



SFO

SERIOUS FRAUD OFFICE

ANNUAL REPORT AND ACCOUNTS 2021-22

ANNUAL REPORT AND ACCOUNTS 2021-22

(For the year ended 31 March 2022)

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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

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Statement from the Director



I am pleased to share the Serious Fraud Office's Annual Report and Accounts for 2021-22.

For the SFO, in many ways this has been a year of transition. It is the last year of our 2019-22 Strategy. It is a year in which we have moved from operating with Covid-19 restrictions to the hybrid return to the office and a more open physical operating environment. Above all, it is a year in which we have delivered a huge amount for the UK's reputation, economy and society whilst preparing for a record number of SFO trials in 2022-23 and investing for the future.

You will read in this document about our many successes, about some things that did not go as well as we had anticipated, and about our ambitions for the future. As I reflect on the year, I am filled with pride.

Pride in the SFO's noble and vitally important mission: to fight serious financial crime; to deliver justice for victims; to protect the UK's reputation as a safe place to invest and do business, and most of all pride in the skill and dedication of our committed people. In this year alone, we opened 43 new cases into serious fraud, bribery and corruption – using all of our powers, covering criminal cases and also assistance to overseas jurisdictions and cases to recover the proceeds of crime – and we have brought a number of cases to a successful conclusion. These include SFO investigations that resulted in the conviction of Petrofac Ltd (for corruption and failing to prevent bribery) and GPT Special Project Management Ltd (for corruption), who were ordered to pay £77 million and £30 million respectively in confiscation orders, fines and cost awards to the SFO. Our action with regard to investigating corporates has also led to three Deferred Prosecution Agreements. The SFO is the only UK agency to make use of DPAs to date, through which the companies involved have admitted their wrongdoing and committed to improvements, with £105.5 million paid in fines, penalties and costs this year – double the figure from last year. These results have a direct impact on the UK's reputation for upholding the rule of law, as well as punishing wrongdoing, delivering justice and returning money, through fines and penalties, to the public purse. They show just how important the SFO is in the UK law enforcement system.

Pride that we have been resolute in pursuing that mission, thanks to the unwavering dedication, determination, expertise and passion of our staff. Every team and every individual at the SFO has a role in delivering our operations and realising our mission. I am delighted that our 2021 People Survey engagement scores are up this year, and that many key areas like teamwork are

also showing improvement. Our results demonstrate that the vast majority of our people are interested in their work (90%); understand the SFO's objectives and how their work contributes (88%); and feel a sense of personal accomplishment through their work at the SFO (79%). In a year when we have adjusted how and where we work in line with Government guidelines on COVID 19, I am particularly impressed with how SFO staff have continued to collaborate across team and organisational boundaries, including with other law enforcement agencies in the UK and overseas. This has been supported through investment in the right tools and technology, which has been pivotal to our achievements this year. I am grateful to everyone in the SFO for their tireless work.

And pride in the value that the SFO represents for the UK taxpayer. Overall, the amount we brought in to the exchequer over the last four financial years is over 3.9 times our budget. We continue to punch well above our weight in recovering the proceeds of crime, with a 100% recovery rate against £45 million in Financial Orders, which also resulted in £136,000 in compensation to victims.

Of course, there have also been some challenges this year and we are learning from those as an organisation that is committed to using our experiences – good or bad – to make things better for the future. This year, we commissioned an independent QC led review into our processes and practices in the Marshall & Woods trial at Southwark in April and we have also worked constructively with Sir David Calvert Smith in his Attorney General-commissioned review of the Court of Appeal decision in Akle (December 2021). At the time of writing, we await the outcomes of both these reviews and are committed to implementing their recommendations.

We have already implemented a number of improvements to the SFO's processes, training and ways of working. I have also refreshed our strategic goals at the SFO to make internal improvements and to identify where our operating environment could better serve justice in our complex, data rich cases. This is helping us to share our experience internally to encourage improvements in areas like the coverage of the SFO's pre-investigative powers, corporate criminal liability and disclosure so that we can support system-wide decisions and improve our track record for holding criminals to account.

As I turn from the year past to the 2022-23 financial year, I am confident about what we will achieve. Our 2022-25 Strategy sets out an ambitious vision for the office, which starts with the current 'year of the trial' in which we have already brought two cases before the courts, with six more scheduled by March 2023. At the time of writing, our first court result is in: guilty verdicts returned on all counts brought against two company directors behind Global Forestry Investments, a fraudulent green investment scheme in Brazil that deceived 2000 people into believing they were investing in an ethical scheme to do good in the world. Serving justice by investigating, prosecuting, and delivering results in cases like this is what motivates me, our teams, and all of our colleagues.

We won't stop fighting fraud, bribery and corruption. Our 2021-22 report and accounts – and more recent results – demonstrate that.



Lisa Ososky
Director
Serious Fraud Office

14 July 2022

Performance Overview

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SFO at a glance

43 new cases opened.

58 cases closed.

Our current caseload is around **130 active cases.**¹

22 defendants

at trial or awaiting trial at the end of 2021-22.

Two SFO cases have proceeded to trial and are ongoing at the end of the year. A further six cases are planned to commence in 2022-23.

285 potential witnesses

offered needs assessments and support ahead of upcoming trials.

2 guilty pleas

by corporates for bribery and corruption offences.

Petrofac Ltd plead guilty to seven offences of failing to prevent bribery by its employees and agents. Petrofac Limited was ordered to pay a total of £77 million comprised of a confiscation order, fines and cost awards to the SFO.

GPT Special Project Management Ltd pleaded guilty to one count of corruption. The company was ordered to pay a total of £30 million comprised of a confiscation order, fines and cost awards to the SFO.

1. Our active cases are comprised of cases within our investigation divisions and our proceeds of crime and international assistance division. The SFO has reclassified some criminal cases out of its active caseload. They are no longer actively investigated or prosecuted by the SFO. They remain open for reasons such as monitoring of DPAs, or ancillary orders following the conviction of defendants.

SFO at a glance

£105.5 million

in fines and penalties including costs awarded to the SFO through Deferred Prosecution Agreements.

£45 million

recovered against Financial Orders. A larger amount for the SFO than in any of the previous 10 years.

3 cases with executive action taken across multiple properties and locations.

The SFO has undertaken three instances of executive action this year on investigations into the activities of:

- Raedex Consortium – April 2021 – The SFO raided two properties, arresting one individual and interviewing two suspects.
- Alpha and Green Park Companies – September 2021 – The SFO carried out a series of co-ordinated raids, interviews and mandatory requests for evidence across the country.
- Arena Television Limited – February 2022 – The SFO searched three properties supported by the National Crime Agency. Two individuals were arrested and questioned.



Statement of Purpose and Activities

Who we are

The Serious Fraud Office (SFO) is a non-ministerial department superintended by the Attorney General's Office. A Framework Agreement sets out the relationship between the Attorney General, Solicitor General (the Law Officers) and the Director of the SFO.

Our core purpose is the investigation and prosecution of serious and complex fraud, bribery and corruption.

Established by the Criminal Justice Act (CJA) 1987, the SFO became operational in 1988. It is empowered within the UK criminal justice system with jurisdiction over England, Wales and Northern Ireland.

SFO's mission

The SFO fights complex financial crime, delivers justice for victims and protects the UK's reputation as a safe place to do business. In so doing, the SFO also recovers proceeds of crime, and assists law enforcement agencies from partner countries in their investigations into fraud, bribery and corruption.

How the SFO delivers its mission

The investigation and prosecution of our cases is done by multi-disciplinary case teams of lawyers, investigators, forensic accountants, external counsel and other experts. This joint investigatory and prosecutorial case-team structure is known as the 'Roskill' model. Unique powers under section 2 of the Criminal Justice Act 1987 enable the SFO to enforce the requirement of 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 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:

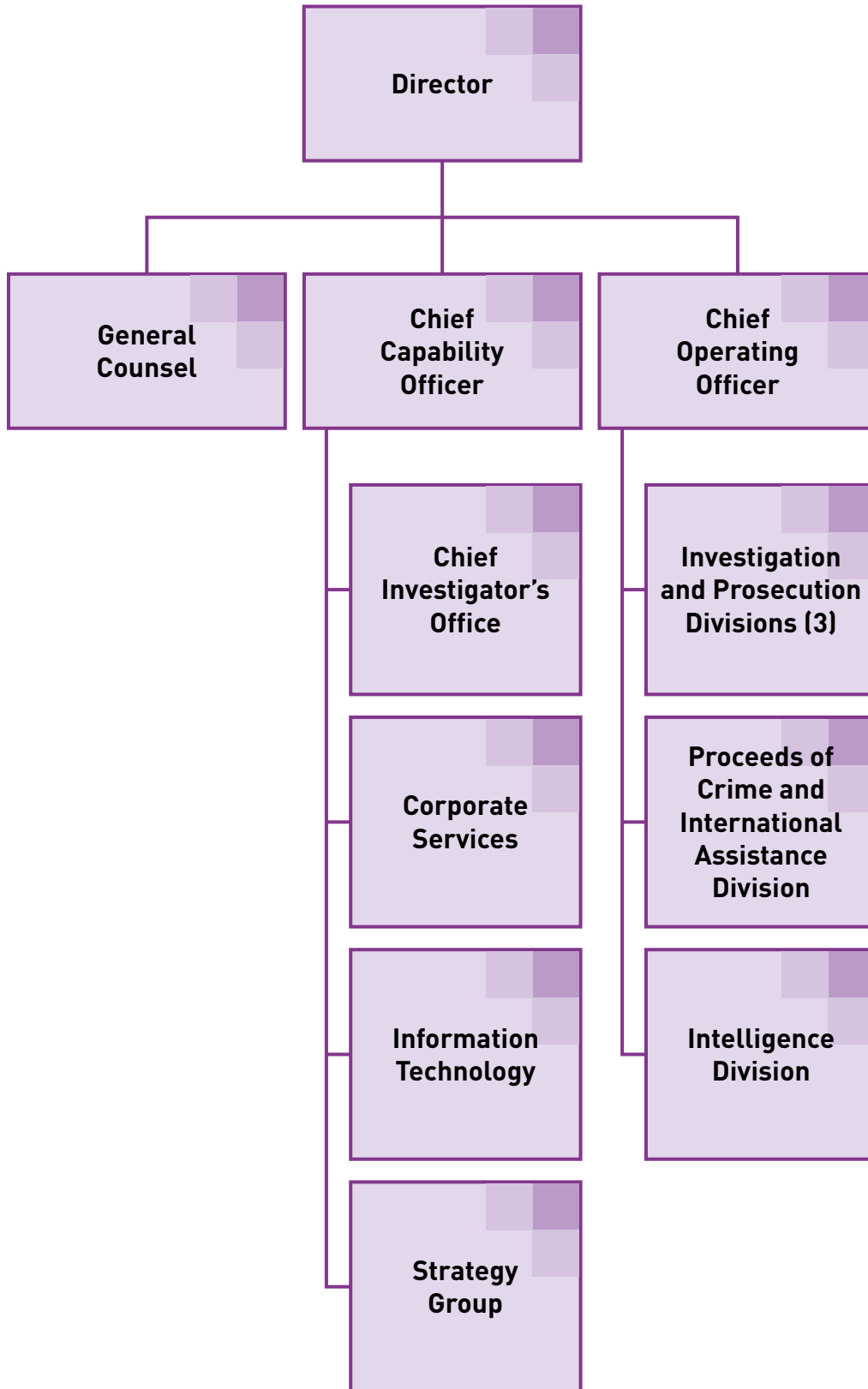
The Director may investigate any suspected offence which appears to them on reasonable grounds to involve serious or complex fraud.

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 Structure



Strategic objectives and values

Objectives:



To investigate and prosecute the most serious or complex cases of fraud, bribery and corruption.



To uphold the rule of law, deliver justice for victims and recover the proceeds of financial crime.



To deter criminals and require offending companies to reform in order to protect the UK's economy and global reputation as a safe place to invest and do business.



To collaborate with partners in the UK and overseas to ensure there is no safe haven for those who commit serious financial crime.

Values:



Integrity and professionalism

We make objective decisions whilst always being mindful of quality and value for money.



Respect

We show respect to one another, to our external colleagues and to the wider public.



Openness and transparency

We collaborate and share information with each other and, where appropriate, others, explaining our decisions and learning from our mistakes.



Excellence

We strive for excellence in all that we do.

Principal Risks

The SFO's principal risks are those identified as critical potential inhibitors to the successful delivery of our mission and strategic objectives.

Risk category	Risk level	Risk description
Digital & Technology	High risk	Risk arising from a failure of technology to deliver the expected services we needed to meet organisational goals; due to inadequate or deficient system/process development and performance or inadequate resilience.
Information Management	High risk	Risk arising from a failure to securely, effectively manage data and information, which may lead to SFO not meeting its obligations under General Data Protection Regulation (GDPR) law.
Legal Decision Making & Casework	Medium risk	Risk arising from defective casework practices, transactions or some other legal event that results in a liability, loss, or a failure by SFO to meet ethical, legal or regulatory requirements.
Security	Medium risk	Risk arising from a failure to prevent unauthorised and/or inappropriate access to SFO systems and assets; includes the loss or compromise of sensitive information, cyber-attack, eavesdropping, leading to potential major disruption to core business operations.
Commercial	Medium risk	Risk arising from weaknesses in the management of commercial partnerships, supply chains and contractual requirements, resulting in poor performance, inefficiency, poor value for money, fraud, and /or failure to meet business requirements/objectives.
People	Medium risk	Risk factors that can negatively impact the performance, success and output of our people, including: <ol style="list-style-type: none"> a. Leadership; b. Engagement; c. Organisational Culture; d. Organisational Change and e. Resourcing.
Governance	Medium risk	Risk arising from unclear or ineffective oversight of SFO decision-making arrangements and/or failures to apply organisational standards criteria in the delivery of our services.

Further information on how risks are managed can be found within the Governance Statement on page 37.

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 approved by Parliament each year. The SFO has secured funding for the next three financial years via 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

Operations

The SFO's operational priorities this year focussed on progressing our complex investigations and preparing cases for trial. Delivery highlights against our 2021-22 business plan include:

- Supporting Victims and Witnesses. Her Majesty's Crown Prosecution Service Inspectorate reported in January 2022 that the SFO has "actively sought to change organisational culture to focus on the needs of victims and witnesses".
- Recovering over £45 million in the proceeds of crime comprising confiscation, cash forfeiture, asset forfeiture, and compensation for victims.

- Agreeing 3 Deferred Prosecution Agreements which secured £105.5 million in fines, penalties and cost awards for the taxpayer.
- Conducting three operations of executive action across three cases, searching properties, interviewing suspects and using our unique Section 2 legislative powers to get information.



£105.5 million in fines, penalties and cost awards for the taxpayer.



Our People

The SFO aims to support our people to enable them to be part of an effective and efficient workforce, to help them develop the skills needed for their current roles but also to look to future development, and to ensure that all staff feel that their views are heard and they are treated with respect and dignity. The SFO wants to be a great place for all to work, and sees our commitment to Diversity and Inclusion as essential in achieving this goal. This year the SFO focused on:

- Delivering a reverse mentoring programme for senior managers, including our Director, to be mentored by colleagues from diverse backgrounds (at a more junior grade) with a view to enabling a better understanding of diversity and inclusion issues, and further promoted our mentoring scheme for all staff;
- Developing a new People Strategy, bringing together a number of existing work streams and identifying new objectives;
- Providing staff with health and wellbeing support throughout the challenges of Covid-19 and, as restrictions started to ease, guidance and support on returning to the office and moving to informal hybrid working;
- Providing a new Learning and Development portal to improve access to opportunities, along with advice on career paths and a Leadership and Management Development Portfolio for staff below SCS;
- Supporting staff on the Civil Service wide Future Leaders Scheme which develops colleagues at Bands A and B in preparation for future roles in the Senior Civil Service, setting up networks to share learning;

- Continuing to develop our own staff through the Investigator Trainee Scheme and Apprenticeships for a number of staff;
- Working with the Bar Counsel to participate in their Intern Scheme to promote ethnic diversity; and
- Increasing the number of staff representatives in the Culture Change Programme to have a broad and inclusive input from staff across the organisation.

Diversity and Inclusion

The SFO refreshed its Diversity and Inclusion Strategy and Action Plan, creating a new Inclusion Council and office wide Working Group:

- The SFO continued to use internal and external cross-government Networks and the Senior Leadership Team Champions, in order to create meaningful events in the D&I calendar.
- The SFO will build on our programmes of including D&I in our training and career pathways for our staff – continue to tailor job profiles, roles and the needs of the SFO.

Culture Change Programme

As part of our commitment to developing our people and in response to a leadership review carried out by HMCPST, in 2019 the Director launched a three phased Culture Change Programme. This year the programme concluded its second phase and, following an assessment of progress to date, the vision was refreshed.

