Scottish Police Authority

Management Report 2019/20

AUDIT SCOTLAND

Prepared for the Scottish Police Authority
July 2020

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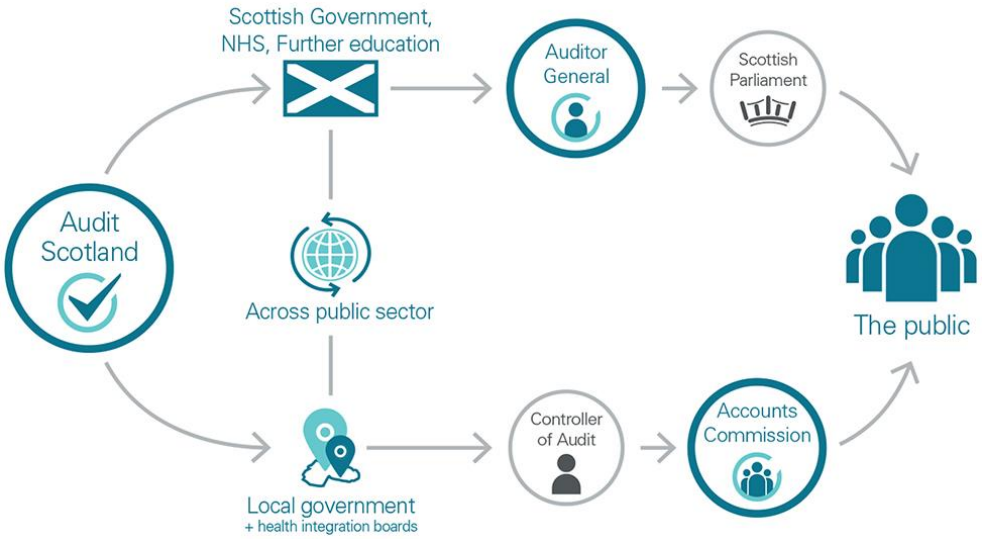
- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non – executive board chair, and two non – executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world – class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

Audit findings

Introduction

1. This report contains a summary of the key findings identified during our interim audit work at the Scottish Police Authority. This work included testing the key controls within the financial systems in Police Scotland, to gain assurance over the processes and systems used in preparing the financial statements. We will use the results of this testing to determine our audit approach for the 2019/20 financial statements.

2. Our responsibilities under the Code of Audit Practice require us to assess the system of internal control put in place by management. We seek to gain assurance that the audited body:

- has systems of recording and processing transactions which provide a sound basis for the preparation of the financial statements
- has systems of internal control which provide an adequate means of preventing and detecting error, fraud or corruption
- complies with established policies, procedures, laws and regulations.

3. In addition, we carried out work on the audit dimensions, required by the *Code of Audit Practice*, as detailed in Exhibit 1. Further work on these areas will be reported in our Annual Audit Report.

Exhibit 1

Audit dimensions

Source: Code of Audit Practice

Conclusion

4. We undertook high level system evaluations to support our overall understanding of the financial systems at Police Scotland. This allowed us to identify and assess any controls that have been strengthened and that could provide assurance. While we found that improvements have been made in the control environment during 2019/20, areas of weakness still exist. The findings from this work are summarised in Exhibit 2, and we will be carrying out additional audit work in response to these findings. We will be able to obtain the required assurance for our audit of the 2019/20 financial statements if there are no further weaknesses identified from our additional testing.

5. Our wider dimension audit work focused on financial management and Covid-19 arrangements. We note the progress that has been made to date in this report and will report our overall conclusions in our 2019/20 annual audit report.

6. Any weaknesses identified represent those that have come to our attention during our normal audit work and therefore are not necessarily all the weaknesses that may exist. It is the responsibility of management to decide on the extent of the internal control system appropriate to the Scottish Police Authority and Police Scotland.

7. The contents of this report have been discussed with officers to confirm its factual accuracy. The co-operation and assistance we received during our audit is gratefully acknowledged.

Internal control systems and action plan

8. In accordance with *ISA 330: the auditor's response to assessed risk*, our audit judgements are based on current year testing of controls and where appropriate prior year results. Our risk-based audit approach allows us to take a three-year cyclical approach to controls testing. This approach enables us to place reliance on our previous years' audit work where controls remain unchanged and no significant weaknesses had been identified. Also, where possible we place reliance on the work of internal audit to avoid duplication of effort.

