of £3.55 million, exceeding the authorised limit by £2.55 million due to the recognition of a provision, as shown in the Statement of Parliamentary Supply.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Serious Fraud Office in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that the Serious Fraud Office's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Serious Fraud Office's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Serious Fraud Office is adopted in consideration of the requirements set out in HM Treasury's Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- 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; 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

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 material misstatements in the Performance and Accountability Report. 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 and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Report Manual are not made; 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.

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 in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and
- assessing the Serious Fraud Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Serious Fraud Office will not continue to be provided in the future.

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.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Serious Fraud Office's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Serious Fraud Office's policies and procedures relating to:
 - ◊ identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - ◊ detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and

-
- ◊ the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Serious Fraud Office's controls relating to the Government Resources and Accounts Act 2000, the Supply and Appropriation (Main Estimates) Act 2020, and Managing Public Money;
 - discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and potential bias in estimates including provisions;
 - obtaining an understanding of the Serious Fraud Office's framework of authority as well as other legal and regulatory frameworks that the Serious Fraud Office operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Serious Fraud Office. The key laws and regulations I considered in this context included the Criminal Justice Act 1987, Prosecution of Offences Act 1985, the Criminal Procedure and Investigations Act 1996, the Government Resources and Accounts Act 2000, Supply and Appropriation (Main Estimates) Act 2020, Managing Public Money, Employment Law, and tax Legislation;
 - enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
 - reading minutes of meetings of those charged with governance and the Board;
 - in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates including provisions are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
 - in addressing the risk of fraud in revenue recognition, substantively testing all income recognised and assessing the completeness of income; and
 - assessing the completeness, recognition, measurement and regularity of provisions associated with legal cases. This included a review of the adjusting event after the reporting period which resulted in the Serious Fraud Office incurring an Excess Vote and a qualification of my opinion on regularity. Further details are included in my report.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

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.

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.

Report

My report on the qualification in respect of the Excess Vote is at page 77.

Gareth Davies

Comptroller and Auditor General

13 July 2021

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

THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

Introduction

The Serious Fraud Office (SFO) is a non-ministerial government department and specialist prosecuting authority responsible for investigating complex financial crime and, where appropriate, prosecuting cases of serious or complex fraud, bribery and corruption. The SFO forms part of the UK criminal justice system covering England, Wales and Northern Ireland, but not Scotland, the Isle of Man or the Channel Islands.

The net expenditure of government departments is authorised by the annual Supply and Appropriation Acts of Parliament and their associated Supply Estimates. These Acts set a series of expenditure limits on each department's spending, and net cash requirement. Expenditure beyond any of these limits is considered a breach of a control total and results in an 'Excess Vote'. Such expenditure potentially undermines parliamentary control over public spending. Where these limits are breached, I qualify my regularity opinion on the financial statements.

Parliament authorised a Resource Annually Managed Expenditure (RAME) limit of £1 million for the SFO in 2020-21. This limit means that the Department was required to incur RAME expenditure of no more than £1 million. However, the outturn against the RAME limit was £3.55 million, and the authorised limit was therefore breached by £2.55 million. I have therefore qualified my regularity opinion on the Department's financial statements in this respect.

Explanation for Qualified Audit Opinion in respect of Annually Managed Expenditure

In July 2019, the SFO entered into a Deferred Prosecution Agreement (DPA) with Serco Geografix Limited following its investigation into electronic monitoring services Serco had provided to the Ministry of Justice between 2005 and 2013.

The SFO separately charged two former Serco Directors in connection with the investigation and the case came to trial in March 2021. On 26 April 2021 the SFO offered no evidence at the trial after a review of the disclosure process. The judge directed the jury to return verdicts of not guilty and directed the SFO to settle the legal costs incurred in respect of the trial. Further detail on the action the SFO is taking to review and implement lessons from this case is included on pages 18 and 25.

The liability for costs is an adjusting event after the reporting period as the disclosure challenges occurred prior to 31 March 2021. As a result, the SFO has estimated the costs it will have to pay and included a provision in its accounts alongside other provisions for legal costs.

Government departments prepare and agree two Supply Estimates during the year, the Main Estimate in or around May each year and the Supplementary Estimate before the year-end in or around February each year. At the time of submitting the Supplementary Estimate, the SFO was unaware of the disclosure challenges in this case and could not have anticipated the outcome of the trial. As a result, the recognition of this provision has resulted in the SFO exceeding its RAME control total, as detailed on page 65 of the Annual Report. This breach causes an Excess Vote from HM Treasury and leads to a qualification of my audit opinion on regularity.