Our aim is to create a culture within the SFO where staff feel:

- Valued for their contributions and are treated with dignity and respect
- Able to be open and honest, embrace constructive challenge and can raise concerns without fear of reprisals
- Empowered to be decisive and invested in driving forward the SFO's mission
- Confident that leaders throughout the organisation demonstrably live our values

The Programme has continued to support staff through building on initiatives launched in prior years, and new initiatives such as:

- Facilitating Executive Committee all staff Q&A sessions in response to staff survey responses;
- Delivering Continuing Professional Development training seminars for all staff to attend; and
- Providing bespoke training on holding Brilliant Conversations & Collaborating across the SFO.

Phase III of the Culture Change Programme started with staff participation in culture conversation workshops. The workshops provide a whole system effort to drive forward inclusion, innovation and risk identification, as well as developing empathetic leadership, performance and well-being.

Feedback and consultation

We measured the effectiveness of many of these interventions through the annual Civil Service People Survey, and by getting feedback in other ways.

Our over all People Survey engagement score increased by 1% to 63%, with 68% of our people taking the opportunity to provide feedback, and had marked improvements in the feedback on the 'my work', 'my manager' and 'my team' themes.

During 2021-22, SFO staff recorded 2,571 days of training which equates to an average of 5.69 days per person (an increase from 3.67 days in 2020-21).

Our 2021 internal staff survey responses also demonstrated that new ways of working have improved staff experiences and that cultures within teams are well defined and can be positively influenced by its members. Moreover, at a team level, members are open to discussing difficult issues and problems, individuals' skills and talents are valued, and there is no difficulty in asking colleagues for help if needed.

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 them on a range of matters.

Pay and bonuses

Within the 2021-22 pay award only those staff earning less than £24,000 received a pay award, in line with the Chancellor's announcement in the 2020 Spending Review. Annual performance bonuses continue to be awarded to our top performers.

Stakeholders

As one part of the UK's multi-pronged approach to tackling serious fraud, bribery and corruption, partnership working and effective engagement with a wide range of stakeholders is crucial to our success. Highlights relating to the SFO's 2021-22 business plan include:

- Managing 58 Mutual Legal Assistance requests for evidence from overseas authorities, covering 26 different jurisdictions.
- Being recognised in the HMG Economic Crime Plan Statement of Progress, with responsibility for leading on three actions.
- Sharing the SFO's operational experience with policy makers and other Government Departments to support an effective operating environment for tackling serious fraud, bribery and corruption.
- Presenting the SFO's good practice and experience to the 44 member countries in the OECD's Working Group on Bribery.
- Investing in an outward-facing, confident communication and engagement strategy through which we have boosted the SFO's social media presence, public enquiries services and parliamentary engagement.

Technology

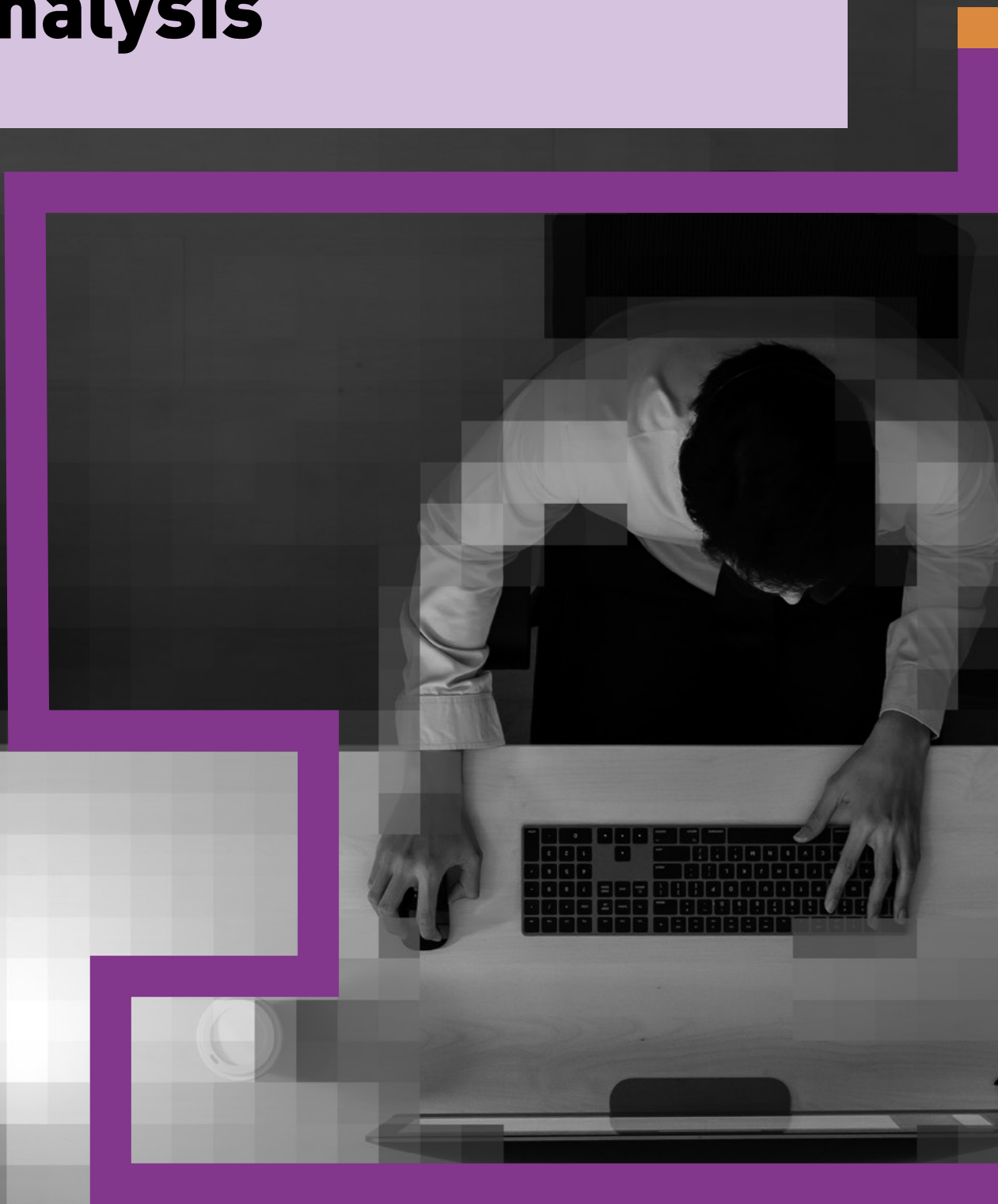
This year the SFO used investment obtained in SR 2021 to begin enhancing its core IT capability to support effective, collaborative working across team boundaries. Highlights relating to the SFO's 2021-22 business plan include:

- Enhancing our hybrid working capability to enable staff to collaborate effectively across multiple locations.
- Managing the increasing complexity and volume of data in SFO investigations by increasing automation within the processing pipeline for evidential data.
- Exploring initial scoping for advanced data technologies such as Artificial Intelligence and Machine Learning.
- Building privacy and information governance controls into new technologies and services.



This year the SFO used investment obtained in Spending Review 2021 to begin enhancing its core IT capability to support effective, collaborative working across team boundaries.

Performance Analysis



Our Performance this year

Priority Outcomes

In our 2021-22 Business Plan we set out 5 delivery measures to track our progress. The SFO has been successful in our ambitions this year across each of these areas.

1. The percentage of cases that successfully progress past the ‘no case to answer’ stage in criminal trials – when the Judge rules that the prosecution’s evidence is sufficient, the trial will proceed to enable a jury to consider its verdict.

Over the last five financial years 2017-18 to 2021-22 89% of our cases – 16 out of a total of 18 – have progressed past this stage. With 6 trials scheduled for 2022-23, we anticipate maintaining our good performance in this area into the future.

2. The average and median length in days of the investigation phase for active cases.

At the end of 2021-22 a typical SFO investigation takes around 4 years or 1460 days. As some of our longer, legacy investigations have come to a completion – eight of which we are bringing to trial in 2022-3 – we have seen both the average and median numbers rise. By continuing to bring older and newer cases to a timely first resolution, our plan for the 2022-5 Strategy is that these figures level off and then decline to reach a 3-year average and median investigation length for live cases.

3. The total value of financial contributions to the government through the continued use of Deferred Prosecution Agreements.

This year we have secured £105.5 million in contributions and cost awards through the use of DPAs. This is more than double the previous year where the SFO secured £45 million. The SFO’s total contribution to the public purse since the introduction of DPAs now stands at over £1.7 billion, meaning we brought in 3.9 times more than our cost to the taxpayer over the last four financial years.

4. The percentage of victims and witnesses who are called to give evidence that are satisfied with the experience provided by the SFO.

During 2021-22, the SFO has been improving the services it offers to victims and witnesses. By evaluating the outcomes from the 8 trials in 2022-23, the SFO will be building a strong evidence base to measure the effectiveness of the improvements. This will inform how future improvements can be made whilst continuing to bolster the already high level of support we pride ourselves on.

5. Total value of financial orders secured on realisable assets and the percentage recovered against order amounts.

This year the SFO has secured over £45 million in Financial Orders, of which we recovered 100% this year, giving us a higher recovery rate than in any of the previous 10 years.

Performance detail

This section provides additional detail of performance against the 4 pillars of the 2021-22 Business Plan: Operations; People; Stakeholders; and Technology.

Our Casework

The SFO has continued to deliver around 130 cases in the challenging and complex operational environment of economic crime.

This section covers key successes and challenges from the year, with a focus on cases which have had court outcomes. There has been significant progress on many other cases, including those not in the public domain and therefore not covered here.



GPT

The SFO obtained a guilty plea from GPT Special Project Management Ltd in respect of corruption in a contract to supply military-grade communications equipment to the Saudi Arabian National Guard stretching back to the 1970s.

In passing sentence, the Judge described corruption as “damaging to the country in which it occurs, it is damaging to the reputation of United Kingdom business, and it distorts the market in which the business operates”.

The judge ordered GPT to pay a confiscation order of £20.6 million, a fine of £7.5 million, and costs of £2.2 million.

The SFO has an agreed income retention limit for all recovered costs on all cases of £0.9m. All monies other than £0.9m have been paid to HMT on behalf of the taxpayer. A trial of associated individuals is currently underway.



Amec Foster Wheeler Energy Limited

The SFO agreed, and a Judge approved, a Deferred Prosecution Agreement (DPA) with Amec Foster Wheeler Energy Limited relating to bribery of public officials in 5 countries between 1996 and 2014 to secure lucrative contracts and to support its activities in the oil and gas sector. Under the terms of the DPA, Amec Foster Wheeler Energy Limited will pay a financial penalty and costs amounting to £103 million to HMT on behalf of the UK taxpayer, which forms part of the US\$177 million global settlement with UK, US and Brazilian authorities. This included an amount of compensation payable to the people of Nigeria.



Petrofac

Following the SFO's investigation, Petrofac Limited entered a guilty plea to seven separate counts of failing to prevent its associated persons from bribing contrary to section 7 of the Bribery Act 2010 between 2011 and 2017. This is the largest ever Bribery Act 2010 corporate conviction, both in terms of the financial sentence imposed and the number of convictions, for a single corporate.

Petrofac Limited was ordered to pay confiscation of £22 million, it was fined £47 million and ordered to pay the SFO's costs of £7 million. The SFO has an agreed income retention limit for all recovered costs on all cases of £0.9m. The remainder of these costs will be surrendered to HM Treasury on behalf of the taxpayer. Judge Taylor commented "bribery in all its forms is a very serious offence. In circumstances such as in this case, it undermines fair competition and commercial probity in the award of contracts for large scale global projects."

Judicial Challenges

The Court of Appeal overturned Ziad Akle's and Paul Bond's convictions on the basis that there had been a disclosure failure by the SFO. The Court did not find any abuse of process. The disclosure failures by the SFO are now the subject of an independent review commissioned by the Attorney General (see below).

Independent Reviews

There are two reviews due to conclude in 2022-23. The first review, led by Brian Altman QC was commissioned by the Director following issues in the trial of former Serco executives. The second review was commissioned by the Attorney General and led by Sir David Calvert-Smith. The review focuses on our handling of the Unaoil case, following the Court of Appeal judgment overturning Ziad Akle's conviction. We will consider the findings of both reviews carefully and are committed to implementing their recommendations.

Intelligence

In 2022 the Intelligence Division delivered the SFO's first Control Strategy² to focus efforts where the landscape of economic crime was either changing, emerging or represented the highest threat to the work of the SFO. We harnessed the extensive knowledge and experience of our colleagues and partners, and instigated a new collective intelligence gathering operating model specifically to address the growth of cryptocurrency. The model was recognised in the national Economic Crime Plan.

The 2022-23 Control Strategy will focus on proactive intelligence gathering, aligned to the Her Majesty's Government 'whole system approach' to critical threats within Economic Crime. The Intelligence Division continue to share our threat assessments and intelligence with partners where ever possible to increase the understanding of economic crime.

The Intelligence Division also completed the first Intelligence Division Strategy in 2022, which sets out ambitions in areas such as raising the profile of Intelligence at the SFO, improving internal processes, increasing the proactively generated cases and focused engagement in key sectors. The Intelligence Division also hosted over twenty events informing the organisation on specific threat areas and have embedded a new Tasking and Coordination Group.

2. A control strategy sets out the longer term priorities for the organisation and identifies the gaps in knowledge or emerging threats.

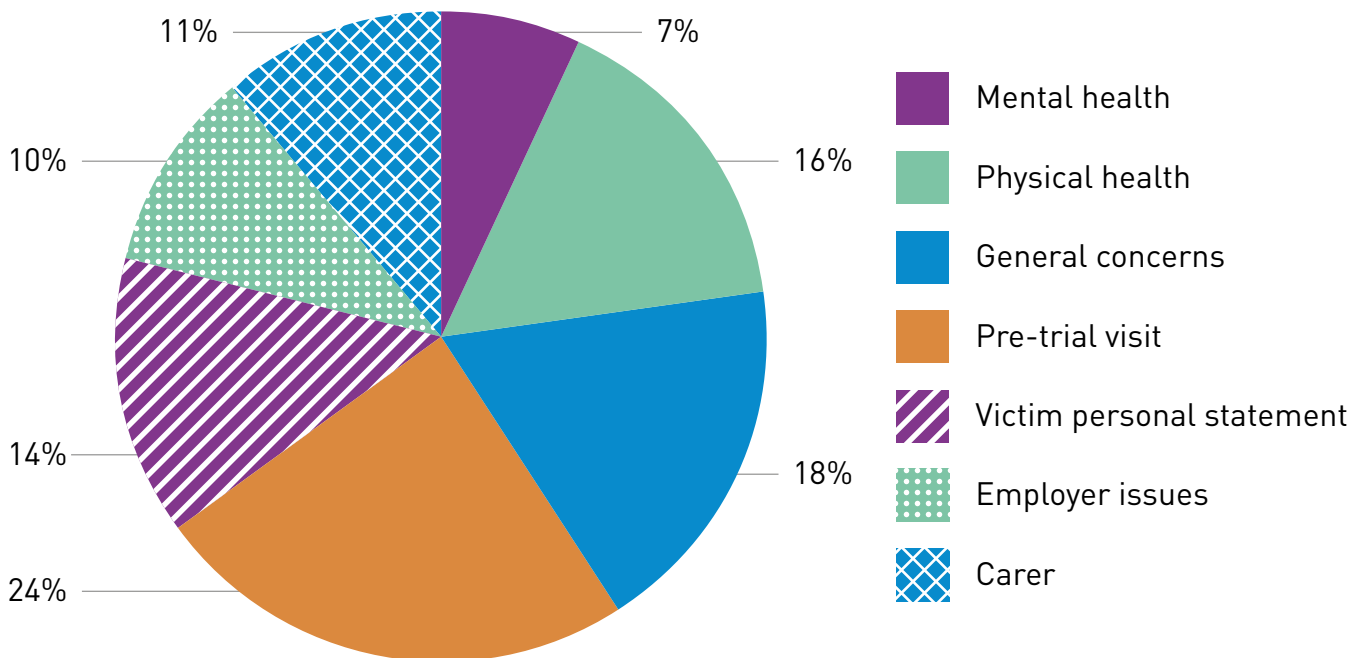
Victim & Witness Care

In January 2022 HMCPST published a report on the SFO’s handling of victims and witnesses. HMCPST said: “The Serious Fraud Office has actively sought to change organisational culture to focus on the needs of victims and witnesses” and it highlighted our small but ongoing commitment, including our small but dedicated Victim and Witness Care team.

The report commended the SFO on its four-part needs assessment process that takes into account victims’ and witnesses’ changing requirements over the lifetime of investigations. It was completed by 198 of the 285 witnesses the SFO was in regular contact with in 2021-22 and identified 112 needs – from mental or physical health to caring responsibilities – which the SFO is taking into account in providing support.