9. Our 2019/20 testing covered key controls including payroll validation and exception reporting, bank reconciliations, feeder system reconciliations, user access controls, journal authorisation, credit note authorisation and budget monitoring arrangements. We also carried out work to place formal reliance on the work of internal audit on payroll controls. Work planned on changes to supplier bank details has been delayed due to restrictions relating to Covid-19.

Reconciliations

Payroll controls

IT access

Journals

Payroll

10. Further improvements were made to the payroll system in 2019/20 with all officers and staff now being paid through the new national payroll system, iTrent. In 2018/19, over 13,800 staff and officers migrated to iTrent and the remainder,

over 9,000 officers, migrated from the legacy payrolls to iTrent by June 2019 as planned.

11. In January 2020, internal audit published a review of payroll controls. We placed formal reliance on this work and reviewed the detailed working papers supporting the findings. Controls over change forms were not working effectively with a lack of evidence of the inputter and reviewer verification checks when entering payroll data into iTrent. There are no formal starter or leaver forms used for officers with circulation notices used for starters and the iVanti portal used for leavers. This created further challenges in identifying inputter and reviewer verification checks when entering payroll data into iTrent. An authorised signatory list identifying those in HR/shared services who have the authority to approve and submit payroll change requests was not in place.

12. We reperformed a sample of internal audit work and noted the issues identified with the change forms, and no formal starters/leavers forms in place for officers. At the time of our visit, in February 2020, an authorised signatory list was in place.

13. There are effective controls in place for data migration, changes to the master data and exception reporting. We tested these as part of our interim work and found the controls to be working as intended and a recommendation from internal audit regarding enhancing exception reporting had been put in place. User access arrangements were generally satisfactory but a process for disabling user access for long-term absentees should be introduced and be consistent with the new processes which are to be introduced for eFinancials (see below).

14. Police Scotland are in the process of building a data warehouse with Midland (ITrent provider) to archive ten years of payslip and pension data for officers and staff. This will prevent the need for service level agreements with the legacy payroll system providers for continued access to historical payroll records. These archive records should be held in line with both the Scottish Police Authority and Police Scotland data retention policies and ensure that it meets HMRC's requirements. Further minor points, which did not impact on our assurances, have been raised with staff whilst on site.

15. Controls which were not working effectively included the use of change forms, and payroll validation checks as detailed in Exhibit 2. One of the key factors for the success of iTrent will be consistent practices and procedures across the payroll hubs, and consistent use of forms and procedures should be part of this process.

General ledger

16. We carried out a detailed system review of the general ledger. We noted that there has been further progress in enforcing segregation of duties between the preparer and authoriser of journals. New procedure documents for the processes carried out by the ledger team have been introduced in 2019/20. However, the ledger manuals for the wider finance team have not been revised since 2013.

17. In January 2020, internal audit published a review of general computer controls. The report identified that there were weaknesses regarding long-term absentees not having their access disabled promptly. We also identified this from our work. Management have confirmed that they will formalise processes for this. Our detailed work identified that although controls are improved, there are still areas that need to be strengthened. We set these out in Exhibit 2.

Accounts payable

18. We carried out a detailed system review of the accounts payable system. We identified weaknesses in relation to new suppliers. In practice, it is possible for a Police Scotland department to order goods and mark the invoice as received from a new supplier not on eFinancials and it will be paid by the accounts payable team. The accounts payable team will subsequently use this invoice to add this new supplier to eFinancials. This bypasses the new supplier process and could lead to invoices being paid to inappropriate suppliers. This is detailed in Exhibit 2.