Gareth Davies
Comptroller and Auditor General
13 July 2021

*National Audit Office
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FINANCIAL STATEMENTS

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Statement of Comprehensive Net Expenditure

For the year ended 31 March 2021

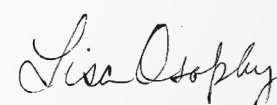
	Note	2020-21 £000	2019-20 £000
Income			
Cost awards and other income	4	990	990
Consolidated fund extra receipts	4	7,776	5,221
Total operating income		8,766	6,211
Expenditure			
Staff costs	2	36,766	34,162
Purchase of goods and services	3	23,643	25,105
Accommodation	3	4,550	4,473
Depreciation and impairment charges	3	1,448	1,823
Provisions increase/(decrease)	3	3,550	(1)
Other operating expenditure	3	60	55
Total operating expenditure		70,017	65,617
Net operating expenditure		61,251	59,406
Other comprehensive expenditure		-	-
Comprehensive net operating expenditure		61,251	59,406

The notes on pages 84 to 97 form part of these accounts.

Statement of Financial Position

As at 31 March 2021

	Note	2020-21 £000	2019-20 £000
Non-current assets:			
Property, plant and equipment	5	1,353	1,465
Intangible assets	6	4,492	4,589
Trade and other receivables	11	45	46
Total non-current assets		5,890	6,100
Current assets:			
Trade and other receivables	11	4,853	5,592
Cash and cash equivalents	10	2,854	3,106
Total current assets		7,707	8,698
Total assets		13,597	14,798
Current liabilities:			
Trade and other payables	12	(11,515)	(12,222)
Provisions	13	(4,001)	-
Total current liabilities		(15,516)	(12,222)
Non-current assets plus net current assets		(1,919)	2,576
Non-current liabilities			
Provisions	13	-	(451)
Total non-current liabilities		-	(451)
Assets less liabilities		(1,919)	2,125
Taxpayers' equity and other reserves:			
General fund		(2,030)	2,014
Revaluation reserve		111	111
Total equity		(1,919)	2,125



Lisa Osofsky
Lisa Osofsky
 Accounting Officer
 9 July 2021

The notes on pages 84 to 97 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2021

	Note	2020-21 £000	2019-20 £000
Cash flows from operating activities			
Net operating cost		(61,251)	(59,406)
Adjustments for non-cash transactions	3	5,058	1,877
(Increase)/Decrease in trade and other receivables <i>less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	11	740	(977)
		-	-
Increase/(Decrease) in trade payables <i>less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure</i>	12	(707)	4,264
		927	(2,603)
Use of provisions	13	-	-
Net cash outflow from operating activities		(55,233)	(56,845)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(601)	(539)
Purchase of intangible assets	6	(349)	(2,073)
Proceeds of disposal of property, plant and equipment		-	-
Net cash outflow from investing activities		(950)	(2,612)
Cash flows from financing activities			
From the Consolidated Fund (Supply) - current year		66,112	65,587
Net financing		66,112	65,587
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		9,929	6,130
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		-	-
Payments of amounts due to the Consolidated Fund		(10,181)	(3,242)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		(252)	2,888
Cash and cash equivalents at the beginning of the period	10	3,106	218
Cash and cash equivalents at the end of the period	10	2,854	3,106

The notes on pages 84 to 97 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2021

	Note	General Fund (restated) £000	Revaluation Reserve £000	Total Reserves £000
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
Balance at 31 March 2020		2,014	111	2,125
Net Parliamentary Funding		66,112	-	66,112
Net Parliamentary Funding – deemed		1,665	-	1,665
Supply payable adjustment	12	(2,854)	-	(2,854)
CFERS payable to the Consolidated Fund	4	(7,776)	-	(7,776)
Comprehensive Net Expenditure		(61,251)	-	(61,251)
Non-Cash Adjustments				
Auditor's remuneration	3	60	-	60
Balance at 31 March 2021		(2,030)	111	(1,919)

The notes on pages 84 to 97 form part of these accounts.

Notes to the Accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2020-21 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FRoM 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.

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.

Going Concern

These accounts have been prepared on a going concern basis. Further information is included on page 14.

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 95 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 95 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 96 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 90 and 6.1 page 92 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:

Property, plant and equipment

Improvements to leasehold property	Over the unexpired term of the lease
Information technology	5 years
Furniture and fittings	5-10 years

Intangible assets

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 70 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 69.

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 69.

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 96 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 94 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 97.

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 2022, 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 2022 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 £38k on 1 April 2022. This excludes the current building lease which is due to expire by the implementation date. New arrangements for office space are not yet known.

IFRS 17, which replaces IFRS4, will be effective from 1 January 2023. An assessment has been made and this standard will have no impact on SFO's financial statements.

2. Staff costs

	2020-21			2019-20
	Permanently employed staff	Others	Total	Total
			£000	£000
Wages and salaries	22,097	6,396	28,493	26,526
Social security costs	2,440	-	2,440	2,241
Other pension costs	5,833	-	5,833	5,395
Sub Total	30,370	6,396	36,766	34,162
Less recoveries in respect of outward secondments	-	-	-	-
Total net costs	30,370	6,396	36,766	34,162

£178k of other staff costs have been capitalised and are not included in the figures above (2019-20: £196k).