HMCPST recommended that the SFO could: improve engagement with vulnerable or intimidated victims and witnesses; develop a victims and witnesses care strategy; and review our victims and witnesses training programme. We will implement all of these recommendations.

The graph below shows a breakdown of the types of needs identified.



Proceeds of crime and international assistance

In addition to investigating and prosecuting criminal cases, the SFO aims to recover the proceeds of crime so wherever possible victims can be compensated and fraudsters do not benefit from their offending. The SFO's Proceeds of Crime (POC) team are a group of specialist lawyers and financial investigators using powers under the Proceeds of Crime Act 2002 (POCA) to restrain, freeze, confiscate, forfeit funds and pursue civil recovery. The POC team consists of accredited financial investigators, lawyers and case progression officers and has on average around fifty live investigations open at any one time. In the reporting year the team worked on 60 cases.

The International Assistance (IA) team respond to Mutual Legal Assistance (MLA) requests for evidence from overseas authorities. The team comprises lawyers, case progression officers and investigators. The team is responsible for receiving, managing and executing MLA requests and dealing with any legal challenges that arise from the acceptance or execution of these requests and orders. The IA team has around thirty to forty live MLA requests for evidence at any one time and ensures that they are progressed at pace, analysing new requests, ensuring that evidence is obtained, analysed and transmitted expeditiously while managing the associated legal and reputational risks. In the reporting year the team worked on 58 cases from 26 different jurisdictions. The team also works with lawyers and investigators from the SFO's cases to obtain and manage restraint, confiscation and investigative orders to assist overseas authorities to recover the proceeds of crime.

Recovery Figures 01/04/21 – 31/03/22

Total Recovery Amount	£45.4m
Value of payments made against Confiscation Orders	£45m
Value of Cash Forfeiture Orders	£24k
Value of listed assets forfeiture orders	£145k
Value of Forfeiture (of money in Bank accounts)	£250k
Compensation paid to Victims (amount included within total value of payments made against Confiscation Orders)	£136k

HMCPSP

In 2021-22, the SFO's Proceeds of Crime Division was, jointly with Crown Prosecution Service, inspected by HM Crown Prosecution Service Inspectorate (HMCPSP) who looked closely at the casework undertaken by the team to recover the proceeds of crime. HMCPSP simultaneously assessed both the SFO and Crown Prosecution Service POC teams and in conclusion applauded both for their efforts remarking that cases were "handled proactively and efficiently by dedicated and skilled staff".

Proceeds of Crime Results

In 2021-22, the SFO recovered a total of £45 million using Proceeds of Crime Act 2002 powers. Some examples include:

- In April 2021, GPT Special Projects Management Limited pleaded guilty to corruption between December 2008 and July 2010. The judge ordered the company to pay a confiscation order of £20,603,000.
- In June 2021, the team secured an account forfeiture order of £247k against an account linked to the criminal gains of Virendra Rastogi, one of the architects of a \$700 million global fraud.
- In August 2021, the team secured increased confiscation orders against convicted fraudsters Silinder Singh Sidhu and Paul Kent by £140k. In 2010, these two men were convicted for rigging further education and training contracts operated through the Shropshire Learning Skills Council (SLSC).
- In August 2021, a confiscation enforcement hearing saw Jolan Saunders jailed for almost nine years for failing to pay his multi-million pound confiscation order. Saunders had resorted to falsehoods and obfuscation to avoid paying compensation to the victims of his fraud.
- In December 2021, the team secured a confiscation order worth over £140k against former senior Petrofac executive, David Lufkin. This case has also seen the SFO secure convictions against Petrofac Ltd, with the company ordered to pay a confiscation order worth over £22 million.



In 2021-22, the SFO recovered a total of £45 million.



Stakeholder Engagement and contributions to cross-Whitehall policy development

The SFO operates as part of the UK and global fight against crime and we work closely with international and domestic partners in delivering our important mission.

This year has seen the SFO step up our strategic engagement with HMG and global partners, to showcase the SFO's unique capabilities and to collaborate on understanding and overcoming shared challenges in the fight against economic crime. Some key developments from the year are set out below.

Participation in economic crime governance boards

This year the SFO has continued to participate in relevant cross-Whitehall economic crime governance boards including the Economic Crime Strategic Board, jointly chaired by the Home Secretary and the Chancellor, which is supported by the Economic Crime Delivery Board. In 2021-22, the SFO joined the re-launched Joint Fraud Taskforce Board (JFT) chaired by the Minister for Security and Borders, which brings together private and public sector leads to identify ways of reducing fraud and harm caused to victims. Through our joint chair, with the National Economic Crime Centre of the Bribery, Corruption and Sanctions Evasion Threat Group we have expanded the membership and are facilitating information sharing and collaboration across government departments and agencies. Through this collaboration, the SFO's unique role within the criminal justice system and capabilities for tackling economic crime are recognised in, and help to inform, relevant strategies and plans.

Parliament

Also in the past year, the SFO has actively engaged with parliamentarians to raise awareness of the SFO and the environment we

operate in. This includes bilateral meetings between parliamentarians and the Director and an event co-hosted by the SFO and the Law Officers in the House of Commons to increase knowledge of the SFO's work and our priorities.

Parliamentary Questions

The SFO has continued to assist the Attorney General's Office in meeting its obligations in relation to parliamentary questions (PQs) and debates. In 2021-22 the SFO provided information or responses for 27 written and 9 oral PQs to the Law Officers concerning SFO cases or corporate matters, as well as producing a wide range of briefing to support the Law Officers in debates and other events.

OECD and Bribery working group

The UK is one of only four countries classed as an active enforcer of the Organisation for Economic Co-operation and Development (OECD) Anti-Bribery Convention. The SFO remains a committed member of the UK's delegation at the Working Group on Bribery (WGB). The WGB brings together the 44 countries party to the Anti-Bribery Convention and is responsible for monitoring the implementation and enforcement of the Anti-Bribery Convention and Recommendation, and meets four times per year.

The UK – in large part due to the work of the SFO – is a leading enforcer of foreign bribery and, at the request of the WGB, regularly shares experience and best practice with member countries. In June 2021, the SFO played a leading role in a session for law enforcement officials on multijurisdictional cases, using our Airbus investigation and DPA as a case study, and in November 2021, the SFO presented on methods for detecting foreign bribery.

Economic Crime Plan Statement Of Progress

May 2021 - the government published an update on:

- Its progress in tackling economic crime
- Delivering on its ambition to ensure the UK remains a transparent, safe and open place for global business

The Economic Crime Plan Statement of Progress recognised the critical role the SFO plays in the operational response to the economic crime threat and included three SFO-owned actions:



1 Improve the coordinated response to and dissemination of SFO reporting and analysis in key threat areas through the SFO's newly developed SFO Control Strategy. [SFO]

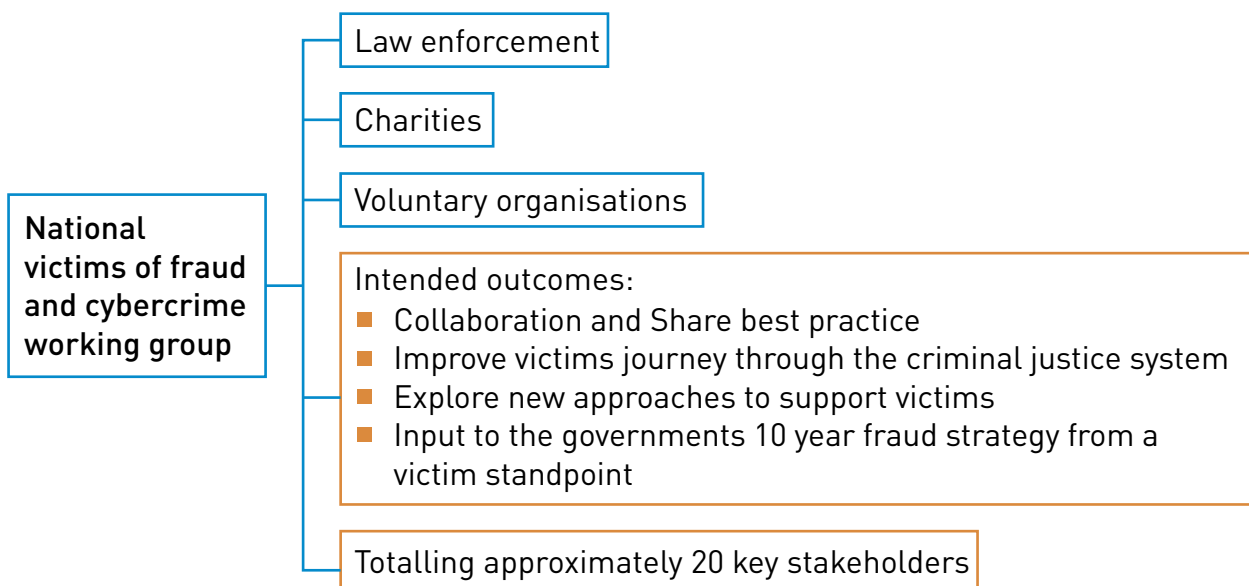


2 Implement an improved prioritisation process for the most serious and organised frauds. [National Economic Crime Centre/City of London Police /SFO]



3 Review the national support provided to fraud victims and understand what works to support the specific needs of those acutely impacted by fraud, including establishing a national working group. [Home Office/National Trading Standards/ Business, Energy and Industrial Strategy/SFO].

- As part of this, in June 2021 the SFO together with the Home Office established the National Victims of Fraud Working Group. The aims and involvements of which are explained in the following figure. The group meets regularly, chaired jointly by the SFO and the Home Office.



EU withdrawal

There has been no significant impacts to date from EU withdrawal to the SFO. Like all UK Law Enforcement bodies, we have mitigations in place where risks have been identified in relation to the UK's exit from the EU.

Technology

This section explores how the SFO is developing its use of technology to support better operational outcomes with the aim of using new technology and tools to deliver our work more quickly and efficiently, including by building data skills and awareness across the organisation.

What did the SFO achieve this year?

This year the SFO has delivered improvements to our IT systems to support hybrid working, brought greater efficiency and automation to our data processing pipeline and explored initial scoping for advanced data technologies such as Artificial Intelligence and Machine Learning.

IT Transformation and Cyber Security

Building on work last year to enhance our remote working capability in response to the global pandemic, this year the focus of IT development shifted towards better enabling hybrid working, with the aim of enabling staff to collaborate effectively regardless of location. To support this the SFO has delivered internal and external videoconferencing, new audio-visual equipment to enable hybrid meetings, and a meeting room and desk booking system to enable optimal use of office space and management of Covid restrictions.

Cyber security remains a key priority against the backdrop of an increasingly challenging threat landscape. The SFO continued to improve and test its capabilities in this area during the year, including responding to a range of widely publicised vulnerabilities in commonly used software. The SFO has also undertaken infrastructure upgrades where needed to address legacy technology risks and to ensure stable, resilient and high-performing services.

Better use of data

Managing the increasing complexity and volume of data involved in investigating and prosecuting complex fraud, bribery and corruption is a key challenge for SFO. A typical SFO case can have circa 3 million documents, with some cases having more than 25 million documents. This growing data volume and complexity poses challenges for all aspects of case delivery, but particularly for the disclosure process.

To help meet these challenges the SFO has delivered a range of improvements to our data processing capabilities. This year the SFO has:

- Enabled secure electronic sharing and receipt of materials with external parties, reducing the need for physical transfers of devices or storage media.
- Further automated our processing pipeline for evidential data, enabling some data types to be processed with only minimal human input and helping ensure that evidence reaches case teams as quickly as possible.
- Refined our processes for filtering and processing material, to ensure we are focusing on data of value and countering the general growth in data production.
- Continued to train staff in the use of our data technologies.
- Continued the migration of cases onto our current review platform, enabling more cases to benefit from the advanced data analysis capabilities the current platform provides. Benefits of this work include improved, access to powerful search and de-duplication tools that save review time and effort, and automation of common tasks such as review tracking.

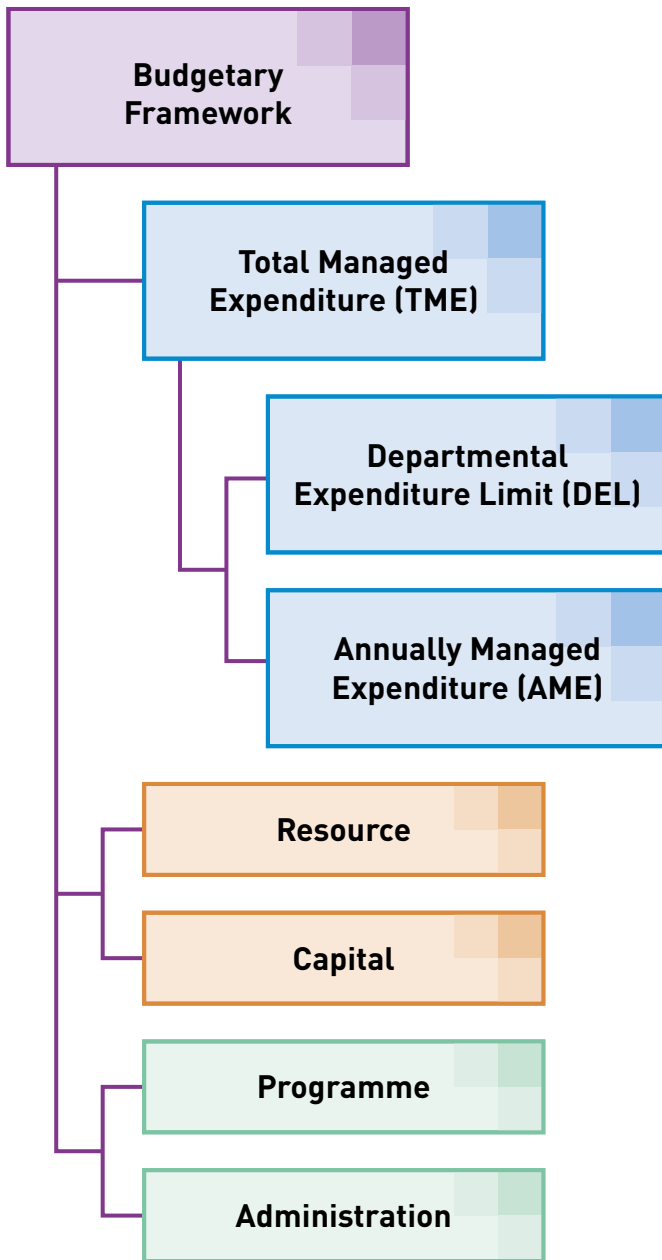
The SFO has conducted initial scoping for advanced data technologies such as Artificial Intelligence and Machine Learning, building on the previous application of Machine Learning during the Rolls-Royce case. The SFO plans to further explore these technologies next year, working where possible with partners across the Law Enforcement community and beyond.

Alongside these improvements the SFO has continued to deliver operational services including Digital Forensics, management of physical evidential materials, and data search and analysis. These services have been heavily utilised in the run up to the six trials planned for 2022.

Information Governance

The SFO continues to build privacy and information governance controls 'by design' into new technologies and services. The protection of personal data has been embedded within hybrid working capabilities including desk booking, video conferencing and secure data transfers. Further work to audit our enterprise application estate has been completed to ensure data capabilities remain secure, compliant and supported.

Financial performance



SFO expenditure, directly or indirectly is for the investigation and prosecution of the most complex fraud, bribery and corruption cases – no-one else does what we do to investigate, prosecute and retrieve the proceeds of crime.