Exhibit 2
Key findings and action plan 2019/20

Issue identified	Management response, responsible officer and target date	Additional audit procedures
Authorisation of journals During 2018/19, a new journal template was introduced requiring an originator/ inputter and an authoriser before the journal is posted. From our testing in 2019/20, we identified that in 2 out of our sample of 25 journals were input and authorised by the same individual. A further control was put in place in June 2019, and from this point we have not identified any instances where a journal has been input and authorised by the same individual. **There remains a risk that journals are being posted inappropriately and so increasing the risk of fraud and potentially impacting on the accuracy of the financial statements.**	It is acknowledged that, for the first three months of the financial year 2019/20, there were a small number of individuals with inappropriate access. This risked the over-ride of controls relating to the separation of journal originator and authoriser. When this was identified, it was rectified as quickly as was practicable, resulting in no further identified instances of this control being ineffective. A retrospective review was also undertaken to investigate whether this inappropriate access had been used elsewhere, however no instances of this were identified. As the resolution was completed effectively in year, no further action is proposed by management. **Responsible Officer: Business Intelligence Lead** **Rona Stewart** **Target date: Immediate effect**	In our audit plan we identified an audit risk of management override of controls. We planned to obtain assurances over this risk through testing controls over journal entries. Our work identified that the controls were not working for the full year, therefore we will carry out additional testing on journals raised during this period to ensure they have been raised appropriately.
Financial ledger standing data From a review of eight changes to standing data (e.g. cost centre and job centre amendments), three were prepared and authorised by the same individuals, and then updated by the ledger team onto eFinancials. In two instances this was for job centre amendments on behalf of the Business Services Unit (BSU) where current practice is that an email request is sent to finance business partners who complete and approve the form on this basis. We were advised that forms requesting minor changes are processed by one person as long as the request comes from a suitably senior member of staff. **There is a risk that if one person can prepare and authorise an amendment form then this allows**	It is accepted that changes to cost centres, activity codes and job codes were made following requests prepared and authorised by the same individual; however no changes to any other form of standing data were made following requests by a single individual. The changes to cost centres, activity codes and job codes are considered to be low risk as any anomalies posted would be identified through the regular monitoring reports and the reconciliation of the summary level cost centres. Going forward, it will be ensured that changes to standing data are only made following the completion of the relevant form, with clear evidence of separate	We will carry out additional testing of journals at year end to ensure they are supported by appropriate evidence and authorisation and correctly accounted for.

Issue identified	Management response, responsible officer and target date	Additional audit procedures
the potential for management override of controls.	individuals preparing and approving the request. **Responsible Officer: Business Intelligence Lead** **Rona Stewart** **Target date: 31 July 2020**	
Reconciliations From a review of reconciliations of accounts payable and accounts receivable to the general ledger, we identified that completion of reconciliations for October 2019 to January 2020 were not done in a timely manner. The October reconciliation was completed in January 2020 and November 2019 to January 2020 were all completed together in late February 2020. From a review of reconciliations of non-current assets to the general ledger, we noted that there is no documented evidence to show who or when these have been prepared or reviewed. Additionally, there is no documented evidence that all reconciling items are being investigated. **Timely and complete reconciliations, including evidence of this, are a key part of an internal control environment. There is a risk that reconciling items are not properly identified or investigated in a timely manner, increasing the risk of fraud or errors.**	**Reconciliations of accounts payable and accounts receivable to the general ledger** Management agree that the performance of routine monthly reconciliations is a fundamental control in managing the relationship between the General Ledger and Sub-ledgers. Although there have been historic inefficiencies in the carrying out of these tasks, with immediate effect they will form part of the Senior Manager, Purchasing, Receivables & Cash Services monthly 'check list'. Going forward, these reconciliations will be completed by the 5th working day of each month. A hard copy of the reconciliation shall be kept for review and will provide signed evidence that the Senior Manager and the AP Manager/Credit Controller have discussed and reviewed the information. **Responsible Officer: Finance Transactions Lead** **Paul Colley** **Target Date: Immediate effect** **Reconciliations of non-current assets to the general ledger** Arrangements are now in place to establish regular non-current asset reconciliations. This will include evidence of follow up on any issues and differences arising from those reconciliations.	We will review the year end reconciliations for accounts payable, accounts receivable and non-current assets. We will carry out additional testing of income and expenditure transactions, and additional additions and disposals testing at year end to ensure these are correctly accounted for.

Issue identified	Management response, responsible officer and target date	Additional audit procedures
	Responsible Officer: Statutory Reporting Lead **David Christie** **Target Date: 31 July 2020**	
New suppliers It is possible for a Police Scotland department to order goods from a new supplier (not on eFinancials), mark the invoice as received and it will be paid by the accounts payable team. The accounts payable team will subsequently use this invoice to add this new supplier to eFinancials. **Procedures are not being followed and there is an increased risk of fraudulent transactions and the use of inappropriate suppliers**	The organisation's policy is to raise and approve Purchase Orders or use existing contractual arrangements with approved suppliers. Procedures are followed to ensure our suppliers are appropriately assessed and evaluated, considering the relative risk and financial aspects. Our procedures also allow for local users to have a degree of flexibility for lower value, generally non-recurring expenditure to be purchased from appropriate suppliers. This results in a requirement to pay new suppliers. In all such instances, the supplier details/invoice are verified by the signature of a responsible person in the organisation with an appropriate level of delegated authority. There are processes in place to guide users on the specific requirements to follow if a new supplier is recommended. The Finance team also carry out checks to verify the supplier details provided by the delegated authority authoriser and there are segregation of duties applied in the Finance team when setting up the new supplier. Budget holders also have responsibility for managing their expenditure items and results compared to agreed budget are reported monthly and reviewed. Independent reviews are also carried out regularly by the Procurement Team to identify instances of non-compliance with policy. As part of our procurement improvement work we are currently implementing an improved supplier on-boarding process which will route all new supplier requests via the	We will carry out additional expenditure testing at year end to ensure they are supported by appropriate evidence and correctly processed.