3. Operating costs

	Note	2020-21 £000	2019-20 £000
Purchase of goods and services:			
Counsel costs		11,169	11,202
IT costs		2,891	2,957
General administration		3,353	3,195
Rentals under operating leases		2,595	2,485
Costs awarded against the SFO		(10)	72
Other accommodation costs		1,955	1,988
Other case costs		6,137	7,225
Travel and subsistence		61	441
Consultancy		42	-
Write off of asset		-	13
		28,193	29,578
Non-cash items:			
Depreciation		815	1,020
Amortisation		633	803
Increase/(decrease) in provision		3,550	(1)
External Auditors' remuneration		60	55
		5,058	1,877
Total		33,251	31,455

4. Income

	2020-21 £000	2019-20 £000
Costs awards	990	959
Other income	-	31
Total income within the ambit	990	990
Payable to the Consolidated Fund		
Consolidated Fund Extra Receipts	7,776	5,221
Total income	8,766	6,211

5. Property, plant and equipment

5.1 Property, plant and equipment 2020-21

All assets are owned.

	Improvements to Leasehold Property	Information Technology	Furniture & Fittings	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 April 2020	1,820	8,283	63	10,166
Additions	-	702	-	702
Disposals	-	-	-	-
Reclassifications	-	-	-	-
At 31 March 2021	1,820	8,985	63	10,868
Depreciation				
At 1 April 2020	1,806	6,868	27	8,701
Charged in year	8	795	11	814
Disposals	-	-	-	-
Reclassifications	-	-	-	-
At 31 March 2021	1,814	7,663	38	9,515
Net book value at 31 March 2021	6	1,322	25	1,353
Net book value at 31 March 2020	14	1,415	36	1,465

Reconciliation of cash flows to property, plant and equipment additions

	2020-21	2019-20
	£000	£000
Total property, plant and equipment additions	702	539
Opening property, plant and equipment accrual	-	-
Closing property, plant and equipment accrual	(101)	-
Cash flows for property, plant and equipment additions	601	539

5.2 Property, plant and equipment 2019-20

	Improvements to Leasehold Property	Information Technology	Furniture & Fittings	Total
	£000	£000	£000	£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

6. Intangible assets

6.1 Intangible assets 2020-21

	Information Technology	Software Licenses	Website Costs	Development Expenditure	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 2020	3,600	5,458	169	1,958	11,185
Additions	-	133	-	404	537
Disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
At 31 March 2021	3,600	5,591	169	2,362	11,722
Amortisation					
At 1 April 2020	3,600	2,831	165	-	6,596
Charged in year	-	630	4	-	634
Disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
At 31 March 2021	3,600	3,461	169	-	7,230
Net book value at 31 March 2021	-	2,130	-	2,362	4,492
Net book value at 31 March 2020	-	2,627	4	1,958	4,589

Individual intangible assets that are material to the financial statements are; eDiscovery platform, net book value £1,833k; and a document and case management review system, net book value £2.319k.

Reconciliation of cash flows to intangible asset additions

	2020-21	2019-20
	£000	£000
Total intangible asset additions	537	1,206
Opening intangible asset accrual	31	898
Closing intangible asset accrual	(219)	(31)
Cash flows for intangible assets additions	349	2,073

6.2 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

7. Capital commitments and other commitments

7.1 Capital commitments

Capital commitments at 31 March 2021 totalled £nil (2019-20: £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:

	2020-21 £000	2019-20 £000
Obligations under operating leases comprise:		
Buildings:		
Not later than 1 year	2,677	2,602
Later than 1 year and not later than 5 years	38	2,715
Later than 5 years	-	-
	2,715	5,317
Other:		
Not later than 1 year	31	31
Later than 1 year and not later than 5 years	39	69
Later than 5 years	-	-
	70	100

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

	2020-21 £000	2019-20 £000
Balance at 1 April	3,106	218
Net change in cash and cash equivalent balances	(252)	2,888
Balance at 31 March	2,854	3,106
The following balances at 31 March were held at:		
Government Banking Service	2,854	3,106
Balance at 31 March	2,854	3,106

11. Trade receivables and other current assets

11(a) Due within one year

	2020-21 £000	2019-20 £000
Amounts falling due within one year:		
VAT receivable	977	504
Deposits and advances	7	191
Other receivables	46	67
Prepayments and accrued income	2,128	2,172
Costs awarded to the SFO	84	84
Provision for bad and doubtful debt	(38)	(39)
Consolidated Fund extra receipts	1,649	2,613
	4,853	5,592

11(b) Due after more than one year

	2020-21 £000	2019-20 £000
Amounts falling due after more than one year:		
Costs awarded to the SFO	45	46

12. Trade payables and other current liabilities

	2020-21 £000	2019-20 £000
Amounts falling due within one year:		
Taxation and social security	649	622
Trade payables	552	1,615
Accruals and deferred income	4,859	3,648
Pension providers	632	587
Non-current asset accruals	320	31
Amounts issued from the Consolidated Fund for supply but not spent at year end	2,854	1,665
Consolidated Fund extra receipts due to be paid to the Consolidated Fund:		
Received	-	1,441
Receivable	1,649	2,613
	11,515	12,222

13. Provisions for liabilities and charges

	Legal claims £000	Leasehold property dilapidations £000	Total £000
Balance at 1 April 2020	-	451	451
Provided in the year	3,550	-	3,550
Provisions not required written back	-	-	-
Provisions utilised in the year	-	-	-
Balance at 31 March 2021	3,550	451	4,001
Amounts falling due within one year	3,550	451	4,001
Amounts falling due after one year	-	-	-
Total	3,550	451	4,001

13.1 Leasehold property dilapidations

This provision is for the estimated costs of restoring the Cockspur Street property to a state specified within the property lease when the SFO's current lease ends in 2021-22.