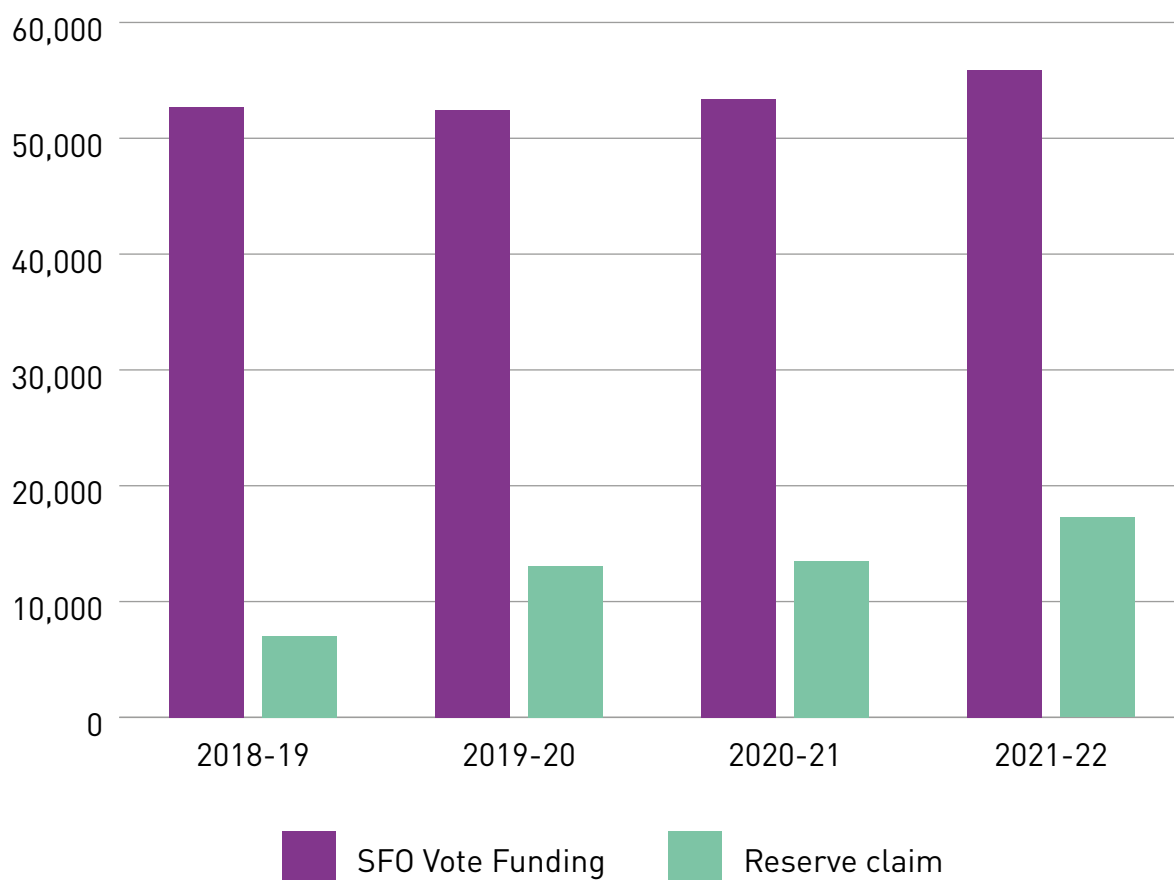
The SFO's Resource Departmental Expenditure Limit (DEL) outturn excluding ringfenced depreciation for the year totals £68.05m against a budget of £70.46m, an underspend of £2.41m or 3%. Capital DEL was underspent by £1.3m while the underspend on Annually Managed Expenditure (AME) was £5.28m.

The SFO's net spending is broken down into several different spending totals, for which Parliament's approval is sought. The Department's running costs are covered by the DEL and our provision for legal costs arising from events in year but expected to be paid in future financial years and classified as AME.

Where our funding comes from

Our funding comes directly from government as part of the 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.

The chart below shows our funding over the last four year period.



The 2021 Spending Round 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 4% 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 £17.25m since the Main Estimate was agreed. Of the £17.25m increase, £11.0m is attributed to cases which will cost above the 4% threshold for the year and £3.5m to cover the in-year cost of civil litigation. The remainder of £2.7m is to cover the payment of settlement cost on the Serco case which collapsed after a review of the disclosure process. The SFO incurred an Excess vote on AME in 2020-21 as a result of this settlement, the payment of £2.7m in full and final settlement was agreed and paid in August 2021. Capital DEL is in line with the total agreed at Main Estimate this year.

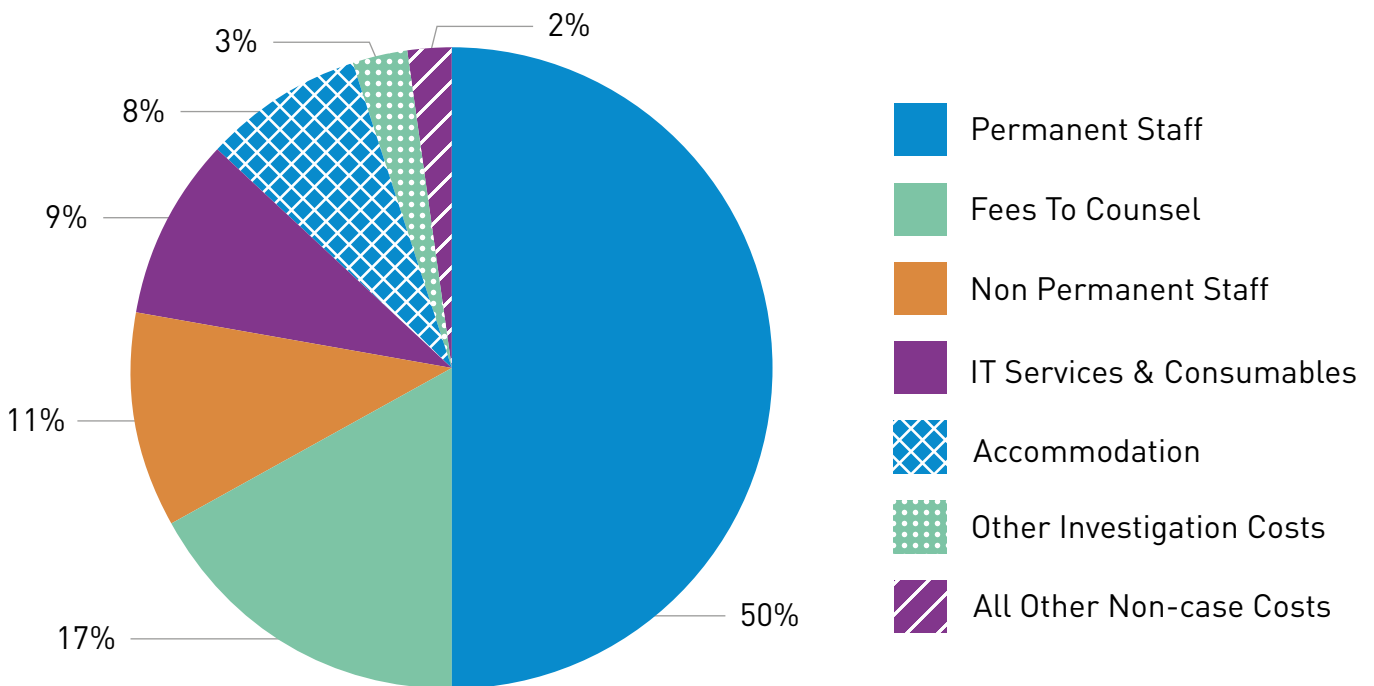
Our summary expenditure

Our total operational expenditure was £68.05m, an underspend of £2.41m or 3%. The costs are reflective of the activity of the SFO with the majority driven by case work. Even IT costs reflect this with significant costs incurred by the SFO’s digital forensic unit to access digital material and its storage on the SFO’s digital review system to be accessed and reviewed by case teams.

Operational Expenditure			
	Funding £m	Outturn £m	Variance £m
Total RDEL*	70,464	68,053	2,411

* Resource department expenditure limit excluding depreciation

A summary breakdown of SFO expenditure is shown in the chart below. The main categories of spending are staff costs, counsel fees, accommodation and IT costs.



Capital Investment			
	Funding £m	Outturn £m	Variance £m
Total CDEL*	3,900	2,595	1,305

* Capital department expenditure limit

Overall, our investment this year was £1.3m less than our funding. Covid-19 affected delivery in several ways, including availability and delivery lead times for key components and the availability of suppliers, contractors and technical staff.

Despite the challenges presented by Covid-19, we have been able to deliver a significant amount of our planned capital investment for the year. 2021-22 marked the start of a new phase of significant capital expenditure over the Spending Review period. Our capital expenditure was £2.6m in 2021-22 – this is the first stage of our investment on enhancement projects to modernise the SFOs IT systems to deliver a case system that works seamlessly together and supports effective end-to-end case delivery. We have also invested in addressing key cyber and legacy IT risks.

Our Liabilities

The judgment on the ENRC civil litigation case was handed down 16 May 2022. In this judgment, the SFO has not been found liable for the tort of inducing breach of the Dechert/ENRC contract. This is because causation and loss have not yet been determined. The SFO continues to deny any liability to ENRC and therefore we are continuing to treating this as a remote contingent liability. There will be a further hearing on causation on a date to be fixed by the Judge.

Sustainability

Information on SFO progress can be found at page 123.

Contributions to the United Nations Sustainable Development Goals (SDGs)

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. 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.

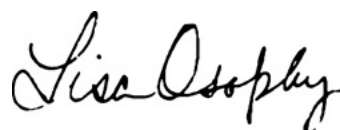
Future Plans

Our recently published Strategy for 2022-2025 sets out the SFO's approach and goals for the next three years, and signals that this will be a period of significant change for the organisation to ensure that we create the best possible environment in which to deliver our operations.

Our principal goals, identified in the strategy, relate to our core purpose by improving operational outcomes:

- Reduce the average and median length of our investigations to 3 years;
- Deliver at least one successful outcome in over 80% of our cases (including at least one conviction or DPA) and secure, by jury or guilty plea, a 60% conviction rate of defendants (both corporate and individuals);
- Increase recovery rates against financial orders secured on realisable assets to 75%; and
- Secure year-on-year improvements to those victims and witnesses who are called to give evidence that are satisfied with the experience provided by the SFO.

It is within this context that our priorities and activities for year one of our strategy, set out in our 2022-23 Business Plan, have been identified. These will lay the foundations for years 2 and 3 of our strategy delivery – where the significant changes required to achieve our ambitions will start to come to fruition.



Lisa Ososky
Accounting Officer

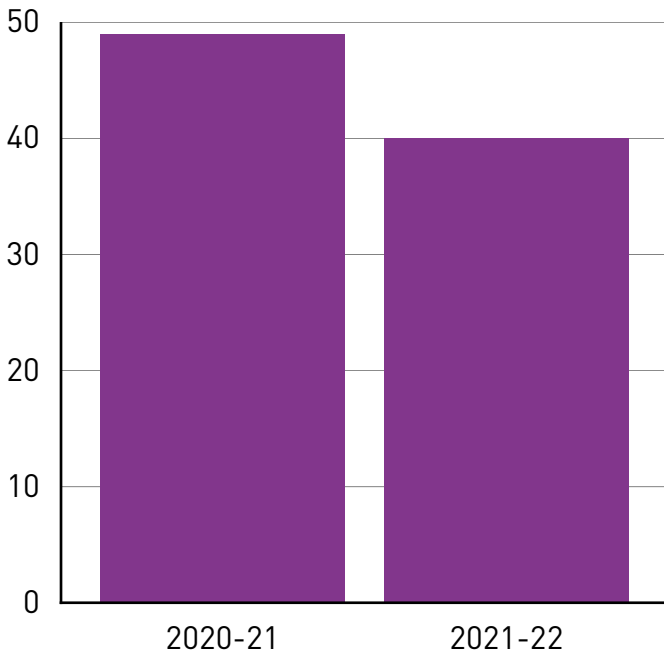
14 July 2022

Accountability Report

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Corporate Governance Report

Reportable Data Related Incidents



One personal data breach was reported to ICO which was closed with no further action. The SFO conducted a review of the procedures which had led to the data breach which were found to be sufficient. The SFO has since reaffirmed the procedure with our staff, through education and awareness.

Next year will see the SFO deliver a departmental security policy review and a security education and awareness programme aligned to Government Security and SFO Strategies.

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 2021-22 was £56,000, (2020-21: £55,000), and £6,000 (2020-21: £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

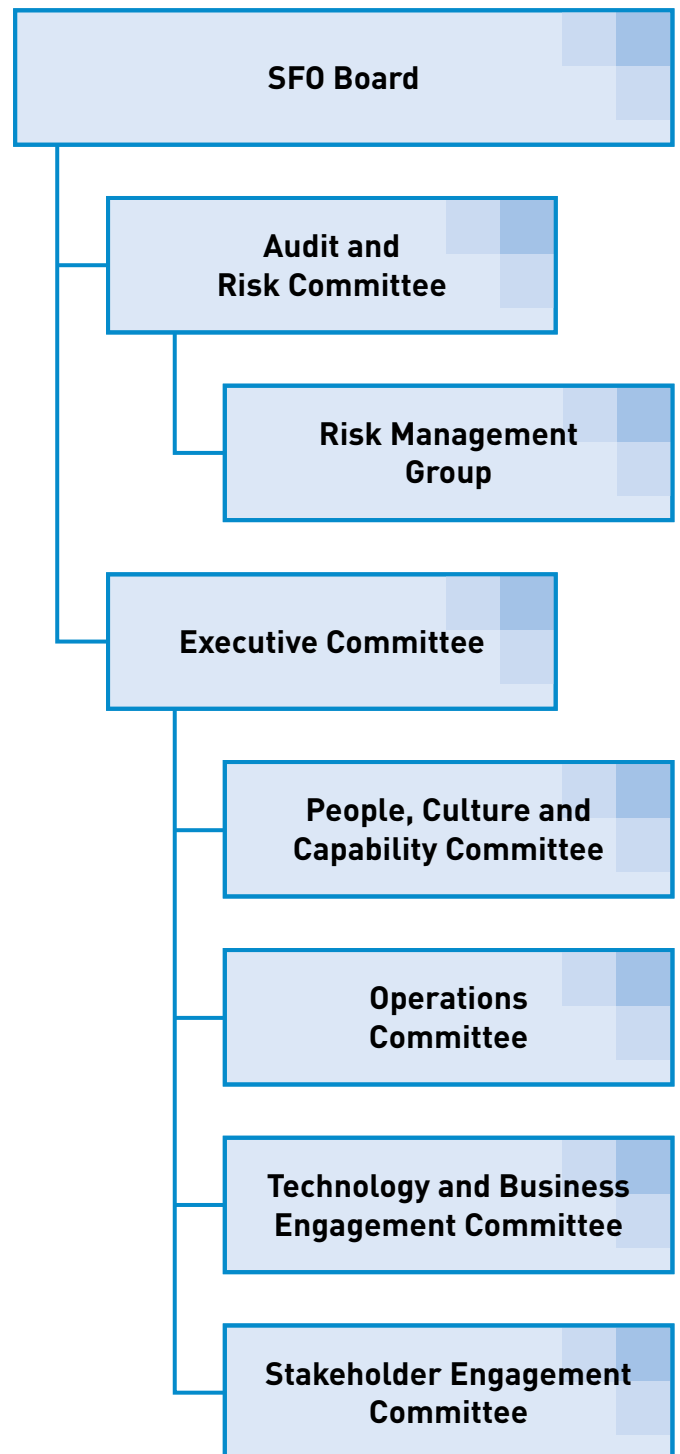
Scope of responsibility

This statement covers the SFO’s governance arrangements for the year ended 31 March 2022 for both the Departmental Resource Accounts and the SFO’s Trust Statement at page 107.

The Director is responsible for the discharge of the organisation’s functions through the SFO’s Board, Executive Committee, Audit Risk & Assurance Committee (which replaced the Audit & Risk Committee) and other supporting governance forums. She is supported by: the SFO’s Chief Operating Officer (COO), Chief Capability Officer (CCO) and General Counsel (GC) – who have direct responsibility for overseeing the organisation’s operational work and corporate functions, including Finance, Information and Technology, and Human Resources; and, her General Counsel.

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

Governance structure



The SFO's governance arrangements are in line with HM Treasury's and Cabinet Office's Code of Good Practice for Corporate Governance. The three main governance forums are the Board, the Executive Committee and the Audit Risk & Assurance Committee. There are also five sub-committees which support the Executive Committee in achieving the SFO's objectives across our four priority areas (Operations, People, Stakeholder and Technology) and risk management. Alongside this, there are a number of supporting working groups, all of which feed into the work and responsibilities of at least one of the main governance forums.

A Framework Agreement published in January 2019 sets out the relationship between the Law Officers and the Director. This relationship is an essential part 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, CCO and an appropriate non-executive director. The Chief Inspector of HM Crown Prosecution Service Inspectorate and the SFO Chief Financial Officer (CFO) attend by invitation as required.

The membership of the Board, Executive Committee and Audit Risk & Assurance 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:

8 out of 8 Board meetings as Chair in 2021-22
2 out of 3 Audit Risk & Assurance Committee meetings in 2021-22



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:

6 out of 8 Board meetings in 2021-22



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:

8 out of 8 Board meetings in 2021-22



Michelle Crotty
Chief Capability Officer

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:

7 out of 8 Board meetings in 2021-22

2 out of 3 Audit Risk & Assurance Committee meetings in 2021-22



Liz Corrin

Chief Financial Officer and Head of Corporate Services

Liz Corrin joined the Serious Fraud Office in April 2019 as CFO and 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:

8 out of 8 Board meetings in 2021-22

3 out of 3 Audit Risk & Assurance Committee meetings in 2021-22

Non-Executive Directors



Martin Spencer

Martin Spencer was appointed in March 2019 and left the SFO in March 2022 at the conclusion of his 3 year term of appointment. 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:

6 out of 7 Board meetings in 2021-22

2 out of 2 Audit Risk & Assurance Committee meetings in 2021-22



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:

6 out of 8 Board meetings in 2021-22

3 out of 3 Audit Risk & Assurance Committee meetings in 2021-22



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:

7 out of 8 Board meetings in 2021-22

3 out of 3 Audit Risk & Assurance Committee meetings in 2021-22



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:

8 out of 8 Board meetings in 2021-22

3 out of 3 Audit Risk & Assurance Committee meetings in 2021-22

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 2021-22, the Board met eight times.

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.

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 responsibility for the SFO as the Accounting Officer.

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

The Executive Committee (ExCo), comprising the Director, COO, CCO and General Counsel, meets three times a month as 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:

- 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.

The Executive Committee meets ad hoc as necessary to discuss issues that could affect the SFO's strategy 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, Head of Strategy, Chief Financial Officer or Chief Technology 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.

The Operations Committee met seven times during the year and supported the SFO's overall priorities contained in the Annual Business Plan. The SFO's renewed emphasis on risk appetite led the committee to revisit our operational risks and ensure mitigating actions were in place.

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 Risk & Assurance Committee (AR&AC)

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; Head of Governance and Risk and Assurance Lead. 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 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. The committee changed its name during 2021-22 from Audit & Risk Committee to Audit Risk & Assurance Committee which would better encompass the organisation's planned activities.

Risk Management Group (RMG)

Working with the Executive Committee and Audit Risk & Assurance Committee, the RMG chaired by the Chief Capability Officer coordinates and guides risk management across the SFO, implementing change when required.

Other forums

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 Chief Intelligence Officer (CIO).

Strategic and Tactical 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.

Case Review Panel (CRP)

The CRP is chaired by General Counsel to ensure that sound judgement and appropriate investigative and legal expertise are being brought to bear on cases, and that cases are progressing 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 are scrutinised at least twice per calendar year and are reviewed at least once as a requirement.

Risk management and internal control systems

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.

The Board and ExCo members lead on the SFO's approach to risk management, supported by the RMG and four sub-committees with responsibility for key areas of risk.

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.

Within the current reporting cycle the SFO has created an updated risk management framework to identify, capture, manage and monitor risks and threats to the business, aligned to the HM Treasury Orange Book (2020) and industry best practice standards; including the introduction of modern enterprise-wide tools, techniques and processes. New and updated features we have developed includes the use of a contemporary Principal Risk Register (PRR) to manage risks identified as being significant inhibitors to successful delivery of our organisational mission, aims and objectives and Functional Risk Registers (FRR) more closely aligned to key business activities and outputs.

It is our aim over the next year to introduce greater sophistication and maturity into our processes and systems, so that the SFO is able to control the hazards, threats and risks it faces even more effectively, whilst at the same time taking full advantage of the opportunities available to it.

Our principal risks at the end of 2021-22 are outlined on page 10. These risks were agreed by AR&AC, Board, ExCo and RMG as the risks and opportunities that are key to the SFO achieving its strategic objectives.

Risk registers

The SFO framework for managing risks consists of two tiers of risk register that form an integrated up/down and lateral

management and communication process. The Principal Risk Register (PRR) sits at the top of the organisation and consists of significant strategic risks that have been identified by the Board as having the potential to disrupt SFO achievement of its key mission, goals, aims and objectives. The PRR feeds into operational activities via the Functional Risk Registers framework and is fed from beneath by them with details of significant operational risks. The PRR is continuously maintained by Strategy Group and is monitored and periodically reviewed by the Board, AR&AC, Executive Committee and RMG.

Sitting beneath the PRR are a series of Functional Risk Registers (FRR) covering key business activities (operations, projects, technology, people and capability and stakeholder engagement). The FRR are maintained by five subcommittees of the Executive Committee with individual risk owners accountable for managing and reporting on their risks to their respective committee. The FRRs are periodically reviewed by the subcommittees and the RMG, with a second line opinion provided by the Strategy Group on the adequacy of internal controls and control strategies adopted by Risk Owners.

Risk appetite

Risk appetite at the SFO is measured in accordance with the standards, requirements and criteria outlined within HM Treasury Orange Book and associated publications, using a tiered five-bar scale to measure actual levels of risk against what is deemed acceptable by the Board.

Functional Standards

The SFO's functional arrangements are continuously improved towards compliance with appropriate Government Functional Standards. The functional standards are designed to promote consistent and coherent working within government organisations.

During 2021-22 the SFO identified the appropriate functional standards that were applicable and has developed its 2022-23 business plan to enable it to monitor and evaluate compliance against them.

Information assurance

The SFO operates a rolling security programme that focuses on assets and behaviours and includes 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 response to Covid-19, and ensuring risks associated with changes in working practices were identified and mitigated.

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'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. The SFO's security governance structure includes Information Asset Owners (IAOs), primarily senior civil servants responsible for assuring information security within their areas of responsibility.

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.

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), taking into account strategic and tactical risk, cost and resource implications.

An additional process of Peer Review was used during the year to provide assurance in relation to the investigation stage of our cases. It provided senior managers with an objective analysis of the approach taken in our investigations, highlighted areas for improvement and identified where good practice could be shared across all our case teams. Two Peer Reviews were conducted during the year.

The purpose of the Casework Assurance Framework is to ensure that, at regular intervals, Heads of Operational Divisions are provided with assurance that cases are progressing well and that any strategic areas of concern (specifically those identified either by way of a Peer Review or at the

CRP) are being addressed. CRPs ensure that appropriate level of scrutiny and challenge is given to every case.

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.

Register of interests

Senior managers within the SFO, including the non-executive directors, are required to complete a declaration of any interest. Details of our non-executive directors' declaration of interests can be found on our website. Note 14 to the accounts, page 105, 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.

Name**Lisa Osofsky****Board Member**

Director

Declared interests (no conflicts identified)

- Shareholdings held in a blind trust
- Holdings in mutual funds/trackers (N.B. investors do not have control over where investments are made)

Recusals

- Barclays
- Harlequin
- One further investigation which is not in the public domain.

Name**Sanjay Bhandari****Declared Interests**

- Received honorarium from Premier League as a panel assessor.
- Trustee of Aleto foundation.
- Trustee of Greater Sport (based in Manchester);
- Trustee of Kick It Out (a football charity funded by the FA, Prem League, EFL and PFA);
- Previous EY role worked on matters unrelated to investigations by the SFO declared at board meetings (BAT, Barclays)
- NED of the Lawn Tennis Association
- Chair of the Space Catapult
- Non-Executive Advisor – Travers Smith

Name**Martin Spencer****Declared Interests**

- Audit Committee of the London Fire Brigades
- Non-Exec Director for Education and Skills Funding Agency
- Non-Exec Director for the NHS Counter Fraud Authority

Name**Magnus Falk****Declared Interests**

- Director of Magnus Ironside Ltd;
- Advisor to CIO at Zoom.

Name

Emir Feisal

Declared Interests

- Commissioner of The Judicial Appointments Commission;
- Presiding Justice, Adult Magistrates Court;
- Family Judge, Central Family Court;
- Disciplinary Panel member, of the Complimentary and Natural Healthcare Council;
- Committee member, Public Service Honours Committee;
- Committee member of the Queen's Award for Voluntary Services;
- Director of Finance and Business, City YMCA, London;
- Trustee – The Henry Smith Charity;
- Trustee – GreenSeas Trust.
- Board member and Chair of Audit at DVSA
- Lay Board member to the Bar Standards Board
- Board member and Chair of Audit at Companies House
- Member and Vice Chair of Audit, of the British Transport Police Authority

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.

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).

Complaints about the organisation by the parliamentary ombudsman

The Parliamentary Ombudsman has not received any complaints regarding the SFO in the financial year.

The Parliamentary Ombudsman allows victims to exercise their right to complain where their needs are not being met under the Victim's Code.

Inspection

In 2021-22 there were two inspections undertaken by HMCPSI. Like those undertaken 2020-21 the inspections were conducted remotely to accommodate the continuing Covid-19 conditions and restrictions.

The first inspection was a joint evaluation by HMCPSI of effectiveness of domestic restraint and confiscation casework in the CPS Proceeds of Crime Division and the SFO Proceeds of Crime and International Assistance Division. Some key strengths of SFO case management arrangements identified by inspectors included:

- That the management model adopted by the SFO engendered a collaborative approach amongst all those involved in the case preparation and management process – lawyers, financial investigators and case controllers.

- That the Serious Fraud Office Proceeds of Crime and International Assistance Division's operating model fosters strong relationships with external stakeholders at a strategic and operational level (beneficial to both stakeholders and the Serious Fraud Office Proceeds of Crime managers alike).
- That the Serious Fraud Office Proceeds of Crime have good mechanisms for identifying high-risk cases and operate effective quality assurance regimes for those and other cases.

The second inspection examined Victim and Witness Care in the Serious Fraud Office with the report published in January 2022. Within the audit inspectors recognised that the introduction of a dedicated witness care unit by SFO has led to a greater focus on the service provided to victims of crime.

Effectiveness of the risk management and governance framework

The Director, as the 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. The SFO Internal Audit function is 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 April 2021 to 31 March 2022. The Head of Internal Audit issued an annual opinion of Moderate.

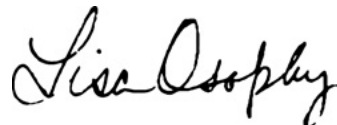
GIAA has ensured that the agreed audit plan was reviewed, prioritised and delivered. The planned internal audit programme, including revisions to the programme during the course of the year, was reviewed and endorsed by the then Audit and Risk Committee (now AR&AC) and Accounting Officer. GIAA has delivered a wide programme of challenging internal audit engagements in 2021-22 from Risk Management, Use of Counsel, Budget Forecasting, Succession Planning and Data Governance. 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 has agreed not to convene a Nominations Committee as this responsibility has been undertaken by the Board as a whole. A Board Effectiveness Review was undertaken at the end of 2020-21 as recommended within the Code. The purpose of this review was 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 Risk and Assurance Committee (AR&AC) conducts a cyclical assessment of its arrangements with the next review planned for 2022-23.

The Board and AR&AC have advised the Director on the effectiveness of the system of internal control. There is a continuing plan to address weaknesses and make sure 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 AR&AC to the Board; and,
- regular advice on the effectiveness of the system of internal control.



Lisa Ososky
Accounting Officer

14 July 2022

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 2021-22, the annual performance bonus accrual for grades below the SCS totalled £171,680 (2020-21: £178,118) and for SCS grades was £30,825 (2020-21: £33,520).

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	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Martin Spencer Non-Executive Director (until 28 February 2022)	5-10 (10-15 FYE)	10-15	-	-	5-10 (10-15 FYE)	10-15
Emir Feisal Non-Executive Director	10-15	10-15	-	-	10-15	10-15
Sanjay Bhandari Non-Executive Director	10-15	10-15	-	-	10-15	10-15
Magnus Falk Non-Executive Director	10-15	10-15	-	-	10-15	10-15

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

Executive board members remuneration

	Salary (£000)		Bonus payment (£000)		Pension benefits (to nearest £1,000) ¹³		Total (£000)	
	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21	2021-22	2020-21
Lisa Osofsky Director	180-185	180-185	-	-	70	70	250-255	250-255
Sara Lawson QC General Counsel	145-150	145-150	5-10	10-15	58	58	215-220	215-220
John Carroll Chief Operating Officer	115-120	115-120	5-10	10-15	20	150	145-150	280-285
Michelle Crotty Chief Capability Officer (from 10 August 2020)	120-125	75-80 (120-125 FYE)	5-10	-	48	31	175-180	105-110
Liz Corrin Chief Financial Officer	90-95	95-100	-	0-5	9	67	100-105	165-170

3. 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 2021-22 relate to performance in 2020-21, and the comparative bonuses reported for 2020-21 relate to performance in 2019-20.

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.

	2021-22	2020-21
Highest paid individual (£000)	180-185	180-185
Median total (£)	40,210	36,998
Remuneration ratio	4.54	4.93

The decrease 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 lower quartile, median and upper quartile remuneration of the organisation's workforce. The banded remuneration of the highest-paid director in SFO in the financial year 2021-22 was £180-£185k (2020-21: £180-185k). This was 4.54 times (2020-21: 4.93) the median remuneration of the workforce, which was £40,210 (2020-21: £36,998).

	2021-22 Total salary	2021-22 Bonus Payments	2020-21 Total salary	2020-21 Bonus Payments
Staff average	0.4%	-4.3%	6.8%	37.4%
Highest-paid director	0.0%	0.0%	1.1%	0.0%

Year	25th percentile pay ratio for pay and benefits	25th percentile pay ratio for salary only	75th percentile pay ratio for pay and benefits	75th percentile pay ratio for salary only
2021-22	26,972	26,347	55,951	55,534
	6.77	6.93	3.26	3.29
2020-21	26,742	26,484	55,111	54,232
	6.82	6.89	3.31	3.37

In 2021-22, nil (2020-21: nil) 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 (2020-21: £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

	Accrued pension at pension age as at 31/3/22 or date of leaving and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31/3/22	CETV at 31/3/21	Real increase in CETV
	£000	£000	£000	£000	£000
Lisa Osofsky Director	15-20	2.5-5	231	162	49
Sara Lawson QC General Counsel	10-15	2.5-5	129	83	33
John Carroll Chief Operating Officer	25-30 plus a lump sum of 85-90	0-2.5 plus a lump sum of 2.5-5	638	608	17
Michelle Crotty Chief Capability Officer (from 10 August 2020)	25-30	2.5-5	340	298	25
Liz Corrin Chief Financial Officer	50-55	0-2.5	1,044	989	-3

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)**

	2021-22		2020-21	
	£000		£000	
	Permanently employed staff	Others	Total	Total
Wages and salaries	22,180	6,630	28,810	28,493
Social security costs	2,526	-	2,526	2,440
Other pension costs	5,801	,	5,801	5,833
Sub Total	30,507	6,630	37,137	36,766
Less recoveries in respect of outward secondments	,	,	,	-
Total net costs	30,507	6,630	37,137	36,766

£138k of other staff costs have been capitalised and are not included in the figures above (2020-21: £178k).

£6,630k of contingent labour expenditure was incurred in 2021-22 (2020-21: £6,392k). There are nil members of staff on short-term loan and 11 on long-term loan to other government departments with an average duration of 2 years. The cost of staff on short-term loans are classified as programme.

For 2021-22, employers' contributions of £5,694k were payable to the PCSPS (2020-21: £5,724k) 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 £139k (2020-21: £109k) 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 (2020-21: £nil), were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill-health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £13k (2020-21: £12k). Contributions prepaid at that date were £nil (2020-21: £nil).

Off-Payroll Engagements (e.g. contractors, consultants) as at 31 March 2022, 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 2022, of which:	
Number that have existed for between one and two years 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	-
Number that have existed for four years or more at time of reporting	3
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	2021-22			2020-21
	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	-	-	-	-
£25,000 – £50,000	-	-	-	2
£50,000 – £100,000	-	-	-	-
£100,000 – £150,000	-	-	-	-
£150,000 – £200,000	-	-	-	-
Total Number of exit packages	-	-	-	2
Total cost £000	-	-	-	64

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:

				2021-22	2020-21
Permanently employed staff	Fixed Term Appointments	Agency Staff	Total		Total
457	13	134	604		617

SCS by pay band

The number of SCS staff by pay band in the SFO as at 31 March 2022 was as follows:

	2021-22	2020-21
SCS 3	1	1
SCS 2	3	3
SCS 1	9	9
Total (excluding non-executives)	13	13

Staff composition

The gender breakdown of permanent and fixed term staff at the SFO as at 31 March 2022 was as follows:

	Male	Female
SCS	5	8
Non SCS staff	251	194
Total	256	202

The proportion of staff who are recorded as being from a black and ethnic minority (BAME) background is 17.9%. No SCS staff are recorded as being from a BAME background. Levels of staff recorded as having a disability are: 7.7% of SCS and 6.3% of non-SCS which is below the total Civil Service figure for 2021 of 13.6%.

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.