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.

Serco

The provision has arisen due to the collapse of the Serco case in April 2021 after a review of the disclosure process. The judge directed the jury to return verdicts of not guilty and the SFO accepted liability for reasonably wasted costs in respect of the trial.

KBR Inc

The SFO served a section 2 notice to officials of KBR Inc. KBR Inc then invited the SFO to withdraw the notice on the basis that it unlawfully required the production of documents held entirely outside the UK jurisdiction. A claim was filed by KBR Inc in the High Court on 19 October 2017. A divisional court was convened and they found in favour of the SFO. KBR Inc appealed the decision in the Supreme Court. This appeal was allowed, rendering KBR Inc successful and the SFO liable for costs.

Employment Tribunal case

An employment tribunal has ruled that a former employee of the SFO was unfairly dismissed in December 2018. The SFO have lodged an appeal against the ruling.

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 2021 was £40,261 (2019-20: £76,382).

16. Events after the reporting period

The collapse of the Serco case in April 2021 is an adjusting event after the reporting period as the obligating event occurred before 31 March 2021 (see Note 13.2).

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

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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. Once all the terms of the DPA have been met, the DPA is agreed as concluded.

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

The following DPAs were entered into during 2020-21.

G4S

On 17th July the SFO entered into a Deferred Prosecution Agreement with G4S Care and Justice Services (UK) Ltd (G4S C&J) relating to a scheme to defraud the Ministry of Justice (MoJ) in connection with contracts for electronic monitoring of offenders. G4S agreed to pay a financial penalty in the amount of £38,513,277 and the SFO's reasonable costs of £5,952,711.

In entering the DPA, G4S C&J accepted responsibility for three offences of fraud against the MoJ arising from the scheme to deceive the MoJ as to the true extent of G4S C&J's profits between 2011 and 2012 from its contracts for the provision of electronic monitoring services. The scheme was designed to prevent the MoJ from attempting to decrease G4S C&J's revenues under those contracts.

Airline Services Ltd (ASL)

On 30 October the SFO entered into a DPA with Airline Services Limited. Under the terms of the DPA, ASL accepted responsibility for three counts of failing to prevent bribery arising from the company's use of an agent to win three contracts, together worth over £7.3m, to refit commercial airliners for Lufthansa. The agent acting for ASL was also working as a project manager for Lufthansa, as a consultant and then employee, abusing this position to provide an illicit competitive advantage to ASL. Working for Lufthansa as part of the team responsible for evaluating tenders, the agent was privy to commercially sensitive information about potential competitors to ASL and exploited this information to influence and advantage ASL's own tender bids.

ASL was a company which primarily provided services and products for the refurbishment of commercial

aircraft interiors. Two of the contracts for which the agent secured an illegal advantage related to the provision of seat modifications for Lufthansa fleets, and the third related to the provision of brand panels for Lufthansa fleets.

The DPA required ASL to pay £2,979,686, consisting of a financial penalty of £1,238,714, disgorgement of profits representing the gain of the criminal conduct of £990,971, and a contribution to the SFO's costs of £750,000. The company is also obliged to fully co-operate with the SFO and any other domestic or foreign law enforcement agency.

The company is no longer trading and will be kept open as a non-trading entity to fulfil the terms of the DPA.



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 in 2024 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.

No DPAs were concluded in the financial year (2019-20: 1).

Results and Appropriations

The net revenue for the Consolidated Fund for the year was £45m (2019-20: £859m). Total transfers to the Consolidated Fund from the Trust amounted to £197m (2019-20: £987m), which left a balance due to the Consolidated Fund of £2m at 31 March 2021 (2019-20: £154m). Cash balances at the year-end were £nil (2019-20: £nil).

Lisa Ososky
Director
9 July 2021

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:

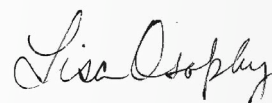
- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the 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
9 July 2021

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 70.

Governance statement

The Department's governance statement covering both the Department and the Trust Statement is shown on page 41.

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 Trust Statement for the year ended 31 March 2021 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. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

In my opinion:

- the Serious Fraud Office Trust Statement gives a true and fair view of the state of affairs of Deferred Prosecution Agreements as at 31 March 2021 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 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Serious Fraud Office-Trust Statement in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that the Serious Fraud Office's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Serious Fraud Office's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting is adopted in consideration of the requirements set out in HM Treasury's Government Reporting Manual, which

require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- 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; 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

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 material misstatements in the Performance and Accountability Report. 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.