For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022

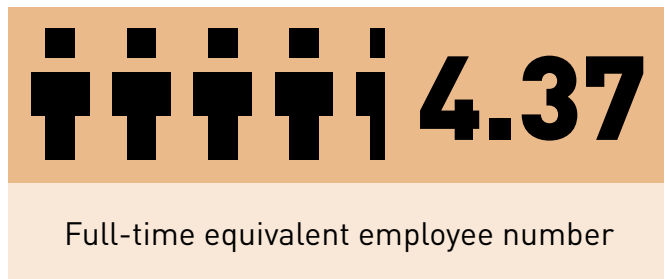
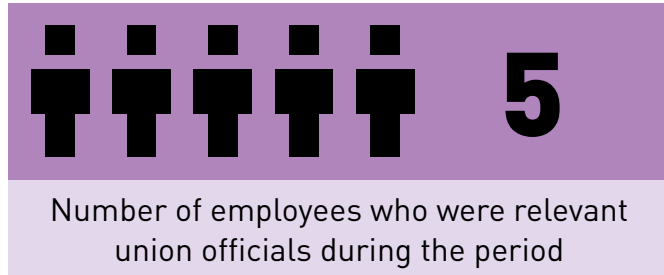
No. of off-payroll engagements of board members and/or senior officials with significant financial responsibility, during the financial year	-
Total no. of individuals on payroll and off-payroll that have been deemed “board members, and/or senior officials with significant financial responsibility”, during the financial year. This figure includes both on and off payroll engagements	8

Sickness absence

There has been an increase in Average Working Days Lost (AWDL) from 4.01 days in 2020-21 to 4.9 days in 2021-22.

Trade union facility time information

Relevant union officials



Percentage of pay bill spent on facility time

£13,011

Total cost of facility time (£)

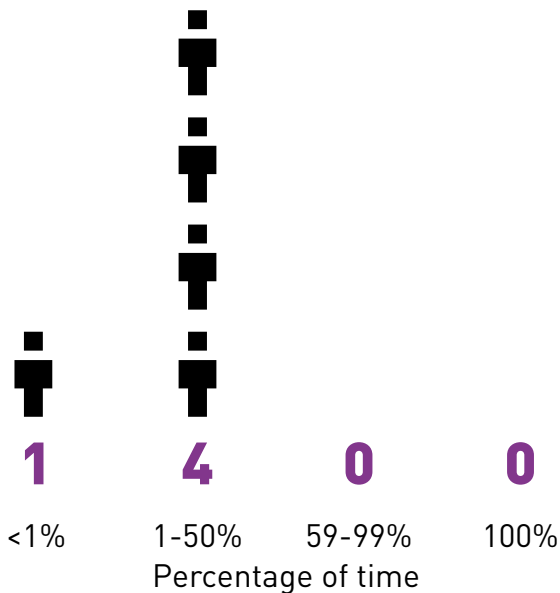
£30,507,000

Total pay bill (£)

0.04%

Percentage spent on facility time (%)

Number of employees who were relevant union officials during the period



Paid trade union activities

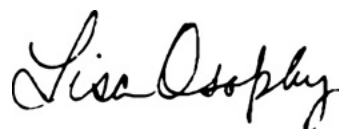
0%

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

Expenditure on consultancy

£95k

Spent on consultancy in 2021-22 (2020-21: £42k).



Lisa Osofsky
Accounting Officer

14 July 2022



Parliamentary Accountability and Audit



Statement of Outturn against Parliamentary Supply (SoPS)

In addition to the primary statements prepared under IFRS, the Government Financial Reporting Manual (FReM) 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](https://www.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 of key terms is provided on page 67, 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](https://www.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.

Summary tables - mirrors part 1 of the Estimates

Summary table, 2021-22, all figures presented in £000's

	Note	2021-22 £000						2020-21 £000	
		Estimate		Outturn		Voted outturn compared with Estimate: saving/ (excess)	Outturn	Outturn	
		Voted	Non Voted	Total	Voted				Non Voted
Departmental Expenditure Limit									
Resource	1.1	73,164	-	73,164	69,352	-	69,352	65,477	
Capital	1.2	3,900	-	3,900	2,595	-	2,595	1,239	
Annually Managed Expenditure									
Resource	1.1	3,500	-	3,500	(1,780)	-	(1,780)	3,550	
Total Budget		80,564	-	80,564	70,167	-	70,167	70,266	
Total Resource		76,664	-	76,664	67,572	-	67,572	69,027	
Total Capital		3,900	-	3,900	2,595	-	2,595	1,239	
Total		80,564	-	80,564	70,167	-	70,167	70,266	

Net Cash Requirement

				2021-22 £000	2020-21 £000
	SoPS Note	Estimate	Outturn	Outturn compared with Estimate: saving	Outturn
Net Cash Requirement	3	74,364	70,552	3,812	64,923

Administration Costs

			2021-22 £000	2020-21 £000
	Estimate	Outturn	Outturn	Outturn
Administration Costs	9,385	8,172	8,574	

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

SoPS1 Outturn detail, by Estimate Line

SoPS1.1 Analysis of resource outturn by Estimate line

	2021-22 £000				2020-21 £000					
	Administration		Programme		Outturn					
	Gross	Net	Gross	Inc.	Net	Total				
	Inc.	Net	Gross	Inc.	Net	Total				
Spending in Departmental Expenditure Limit										
Voted: Investigations and Prosecutions	8,172	-	8,172	62,170	(990)	61,180	69,352	73,164	3,812	65,477
Spending in Annually Managed Expenditure										
Voted: New provision and adjustment to existing provisions	-	-	-	(1,780)	-	(1,780)	(1,780)	3,500	5,280	3,550
Total	8,172	-	8,172	60,390	(990)	59,400	67,572	76,664	9,092	69,027

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

There has been an overall underspend against the Estimate.

The underspend on Resource DEL was £3.812 million. The SFO's Resource DEL outturn excluding ring-fenced depreciation for the year totals £68.05m against a budget of £70.46m, an underspend of £2.41m or 3.4%. In order to create headroom for potential legal claims a moratorium on non-critical spend was implemented in the last quarter of the financial year. The outturn for ring fenced depreciation was £1.4m lower than the estimate.

The underspend of £5.280 million on AME was due to its unpredictable nature. It is very difficult to estimate spend within AME and in this instance the underspend reflects the increased estimate balance due to the SFO incurring an excess in 2020-21.

SoPS1.2 Analysis of capital outturn by Estimate line

	2021-22 £000					2020-21 £000
	Outturn			Estimate		Outturn
	Gross	Income	Net	Net Total	Net total compared to Estimate	Total
Spending in Departmental Expenditure Limit						
Voted: A Investigations and Prosecutions	2,595	-	2,595	3,900	1,305	1,239
Total	2,595	,	2,595	3,900	1,305	1,239

Explanation of variance between Estimate and Outturn:

Capital DEL is underspent by £1.305 million due to project slippage. Covid-19 affected delivery in several ways, including availability and delivery lead times for key components and the availability of suppliers, contractors and technical staff.

SoPS2 Reconciliation of outturn to net operating expenditure

		2021-22 £000	2020-21 £000
	SoPS Note	Outturn	Outturn
Total resource outturn in Statement of Parliamentary Supply	1.1	67,572	69,027
Less income payable to the Consolidated Fund	4.1	(28,229)	(7,776)
Net Operating Cost in Statement of Comprehensive Net Expenditure		39,343	61,251

SoPS3 Reconciliation of Net Resource Outturn to Net Cash Requirement

	SoPS Note	2021-22 £000		
		Estimate	Outturn	Net total outturn compared with Estimate: saving / (excess)
Net Resource Outturn	1.1	76,664	67,572	9,092
Capital outturn	1.2	3,900	2,595	1,305
Accruals to cash adjustments				
Depreciation		(2,700)	(1,302)	(1,398)
New Provisions and adjustments to previous provisions		(3,500)	(1,685)	(1,815)
(Increase) / Decrease in payables			(197)	197
Increase / (Decrease) in receivables			166	(166)
Other non-cash items			(62)	62
Use of provision			3,465	(3,465)
Net cash requirement		74,364	70,552	3,812

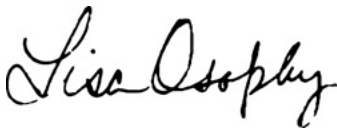
As noted in the introduction to the SOPS above, outturn and the Estimates are compiled against the budgeting framework, not on a cash basis. Therefore, this reconciliation bridges the resource and capital outturn to the net cash requirement.

SoPS4 Amounts of income 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.

	2021-22		2020-21	
	Outturn £000		Outturn £000	
	Income	Receipts	Income	Receipts
Income outside ambit of the Estimate	(28,229)	(12,300)	(7,776)	(8,739)
Excess cash surrenderable to the Consolidated Fund	-	-	-	-
Total payable to the Consolidated Fund	(28,229)	(12,300)	(7,776)	(8,739)

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.



Lisa Osofsky
Accounting Officer

14 July 2022

Accountability

This information has been audited

Losses and special payments

There were no losses during the period which in aggregate exceeded £300,000. The Department is in the process of agreeing a special payment. The details are as follows:

Mr Bond

The provision has arisen due to the Court of Appeal Criminal Division judgment in relation to Mr Bond's application for leave to appeal against conviction and sentence. This application was granted and is in the process of agreeing costs. The current estimate is £1.5m.

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. The judgment on the ENRC civil litigation case was handed down 16 May 2022. In this judgment, the SFO has not been found liable for the tort of inducing breach of the Dechert/ENRC contract. This is because causation and loss have not yet been determined. The SFO continues to deny any liability to ENRC and therefore we are continuing to treating this as a remote contingent liability. There will be a further hearing on causation on a date to be fixed by the Judge.

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 68.

	2017-18 £000	2018-19 £000	2019-20 £000	2020-21 £000	2021-22 £000
Non-ring fenced DEL	32,900	57,000	49,760	50,677	53,214
Ring fenced DEL	2,800	2,700	2,700	2,700	2,700
Resource DEL	35,700	59,700	52,460	53,377	55,914
Capital DEL	1,500	2,200	2,900	3,600	3,900

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
Accounting Officer

14 July 2022

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the Serious Fraud Office for the year ended 31 March 2022 under the Government Resources and Accounts Act 2000. The financial statements comprise the Serious Fraud Office's:

- Statement of Financial Position as at 31 March 2022;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion:

- the financial statements give a true and fair view of the state of the Department's affairs as at 31 March 2022 and of the Department's net operating cost 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.

Opinion on regularity

In my opinion, in all material respects:

- the Statement of Outturn Against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2022 and shows that those totals have not been exceeded; and
- the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Serious Fraud Office in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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 Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is 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 financial statements nor my auditor's certificate and report. 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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- 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 and is in accordance with the applicable legal requirements.

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 Reports.

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

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Serious Fraud Office 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 subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; 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:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;

- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Serious Fraud Office's accounting policies.
- 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 Serious Fraud Office's compliance with the

Government Resources and Accounts Act 2000, Managing Public Money, and the Supply and Appropriation (Main Estimates) Act 2021.

- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Serious Fraud Office for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I also obtained an understanding of the Serious Fraud Office's framework of authority as well as other legal and regulatory frameworks in which the Serious Fraud Office operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in 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 Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2021, Criminal Justice Act 1987, the Prosecution of Offences Act 1985, the Criminal Procedure and Investigations Act 1996, Employment Law and tax Legislation.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with

provisions of relevant laws and regulations described above as having direct effect on the financial statements;

- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- 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;
- in addressing the risk of fraud in revenue recognition, substantively testing income recognised and assessing the completeness of income; and
- assessing the completeness, recognition, measurement and regularity of provisions associated with legal cases.

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.

Other auditor's responsibilities

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against 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

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

18 July 2022

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

Financial Statements

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Statement of Comprehensive Net Expenditure

For the year ended 31 March 2022

	Note	2021-22 £000	2020-21 £000
Income			
Cost awards and other income	4	990	990
Consolidated fund extra receipts	4	28,229	7,776
Total operating income		29,219	8,766
Expenditure			
Staff costs	2	37,137	36,766
Purchase of goods and services	3	23,557	23,643
Accommodation	3	4,820	4,550
Depreciation and impairment charges	3	1,302	1,448
Provisions increase/(decrease)	3	1,684	3,550
Other operating expenditure	3	62	60
Total operating expenditure		68,562	70,017
Net operating expenditure		39,343	61,251

No other comprehensive expenditure has been incurred.

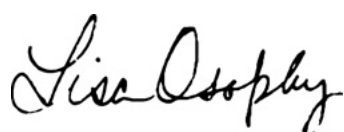
The notes on pages 90 to 106 form part of these accounts.

Statement of Financial Position

As at 31 March 2022

	Note	2021-22 £000	2020-21 £000
Non-current assets:			
Property, plant and equipment	5	2,027	1,353
Intangible assets	6	5,111	4,492
Trade and other receivables	11	43	45
Total non-current assets		7,181	5,890
Current assets:			
Trade and other receivables	11	20,949	4,853
Cash and cash equivalents	10	3,812	2,854
Total current assets		24,761	7,707
Total assets		31,942	13,597
Current liabilities:			
Trade and other payables	12	(28,598)	(11,515)
Provisions	13	(2,221)	(4,001)
Total current liabilities		(30,819)	(15,516)
Non-current assets plus net current assets		1,123	(1,919)
Non-current liabilities			
Trade and other payables	12	-	
Provisions	13	-	
Total non-current liabilities			-
Assets less liabilities		1,123	(1,919)

	Note	2021-22 £000	2020-21 £000
Taxpayers' equity and other reserves:			
General fund		1,012	(2,030)
Revaluation reserve		111	111
Total equity		1,123	(1,919)



Lisa Osofsky
Accounting Officer

14 July 2022

The notes on pages 90 to 106 form part of these accounts.

Statement of Cash Flows

For the year ended 31 March 2022

	Note	2021-22 £000	2020-21 £000
Cash flows from operating activities			
Net operating cost		(39,343)	(61,251)
Adjustments for non-cash transactions	3	3,048	5,058
(Increase)/Decrease in trade and other receivables	11	(16,094)	740
less movements in receivables relating to items not passing through the Statement of Comprehensive Net Expenditure		-	-
Increase/(Decrease) in trade payables	12	17,083	(707)
less movements in payables relating to items not passing through the Statement of Comprehensive Net Expenditure		(16,566)	927
Use of provisions	13	(3,465)	-
Net cash outflow from operating activities		(55,337)	(55,233)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(1,448)	(601)
Purchase of intangible assets	6	(1,466)	(349)
Proceeds of disposal of property, plant and equipment		-	-
Net cash outflow from investing activities		(2,914)	(950)
Cash flows from financing activities			
From the Consolidated Fund (Supply) – current year		71,510	66,112
Advances from the Contingencies Fund		-	-
Repayments to the Contingencies Fund		-	-

	Note	2021-22 £000	2020-21 £000
Net financing		71,510	66,112
Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund		13,259	9,929
Receipts due to the Consolidated Fund which are outside the scope of the Department's activities		-	-
Payments of amounts due to the Consolidated Fund		(12,301)	(10,181)
Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund		958	(252)
Cash and cash equivalents at the beginning of the period	10	2,854	3,106
Cash and cash equivalents at the end of the period	10	3,812	2,854

The notes on pages 90 to 106 form part of these accounts.

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2022

	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
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
Movements in Reserves				
Transfer between reserves		-	-	-
Balance at 31 March 2021		(2,030)	111	(1,919)
Net Parliamentary Funding		71,510	-	71,510
Net Parliamentary Funding – deemed		2,854	-	2,854
Supply payable adjustment	12	(3,812)	-	(3,812)
CFERS payable to the Consolidated Fund	4	(28,229)	-	(28,229)
Comprehensive Net Expenditure		(39,343)	-	(39,343)
Non-Cash Adjustments				
Auditor's remuneration	3	62	-	62

	Note	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Movements in Reserves				
Transfer between reserves		-	-	-
Balance at 31 March 2022		1,012	111	1,123

The notes on pages 90 to 106 form part of these accounts.

Notes to the accounts

1. Statement of accounting policies

These financial statements have been prepared in accordance with the 2021-22 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.

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 11.

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 103 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 102 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 103 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 97 and 6.1 page 99 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 44 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 75.

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 75.

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 105 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 101 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 106.

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 will 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. There is no impact on retained earnings on 1 April 2022.

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

	2021-22 £000			2020-21 £000
	Permanently employed staff	Others	Total	Total
Wages and salaries	22,180	6,630	28,810	28,493
Social security costs	2,526	-	2,526	2,440
Other pension costs	5,801	-	5,801	5,833
Sub Total	30,507	6,630	37,137	36,766
Less recoveries in respect of outward secondments	-	-	-	-
Total net costs	30,507	6,630	37,137	36,766

£138k of other staff costs have been capitalised and are not included in the figures above (2020-21: £178k).

3. Operating costs

	Note	2021-22 £000	2020-21 £000
Purchase of goods and services:			
Counsel costs		10,238	11,169
IT costs		3,065	2,891
General administration		4,155	3,353
Rentals under operating leases		2,726	2,595
Costs awarded against the SFO		2,159	(10)
Other accommodation costs		2,094	1,955
Other case costs		3,691	6,137
Travel and subsistence		154	61
Consultancy		95	42
		28,377	28,193
Non-cash items:			
Depreciation		673	815
Amortisation		629	633
Increase/(decrease) in provision		1,684	3,550
External Auditors' remuneration		62	60
		3,048	5,058
Total		31,425	33,251

4. Income

	2021-22 £000	2020-21 £000
Costs awards	990	990
Other income	-	-
Total income within the ambit	990	990
Payable to the Consolidated Fund Consolidated Fund Extra Receipts	28,229	7,776
Total income	29,219	8,766

5. Property, plant and equipment

5.1 Property, plant and equipment 2021-22

All assets are owned.

	Improvements to Leasehold Property £000	Information Technology £000	Furniture & Fittings £000	Total £000
Cost or valuation				
At 1 April 2021	1,820	8,985	63	10,868
Additions	-	1,347	-	1,347
Disposals	-	(2,271)	-	(2,271)
Reclassifications	-	-	-	-
At 31 March 2022	1,820	8,061	63	9,944
Depreciation				
At 1 April 2021	1,814	7,663	38	9,515
Charged in year	6	660	7	673
Disposals	-	(2,271)	-	(2,271)
Reclassifications	-	-	-	-
At 31 March 2022	1,820	6,052	45	7,917
Net book value at 31 March 2022	-	2,009	18	2,027
Net book value at 31 March 2021	6	1,322	25	1,353

Reconciliation of cash flows to property, plant and equipment additions

	2021-22 £000	2020-21 £000
Total property, plant and equipment additions	1,347	702
Opening property, plant and equipment accrual	101	-
Closing property, plant and equipment accrual	-	(101)
Cash flows for property, plant and equipment additions	1,448	601

5.2 Property, plant and equipment 2020-21

	Improvements to Leasehold Property £000	Information Technology £000	Furniture & Fittings £000	Total £000
Cost or valuation				
At 1 April 2020	1,820	8,283	63	10,166
Additions	-	702	-	702
Disposals	-	-	-	-
Revaluations	-	-	-	-
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	-	-	-	-
Revaluations	-	-	-	-
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

6. Intangible assets

6.1 Intangible assets 2021-22

	Information Technology £000	Software Licenses £000	Website Costs £000	Development Expenditure £000	Total £000
Cost or valuation					
At 1 April 2021	3,600	5,591	169	2,362	11,722
Additions	-	890	-	357	1,247
Disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
At 31 March 2022	3,600	6,481	169	2,719	12,969
Amortisation					
At 1 April 2021	3,600	3,461	169	-	7,230
Charged in year	-	628	-	-	628
Disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
At 31 March 2022	3,600	4,089	169	-	7,858
Net book value at 31 March 2022	-	2,392	-	2,719	5,111
Net book value at 31 March 2021	-	2,130	-	2,362	4,492

Reconciliation of cash flows to intangible asset additions

	2021-22 £000	2020-21 £000
Total intangible asset additions	1,247	537
Opening intangible asset accrual	219	31
Closing intangible asset accrual	-	(219)
Cash flows for intangible assets additions	1,466	349

6.2 Intangible assets 2020-21

	Information Technology £000	Software Licenses £000	Website Costs £000	Development Expenditure £000	Total £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

7. Capital commitments and other commitments

7.1 Capital commitments

Capital commitments at 31 March 2022 totalled £nil (2020-21: £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:

	2021-22 £000	2020-21 £000
Obligations under operating leases comprise:		
Buildings:		
Not later than 1 year	38	2,677
Later than 1 year and not later than 5 years	-	38
Later than 5 years	-	-
	38	2,715
Other:		
Not later than 1 year	31	31
Later than 1 year and not later than 5 years	8	39
Later than 5 years	-	-
	39	70

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

	2021-22 £000	2020-21 £000
Balance at 1 April	2,854	3,106
Net change in cash and cash equivalent balances	958	(252)
Balance at 31 March	3,812	2,854
The following balances at 31 March were held at:		
Government Banking Service	3,812	2,854
Balance at 31 March	3,812	2,854

11. Trade receivables and other current assets

11(a) Due within one year

	2021-22 £000	2020-21 £000
Amounts falling due within one year:		
VAT receivable	1,248	977
Deposits and advances	3	7
Other receivables	380	46
Prepayments and accrued income	1,610	2,128
Costs awarded to the SFO	168	84
Provision for bad and doubtful debt	(37)	(38)
Consolidated Fund extra receipts	17,577	1,649
	20,949	4,853

11(b) Due after more than one year

	2021-22 £000	2020-21 £000
Amounts falling due after more than one year:		
Costs awarded to the SFO	43	45

12. Trade payables and other current liabilities

	2021-22 £000	2020-21 £000
Amounts falling due within one year:		
Taxation and social security	619	649
Trade payables	446	552
Accruals and deferred income	4,350	4,859
Payable to other Government Departments	1,198	
Pension providers	596	632
Non-current asset accruals	-	320
Amounts issued from the Consolidated Fund for supply but not spent at year end	3,812	2,854
Consolidated Fund extra receipts due to be paid to the Consolidated Fund:		
Received	-	-
Receivable	17,577	1,649
	28,598	11,515

13. Provisions for liabilities and charges

	Legal claims £000	Leasehold property dilapidations £000	Total £000
Balance at 1 April 2021	3,550	451	4,001
Provided in the year	1,685	-	1,685
Provisions not required written back	-	-	-
Provisions utilised in the year	(3,465)	-	(3,465)
Balance at 31 March 2022	1,770	451	2,221
Amounts falling due within one year	1,770	451	2,221
Amounts falling due after one year	-	-	-
Total	1,770	451	2,221

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 ended 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.

Mr Bond

The provision has arisen due to the Court of Appeal Criminal Division judgment in relation to Mr Bond's application for leave to appeal against conviction and sentence. This application was granted resulting in a provision for costs of £1.5m.

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 (see contingent liabilities).

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 2022 was £43,122 (2020-21 restated: £76,427).

16. Events after the reporting period

There were no events after the reporting period.

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

Trust Statement



Accounting Officer's Foreword

Scope

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

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

Statutory Background

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

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

- They enable a corporate body to make full reparation for criminal behaviour without the collateral damage of a conviction (for example sanctions or reputational damage that could put the company out of business and destroy the jobs and investments of innocent people);

- They are concluded under the supervision of a judge, who must be convinced that the DPA is 'in the interests of justice' and that the terms are 'fair, reasonable and proportionate';
- They avoid lengthy and costly trials;
- They are transparent, public events.

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

If the negotiations go ahead, the company agrees to a number of terms, such as paying a financial penalty, paying compensation, paying the costs of the SFO and co-operating with future prosecutions of individuals. If the company does not honour the conditions, the prosecution may resume. Arrangements for monitoring compliance with the conditions is set out in the terms of the DPA. 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 2021-22.

Amec Foster Wheeler

The SFO agreed, and a Judge approved, a Deferred Prosecution Agreement (DPA) with Amec Foster Wheeler Energy Limited relating to bribery of public officials in 5 countries between 1996 and 2014 to secure lucrative contracts and to support its activities in the oil and gas sector. Under the terms of the DPA, Amec Foster Wheeler Energy Limited will pay a financial penalty and costs amounting to £103 million to HMT on behalf of the UK taxpayer, which forms part of the US\$177 million global settlement with UK, US and Brazilian authorities.

Additional DPAs

Deferred Prosecution Agreements have been entered into with two UK-based companies for bribery offences. The two DPAs share a common Statement of Facts. The criminal conduct saw bribes paid in relation to multi-million pound UK contracts.

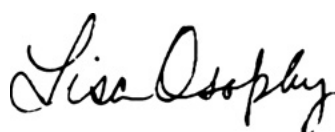
The two companies will pay a total of £2.5m, comprising disgorgement of profits and a financial penalty.

The SFO cannot identify the companies for legal reasons.

No DPAs were concluded in the financial year (2020-21: nil).

Results and Appropriations

The net revenue for the Consolidated Fund for the year was £102m (2020-21: £45m). Total transfers to the Consolidated Fund from the Trust amounted to £46m (2020-21: £197m), which left a balance due to the Consolidated Fund of £58m at 31 March 2022 (2020-21: £2m). Cash balances at the year-end were £nil (2020-21: £nil).



Lisa Osofsky
Director

14 July 2022

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.

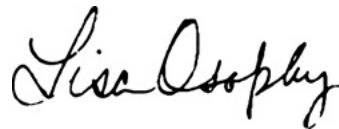
HM Treasury has appointed the Director of the SFO as Accounting Officer. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping

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 Ososky
Director

14 July 2022

Performance report and accountability report

The Department's Performance Report covering both the Department and the Trust Statement is shown on page 4.

The Department's Accountability Report covering both the Department and the Trust Statement is shown on page 76.

Governance statement

The Department's governance statement covering both the Department and the Trust Statement is shown on page 37.

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

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 2022 under the Exchequer and Audit Departments Act 1921.

The financial statements for the Serious Fraud Office – Trust Statement comprise:

- Statement of Financial Position as at 31 March 2022;
- Statement of Revenue, Statement of Cash Flows and Statement of Other Income and Expenditure for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Serious Fraud Office – Trust Statement's affairs as at 31 March 2022 and its net revenue for the year then ended; and
- have been properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects:

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity 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 – Trust Statement’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 – Trust Statement’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 – Trust Statement is adopted in consideration of the requirements set out in HM Treasury’s Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is 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 financial statements nor my auditor’s certificate and report. 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 subject to audit have been properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and HM Treasury directions issued thereunder;
- 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 and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Serious Fraud Office – Trust Statement and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Serious Fraud Office – Trust Statement 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 subject to audit are not in agreement with the accounting records and returns; 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:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and

- assessing the Serious Fraud Office – Trust Statement’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 – Trust Statement 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 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Serious Fraud Office – Trust Statement’s accounting policies.
- Inquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to the Serious Fraud Office – Trust Statement 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 – Trust Statement’s controls relating to the Serious Fraud Office – Trust Statement’s compliance with the Exchequer and Audit Departments Act 1921 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 a result of these procedures, I considered the opportunities and incentives that may exist within the Serious Fraud Office – Trust Statement for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals and complex transactions. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Serious Fraud Office – Trust Statement’s framework of authority as well as other legal and regulatory frameworks in which the Serious Fraud Office – Trust Statement operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Serious Fraud Office – Trust Statement. The key laws and regulations I considered in this context included Exchequer and Audit Departments Act 1921 and Managing Public Money.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;

- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; 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 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.

Other auditor's responsibilities

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

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

18 July 2022

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 2022

	Note	2021-22 £000	2020-21 £000
Revenue			
Deferred Prosecution Agreements:			
Financial penalties		(102,225)	(40,743)
Interest income		-	-
Compensation		-	-
Total		(102,225)	(40,743)
Other income			
DPA costs payable to the Consolidated Fund		-	-
Compensation		-	-
(Gain)/loss on DPA		-	(4,511)
Total revenue		(102,225)	(45,254)
Expenditure			
Other expenditure		-	-
Total operating expenditure		-	-
Net revenue for the Consolidated Fund		(102,225)	(45,254)

There were no recognised gains or losses accounted for outside the above Statement of Revenue, Other Income and Expenditure (2020-21: nil).

The notes on pages 119 to 120 form part of these accounts.

Statement of Financial Position

As at 31 March 2022

	Note	2021-22 £000		2020-21 £000	
Non-current assets					
Trade and other receivables	2(b)	30,020		2,070	
Total non-current assets			30,020		2,070
Current assets:					
Trade and other receivables	2(a)	27,950		-	
Cash and cash equivalents		-		-	
Total current assets			27,950		-
Total assets			57,970		2,070
Current liabilities:					
Trade and other payables		-		-	
Total current liabilities			-		-
Assets less liabilities			57,970		2,070
Balance on Consolidated Fund account at 31 March			57,970		2,070



Lisa Osofsky
Accounting Officer

14 July 2022

The notes on pages 119 to 120 form part of these accounts.

Cash Flow Statement

For the year ended 31 January 2022

	Note	2021-22 £000	2020-21 £000
Cash flows from revenue activities		46,325	196,833
Cash paid to Consolidated Fund		(46,325)	(196,833)
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	2021-22 £000	2020-21 £000
Net revenue for Consolidated Fund		102,225	45,254
Decrease / (increase) in non-cash assets	2	(55,900)	151,579
Net cash flow from revenue activities		46,325	196,833

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 119 to 120 form part of these accounts.

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 (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.

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 is recognised separately to the principal as it is based on future LIBOR rates and cannot be reliably estimated due to uncertainty about those rates.

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 120 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

	2021-22 £000	2020-21 £000
Amounts falling due within one year:		
Financial penalties and disgorgement of profits	27,950	-
Compensation	-	-
Costs awarded to the SFO	-	-
	27,950	-

2(b) Due after more than one year

	2021-22 £000	2020-21 £000
Amounts falling due after one year:		
Financial penalties and disgorgement of profits	30,020	2,070
Compensation	-	-
Costs awarded to the SFO	-	-
	30,020	2,070

3. Events after the reporting period

There were no events after the reporting period.

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

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 2022 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 2021-22
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.

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

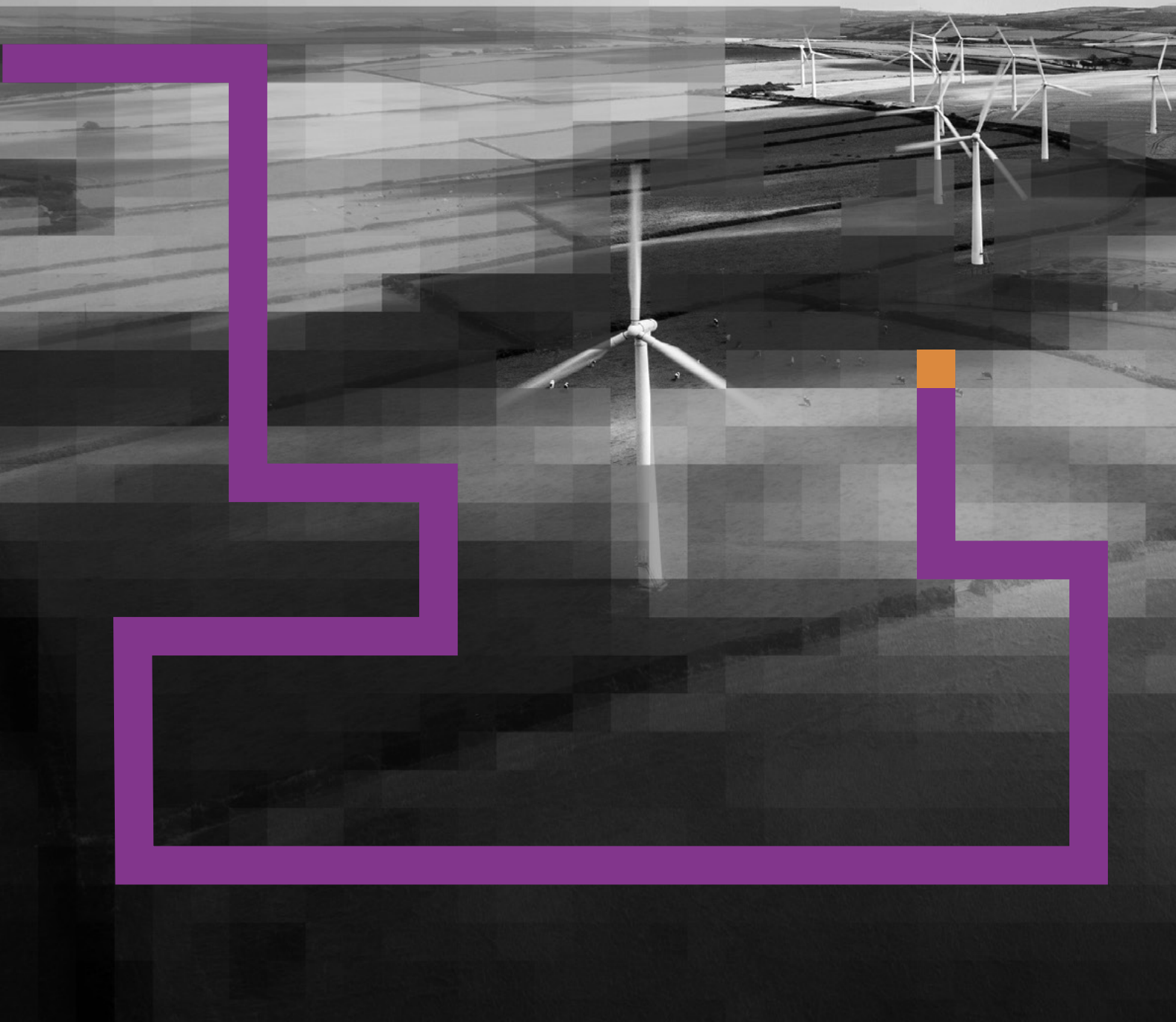
16 December 2021

Extract from Appendix 2

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



Annex A - Sustainability Report



Sustainability Report

Greening Government

The Serious Fraud Office is committed to play a part in meeting the government's ambitious goals for 2025 to improve sustainability. The SFO is working towards meeting the Greening Government Commitment (GGC) targets against our new 2017-18 baseline.