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 in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and

-
- assessing the Serious Fraud Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Serious Fraud Office will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Serious Fraud Office's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Serious Fraud Office's policies and procedures relating to:

- ◊ identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- ◊ detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- ◊ the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Serious Fraud Office's controls relating to the Exchequer and Audit Departments Act 1921 and the Crime and Courts Act 2013;

- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals; and
- obtaining an understanding of the framework of authority applicable to the Serious Fraud Office Trust Statement as well as other legal and regulatory frameworks that the Serious Fraud Office operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Serious Fraud Office. The key laws and regulations I considered in this context included the Exchequer and Audit Departments Act 1921 and the Crime and Courts Act 2013.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation

to assess compliance with relevant laws and regulations discussed above;

- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing the risk of fraud in revenue recognition, testing the completeness and recognition of income arising from deferred prosecution agreements.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by

Parliament and the financial transactions conform to the authorities which govern them.

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.

Report on Other Legal and Regulatory Requirements

I am also required to perform and report on additional procedures and express an opinion on specific matters 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
13 July 2021

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 2021

	Note	2020-21 £000	2019-20 £000
Revenue			
Deferred Prosecution Agreements:			
Financial penalties		(40,743)	(854,795)
Interest income		-	-
Compensation		-	-
Total		(40,743)	(854,795)
Other income			
DPA costs payable to the Consolidated Fund		-	-
Compensation		-	-
(Gain)/loss on DPA		(4,511)	(3,893)
Total revenue		(45,254)	(858,688)
Expenditure			
Other expenditure		-	-
Total operating expenditure		-	-
Net revenue for the Consolidated Fund		(45,254)	(858,688)

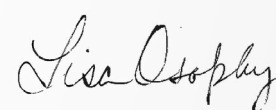
There were no recognised gains or losses accounted for outside the above Statement of Revenue, Other Income and Expenditure (2019-20: nil).

The notes on pages 114 to 115 form part of these accounts.

Statement of Financial Position

As at 31 March 2021

	Note	2020-21 £000	2019-20 £000
Non-current assets			
Trade and other receivables	2(b)	2,070	2,070
Total non-current assets		2,070	2,070
Current assets:			
Trade and other receivables	2(a)	-	151,579
Cash and cash equivalents		-	-
Total current assets		-	151,579
Total assets		2,070	153,649
Current liabilities:			
Trade and other payables		-	-
Total current liabilities		-	-
Assets less liabilities		2,070	153,649
Balance on Consolidated Fund account at 31 March		2,070	153,649



Lisa Osofsky
Lisa Osofsky
 Accounting Officer
 9 July 2021

The notes on pages 114 to 115 form part of these accounts.

Cash Flow Statement

For the year ended 31 January 2021

	Note	2020-21 £000	2019-20 £000
Cash flows from revenue activities		196,833	987,807
Cash paid to Consolidated Fund		(196,833)	(987,807)
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	2020-21 £000	2019-20 £000
Net revenue for Consolidated Fund		45,254	858,688
Decrease / (increase) in non-cash assets	2	151,579	128,227
Adjustments for non-cash transactions		-	892
Net cash flow from revenue activities		196,833	987,807

Analysis of changes in net funds	Note	2020-21 £000	2019-20 £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 114 to 115 form part of these accounts.

NOTES TO THE TRUST STATEMENT



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 2020-21 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 115 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.

2. Receivables

2(a) Due within one year

	2020-21 £000	2019-20 £000
Amounts falling due within one year:		
Financial penalties and disgorgement of profits	-	151,579
Compensation	-	-
Costs awarded to the SFO	-	-
	-	151,579

2(b) Due after more than one year

	2020-21 £000	2019-20 £000
Amounts falling due after one year:		
Financial penalties and disgorgement of profits	2,070	2,070
Compensation	-	-
Costs awarded to the SFO	-	-
	2,070	2,070

3. Events after the reporting period

On 1 July 2021, the SFO has entered into a Deferred Prosecution Agreement with Amec Foster Wheeler Ltd relating to the use of corrupt agents in the oil and gas sector. The DPA was approved by Lord Justice Edis, sitting at the Royal Courts of Justice. Under the terms of the DPA, they will pay a financial penalty and costs amounting to £103m. This is a non-adjusting event as set out in International Accounting Standard 10.

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 2021 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 2020-21.

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.

Michael Sunderland
Deputy Director, Government Financial Reporting
Her Majesty's Treasury
20 December 2020

EXTRACT FROM APPENDIX 2

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





ANNEX A: SUSTAINABILITY REPORT

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Sustainability Report

Greening Government

The Serious Fraud Office is committed to play a part in meeting the government's ambitious goals for 2021 to improve sustainability and is working towards meeting the Greening Government Commitment (GGC) targets baselined against performance in 2009-10. Implementation of the new GGCs has been delayed until 2021-22, as per HM Treasury guidance this report will be in line with the 2015-2020 GGCs.

Compared to a 2009-10 baseline, by 2020-21, the SFO have exceeded the goals listed below:

- 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		2020-21 Performance		2019 - 20
		2020- 21	Target	
Greenhouse Gas emissions (Scopes 1, 2 & 3 business travel including air and rail travel)		271 (tCO2e)	1,367 (tCO2e)	354 (tCO2e)
Estate Energy	Consumption	1,016 kWh	-	1,209k kWh
	Expenditure	£143k	-	£174k
Estate Waste	Amount	40 tonnes	63 tonnes	49 tonnes
	Expenditure	£5.6k	-	£5.4k
Estate Water	Consumption	1,580 m ³	4,467 m ³	3,544 m ³
	Expenditure	£0.1k	-	£11.8k

For 2020-21 Greenhouse Gas emissions remain significantly below the target by 80.18%. Estate Energy Consumption has decreased by 15.97%, Water usage has decreased by 55.42% and Estate Waste has reduced by 18.36%, all are still significantly below the baseline target. The emissions are not only below the baseline, but are also lower than anticipated as a result of reduced occupancy levels due to Covid 19.

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.

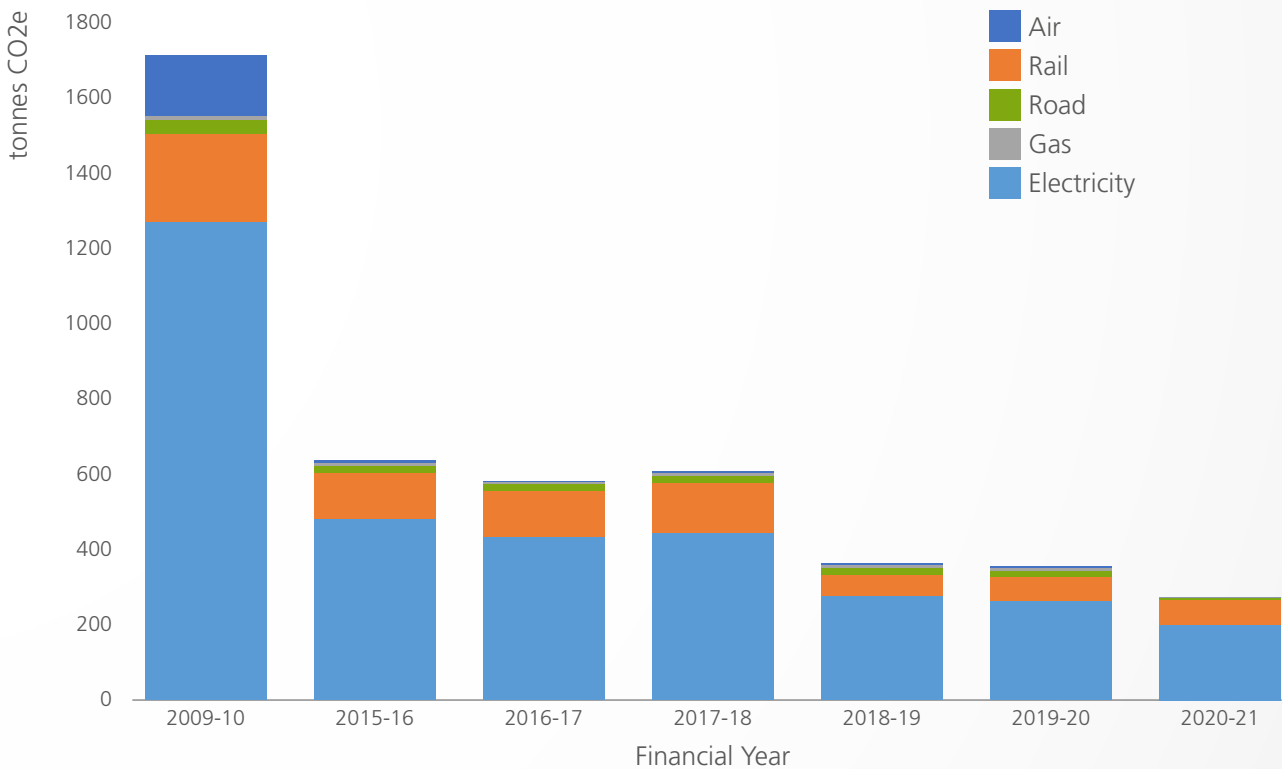
Scope 2:

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



Greenhouse Gas Emissions		2009-10	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Non-financial indicators (tCO ₂ e)	Total Gross Emissions for Scopes 1 & 2	1,409	567	520	540	313	307.75	251.22
	Total Net Emission for Scopes 1 & 2	1,409	567	556	540	313	307.75	251.22
	Gross Emissions Scope 3 Business Travel	209	34	26	33	31	26.03	4.19
	Other Scope 3 Emissions Measured	93	37	36	37	22	20.76	15.65
Related Energy Consumption (kWh,000s)	Electricity: Non Renewable	2,220	963	964	990	900	860	648
	Electricity: Renewable	166	0	0	0	0	0	0
	Gas	1,254	660	668	717	312	349	367
Financial Indicators (£k)	Expenditure on Energy	309	113	105	135	134	174	143
	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	95	116	125	106	104	38

Combined Related Energy Consumption has decreased by 193,218k kWh (15.97%) on 2019-20 levels. The overall total gross emissions has also decreased by 83 tonnes CO₂e (23.44%).