The new GGC's for 2021-25 were published last year and set out the actions that UK Government departments and their partner organisations need to take to reduce their impact on the environment.

Compared to 2020-21 this year the SFO's overall greenhouse gas emissions have decreased by 26.56%. This decrease is mainly due to a reduction in the operating hours of the heating, ventilation and air conditioning (HVAC) system as a result of Covid-19. For the 2022-23 report this figure will increase as building systems reverted back to normal operation.

Overall estate energy usage has decreased by 23.22% compared to last year. This is due primarily to the reductions in energy usage. Water usage has increased by 14.93% and Estate Waste has increased by 17.5%.

Green House 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.

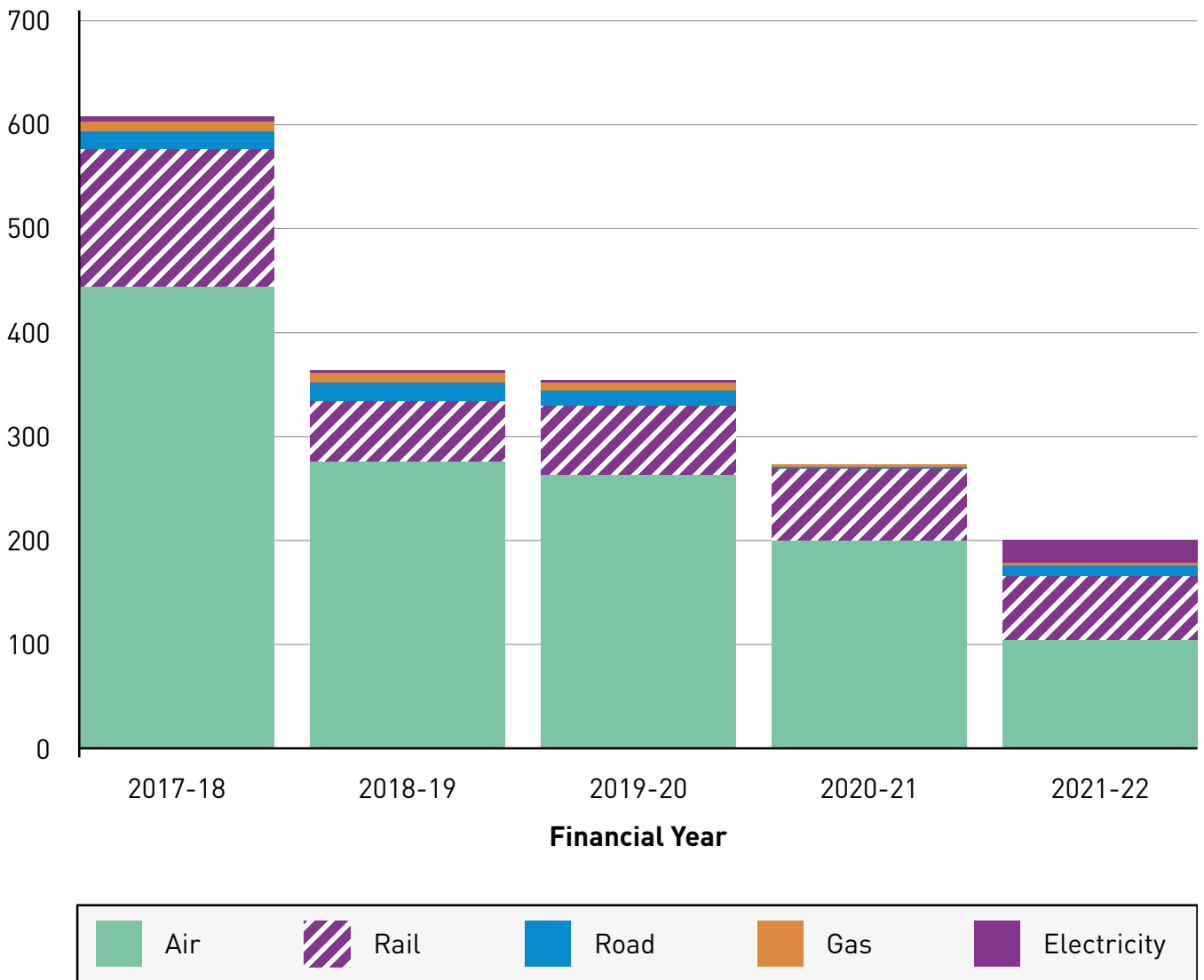
Area	2021-22 Performance		
	2021- 22	2025 Target	2020-21
Greenhouse Gas emissions (Scopes 1, 2 & 3 business travel including air and rail travel)	199 (tCO2e)	311 (tCO2e)	271 (tCO2e)
Estate Energy			
Consumption	780 kWh	-	1,016 kWh
Expenditure	£72k	n/a	£143k
Estate Waste			
Amount	47 tonnes	33.15 tonnes	40 tonnes
Expenditure	£17k	n/a	£5.6k
Estate Water			
Consumption	1,816 m3	3,223 m3	1,580 m3
Expenditure	£10k	n/a	£0.1k

Greenhouse Gas Emissions

		2017-18	2018-19	2019-20	2020-21	2021-22
Non-financial indicators (tCO₂e)	Total Gross Emissions for Scopes 1 & 2	540	313	307.75	251.22	156.09
	Total Net Emission for Scopes 1 & 2	540	313	307.75	251.22	156.09
	Gross Emissions Scope 3 Business Travel	33	31	26.03	4.19	34.99
	Other Scope 3 Emissions Measured	37	22	20.76	15.65	8.52
Related Energy Consumption (kWh,000s)	Electricity: Non Renewable	990	900	860	648	453
	Electricity: Renewable	0	0	0	0	0
	Gas	717	312	349	367	326
Financial Indicators (£k)	Expenditure on Energy	135	134	174	143	72
	CRC Licence Expenditure	0	0	0	0	0
	Expenditure on Accredited Offsets	0	0	0	0	0
	Expenditure on Official Business Travel	125	106	104	38	76

Tonnes
CO2e

Greenhouse Gas Emissions



Scope 1 – Direct emissions

The 2025 target for the AGO offices for direct emissions is an overall reduction of 25% on the 2017-18 baseline figure. In 2017-18 the SFO consumed 717,110kwh of energy via gas, which is within the scope 1 emissions. For 2021-22 the SFO consumed 326,687kwh via gas which is a reduction of 54.45%. This reduction is mainly due to a reduction in the operating hours of the HVAC system as a result of the Covid pandemic. For the 2022-23 report this figure will increase as building systems reverted back to normal operation.

Overall Greenhouse Gas emissions

The 2025 target for the AGO offices for overall emissions is to achieve a reduction of 49% on the 2017-18 baseline figure. In 2017-18 the SFO generated 610 tCO2e, so our 2025 target is to reduce this to 311 tCO2e. Our current consumption of 199.66 suggests that we are currently on target to achieve this reduction.

Flights

In 2021-22, 6 domestic flights were taken covering a total of 3360km, this is a reduction of 87% on the previous year in terms of the number of flights. This will increase in 2022-23 as travel restrictions have been lifted.

For 2021-22 there were 32 international flights taken with an average of 4117km per flight. As this is a new reporting requirement we do not have any previous baseline data. This area is demand led by the SFO's operational case requirements and the SFO's climate change adaptation strategy will be used to promote and aim to reduce the number of international and domestic flights where possible.

Hire Cars

The SFO does not own any vehicles. All vehicles are hired from a supplier via a Crown Commercial Services framework contract. 185 vehicles were hired in 2021-22 and of those hired 5% were Ultra-low emission vehicles, 12% were electric or hybrid vehicles and there were no zero emission vehicles hired. The SFO will seek to increase the booking of electric and hybrid vehicles through its travel policies and practices.

Paper Usage

In 2021-22 the SFO ordered 1205 reams of A4 paper and 80 reams of A3 paper – this is the equivalent to a total of 1365 reams of A4 which is a 69% reduction against the baseline figure. This area is demand led by the SFO's case requirements and with at least 8 trials scheduled for 2022-23 we expect this figure to increase. We use the electronic presentation of evidence wherever possible, however the sitting judge may prefer printed bundles.

Waste minimisation and management

For 2025 departments are required to achieve an overall reduction of 15% on their 2017-18 baseline figure. The SFO's baseline figure for

waste is 39 tonnes and the SFO is required to meet the 2025 target, reducing its waste to 33.15 tonnes. For 2021-22, 47 tonnes of waste was generated. This is 13.85 tonnes above the target.

This increase is mainly as a result of SFO's IT strategy to modernise its infrastructure and upgrade its systems and equipment (4.8 tonnes waste recycled externally this year). The projects relating to this are expected to span over the next 3 years.

As 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 floor printers. In relation to disposal of IT equipment the SFO complies with the requirements under the Waste Electrical and Electronic Equipment (WEEE) Directive.

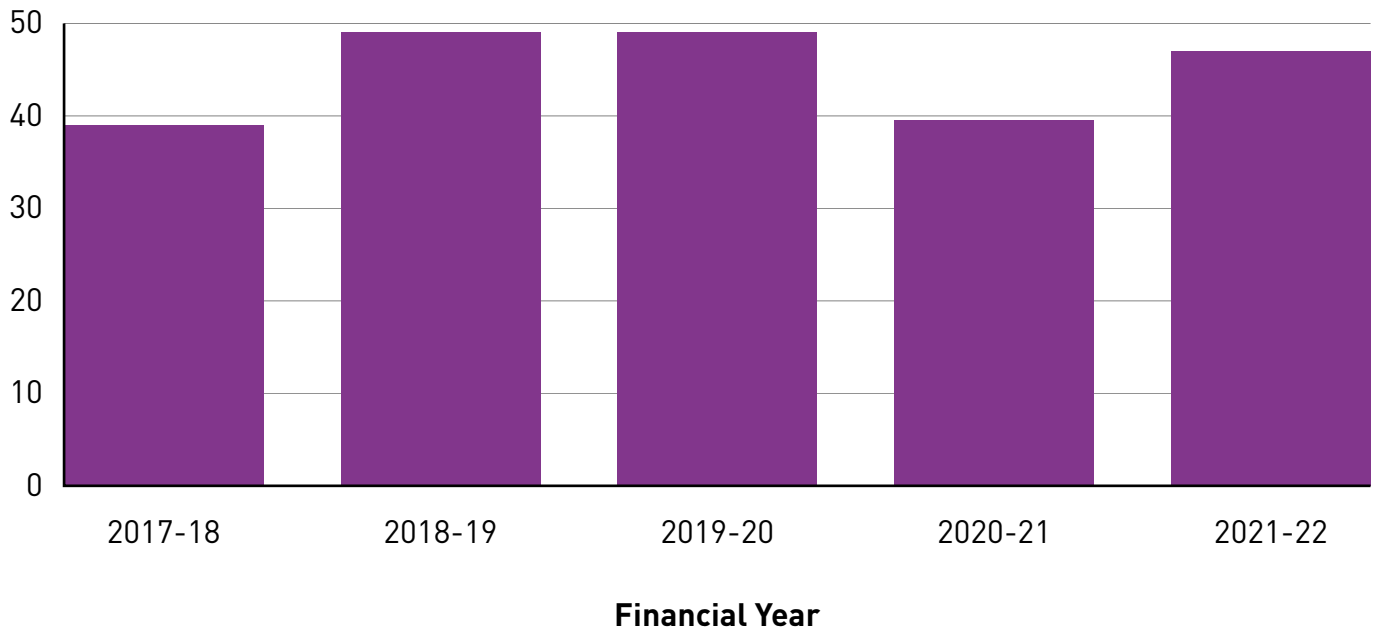
The SFO is working with our landlords to reduce and manage its waste further.

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.

For 2021-22 the SFO had a total of 2794 CSUP (consumer single use plastics) items. These items were all stationery items i.e. pens, highlighters, plastic wallets and dividers. The SFO will through its policies seek to reduce CSUP items however in 2022-23 the total number of items is likely to increase as more staff return to the office post Covid-19. The SFO does not provide food and refreshments on its estate.

Waste volumes

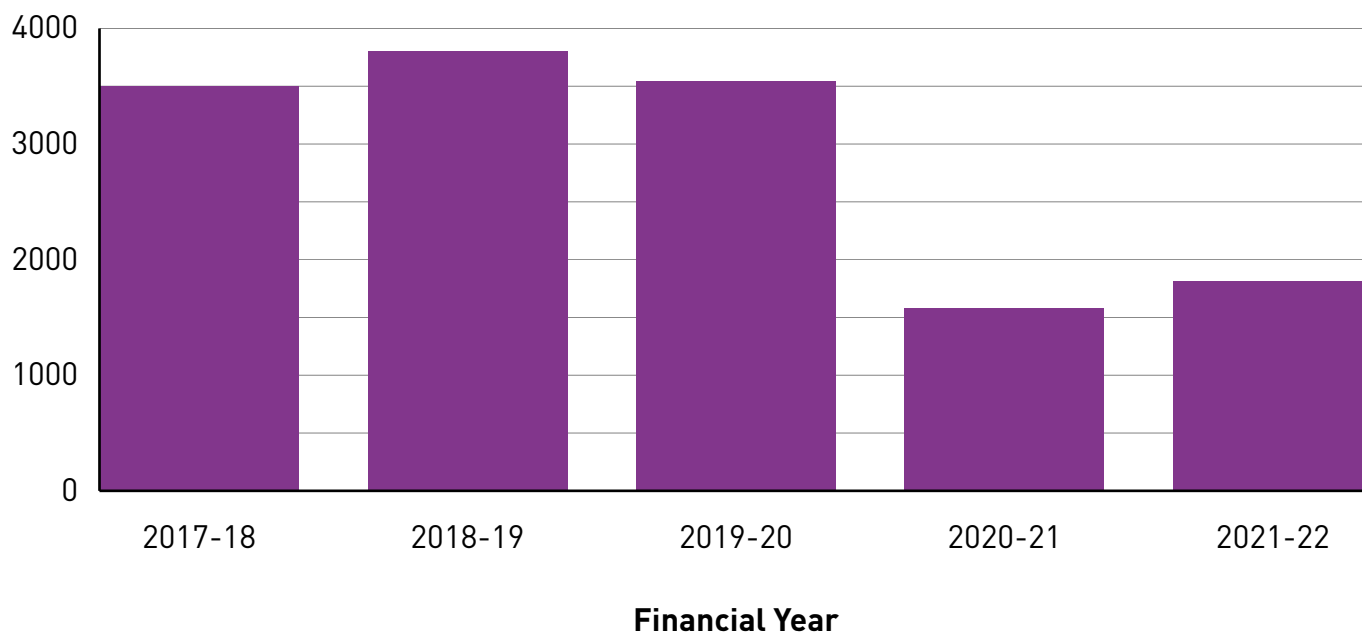
Tonnes Non Hazardous Waste



			2017-18	2018-19	2019-20	2020-21	2021-22
Weight (t)	Non Hazardous Waste	Landfill	0	2	0	0	0
		Reused/ Recycled	22	30	32	22.5	25
		Incinerated/ Energy from waste	17	17	17	17	22
Cost (£k)	Non Hazardous Waste	Landfill	0	0.5	0	0	0
		Reused/ Recycled	3	3	3	0.6	14
		Incinerated/ Energy from waste	5	6	5	5	3

Water Actuals

Tonnes Water Consumption



Finite Resource Consumption		2017-18	2018-19	2019-20	2020-21	2021-22
Non-financial indicators (m3)	Water Consumption	3,503	3,804	3,544	1,580	1,816
Financial Indicators (£k)	Water Supply Costs	4.5	11	11	0.1	10

The SFO's 2025 target (3223m³) for water usage is to achieve an overall reduction of 8% on the baseline figure of 3503m³. For 2021-22, the SFO used 1816m³ which is 43.65% below the 2025 target.

The usage for 2021-22 is lower than expected, as a result of the Covid-19 pandemic which reduced occupancy levels.

The SFO occupies a shared building and water is managed under the service charge as a percentage. The SFO is not in a position to directly manage overall water usage and consumption figures fluctuate.

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.

Climate Change adaption strategy

The SFO will be developing and implementing a Climate Change Adaptation Strategy over the course of 2022-23 working towards meeting net zero by 2050.

Governance

The Solicitor General represents the Law Officers' Departments (LODs) on Sustainable Development matters. Under the GGC targets the SFO are part of the AGO's departments for reporting.

Our results against the GGC targets are reported annually.

Notes:

1. Figures have been presented using the 2021-22 FREM guidance and GGC conversion figures.
2. Estimates have been used in some instances where complete data was not available from suppliers or service providers.
3. Electricity figures only relate to SFO consumption. As the minor occupier they do not attempt to reflect any charges made through the service charge.

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