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 2020-21, 0 domestic flights were taken.

This area is demand led by operational case requirements* and as a result of Covid 19 and the Government's travel advice, SFO have not undertaken any flights.

Waste minimisation and management

The target is to reduce landfill waste generated by 10% from the 2009-10 baseline. For 2020-21, 40 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 37.3% 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.

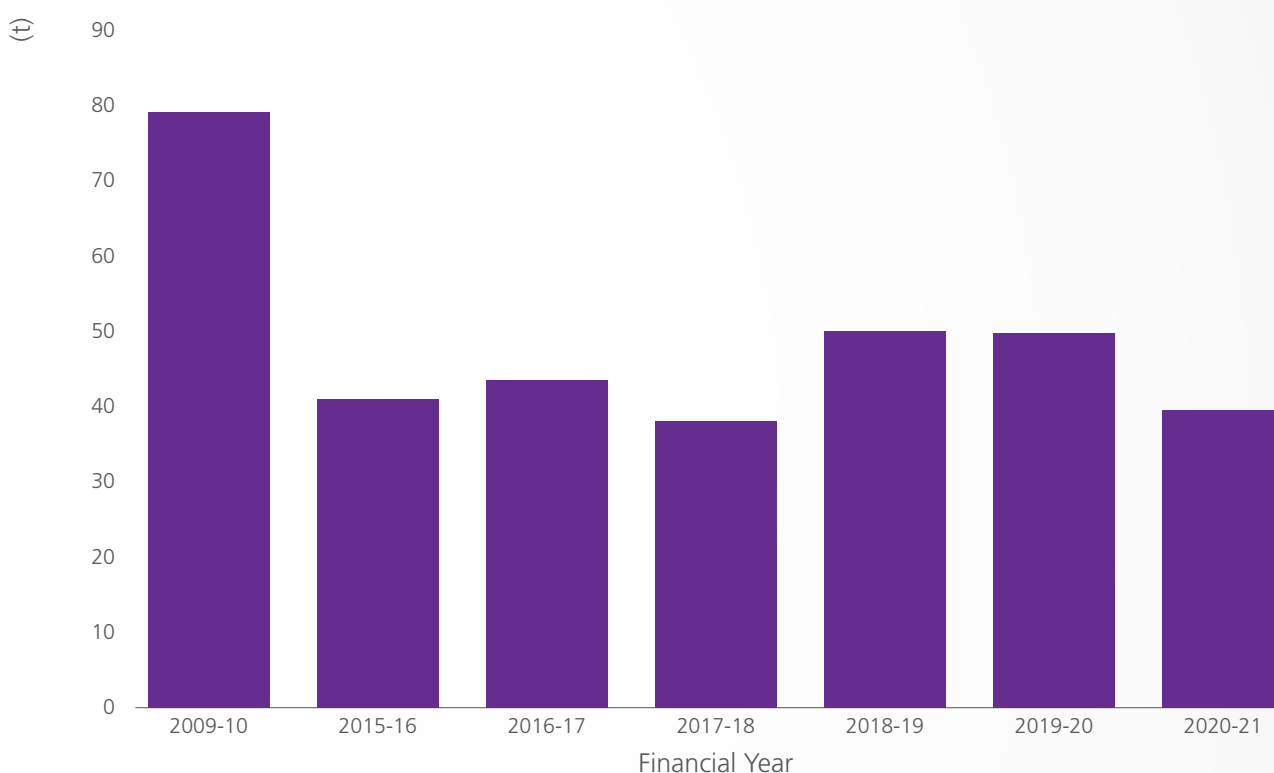
* In line with the requirements given, international air travel is not included in our business travel reporting.

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.

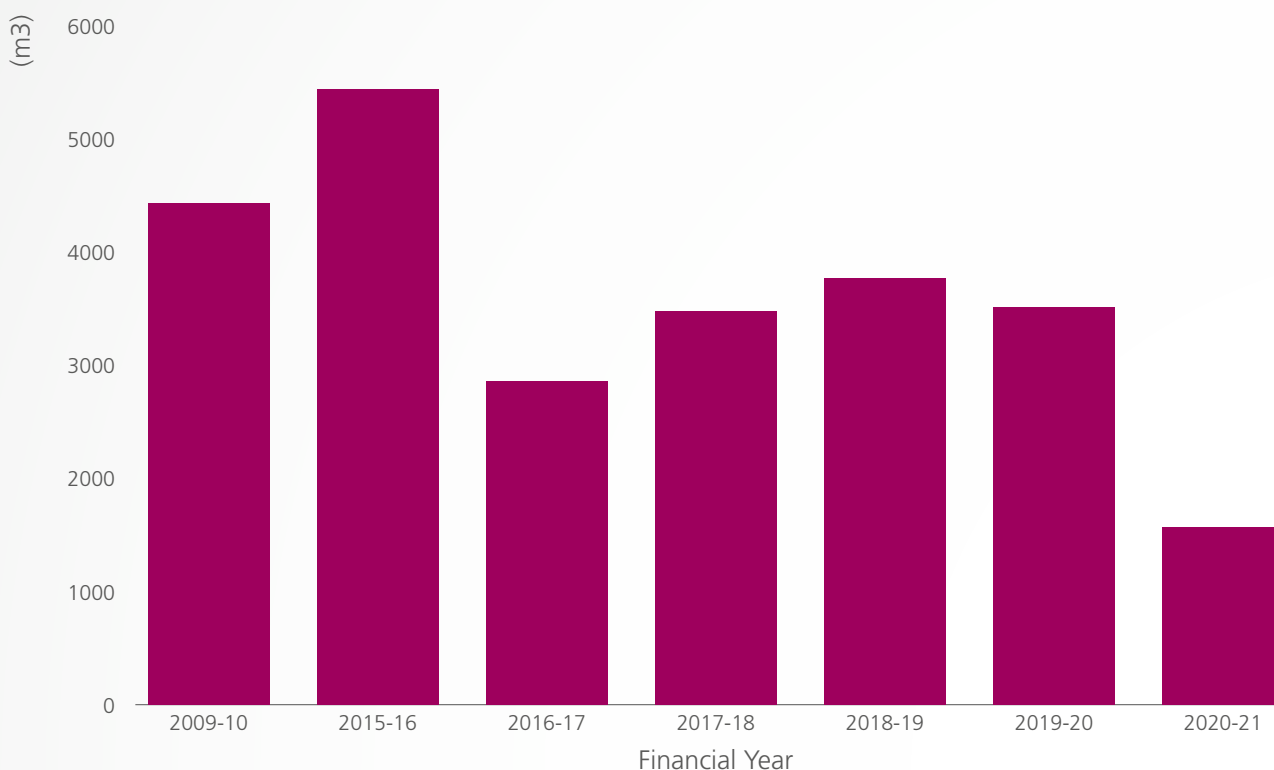
Westminster Council waste collection continues to use mixed recycling (which is processed dependant on materials) and landfill materials are incinerated to produce electricity for 50,000 homes and businesses, the TFL tube system and residual ash is used in road building and repair.

Waste Volumes



			2009-10	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Weight (t)	Non Hazardous Waste	Landfill	40	17	0	0	2	0	0
		Reused/Recycled	39	24	26	22	30	32	23
		Incinerated/Energy from waste	0	0	17	17	17	17	17
Cost (£k)	Non Hazardous Waste	Landfill	18	4.5	0	0	0.5	0	0
		Reused/Recycled	31	3	2.5	3	3	3	0.6
		Incinerated/Energy from waste	0	0	5.5	5	6	5	5

Water Actuals



Finite resource (Water) consumption

Finite Resource Consumption		2009-10	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Non-financial indicators (m³)	Water Consumption	4,466	5,485	2,882	3,503	3,804	3,544	1,580
Financial Indicators (£k)	Water Supply Costs	3	9	8	4.5	11	11	0.1

Water usage for 2020-21 has decreased on the previous year by 1,964m³ (55.42%). Usage however is at 64.63% below baseline target. The decrease is largely due to limits on occupancy levels during the Covid-19 pandemic.

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.

Contributions to the United Nations Sustainable Development Goals (SDGs)

As a law enforcement agency the SFO's remit is the investigation and prosecution of serious fraud, bribery and corruption. We are committed to playing an important role in achieving the United Nations Sustainable Development Goals, and this commitment is reflected in our strategic objectives. Due to our remit that focus largely falls within advancing progress on Goal 16:

"Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels."

There are two targets in which the work of the SFO actively contributes to achieving this goal:

16.5 – Substantially reduce corruption and bribery in all their forms.

We work tirelessly to bring criminals to justice as evidenced by our judicial outcomes each year (see page 10). We use DPA's as a tool to deliver justice for victims quickly and effectively and mandate improvements to avoid future fraud, bribery or corruption. We have put victims and the public interest at the heart of our work and we seek to recover the proceeds of crime and compensate victims of fraud.

16.10 – Ensure public access to information and protect fundamental freedoms in accordance with national legislation and international agreements.

We comply with the Freedom of Information (FOI) Act and operate a specific FOI request email address where requests can be made to the SFO under the FOI Act for information that we hold.

Notes:

- 1. Figures have been presented using the 2020-21 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, they do not include electricity consumption for common parts of the building.*



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