Issue identified	Management response, responsible officer and target date	Additional audit procedures
	Procurement Team, who will be responsible for reviewing and approving all new supplier requests before Finance independently action the approved requests. We are also refreshing the Purchasing Policy and this will be communicated out to all relevant staff. We will be introducing a "PO pit stop" team as a net to catch non-compliant processes and re-direct these as required. **Responsible Officer: Procurement Lead** **Iain McKie** **Target Date: 01 August 2020**	
Payroll validation checks Employees paid using the iTrent payroll system are subject to monthly checks against staff records held on the SCOPE HR system. This helps ensure that the records are consistent between iTrent and SCOPE and that only valid employees are paid. This reconciliation identified one individual who left Police Scotland in 2017 but remained on the iTrent payroll system until 2020. This person would have appeared on previous reconciliations but was not followed up. A review of pay records showed that this individual had not been paid since they left but demonstrates the importance of actioning discrepancies in reconciliations. **There is a risk that actions from these reconciliations are not processed timeously which could result in payments being processed when they are not due.**	Management agree that monthly reconciliations between the SCoPE HR system and iTrent are an essential part of the payroll validation process. Historically, it was difficult to perform this check due to the fragmented nature of the payroll systems – this has now been addressed at various points: 1) All employees are now paid through iTrent. 2) A central team now has ownership of this reconciliation and has designed and implemented a new procedure to capture all inconsistent records highlighted during each month. 3) A designated member of the payroll team has now been established who will receive a list of the issues identified and will take ownership of the investigation/changes required on payroll. 4) Where changes are required to SCoPE, the controls team will notify the SCoPE Management Team mailbox of those records.	We will carry out additional staff existence testing as part of our 2019/20 financial statements work.

Issue identified	Management response, responsible officer and target date	Additional audit procedures
	Responsible Officer: Finance Transactions Lead **Paul Colley** **Target Date: Immediate effect**	
Payroll change forms Internal audit identified that there was a lack of evidence of the inputter/reviewer over entering data in iTrent on payroll change forms, and inconsistency in the forms used. We noted this from our reperformance of a sample of internal audit work. Further we commented on the inconsistent use of forms in our 2018/19 management report. **There is a risk that without the consistent use of forms and without evidence of inputter and reviewer checks, errors may occur including over/under paying staff.**	**General Payroll Amendment Form** Payroll have transferred all data input to an electronic process which allows us to auto sign each piece of input which is processed. This addresses the requirement to initial input forms. Payroll have been working closely with HR service delivery to identify inconsistencies in forms submitted to payroll. A generic Payroll Amendment Form has been created by HR SS to submit changes and is being used across both staff and police payrolls. Usage of the correct forms is being monitored through month end KPIs and any issues are reported back to HR SS for review. **Owner: Finance Transactions Lead** **Paul Colley** **Target Date: Immediate effect** **Starters' and Leavers' Forms** Further work is required to review the starters' and leavers' forms as both processes are managed by different areas of the organisation for both staff and officers and they have their own protocols for form submission. This is an ongoing action which is being addressed with HR SS and Recruitment. We aim to have both processes defined by 31 August, in time for the next police officer intake in September.	We will carry out additional sample testing of change forms as part of our 2019/20 financial statements work.

Issue identified	Management response, responsible officer and target date	Additional audit procedures
	Responsible Officer: Finance Transactions Lead **Paul Colley** **Target Date: 31 August 2020**	

Source: Audit Scotland

19. As part of our 2020/21 audit we will assess whether the proposed actions detailed above have been implemented and adequately address the weaknesses in the control environment.

Early financial statements testing

20. To support the delivery of the financial statements audit we completed early audit testing of income transactions. No specific issues have been identified from this work. There will be further sample testing to ensure that year end invoices are correctly presented in the annual report and accounts. Planned early expenditure transaction testing has been delayed due to restrictions relating to Covid-19.

21. We also carried out testing of board members expenses and we identified some minor issues with the accuracy of members returns. One member made errors on their returns, through duplication of claims or missing/incorrect receipts, totalling £147.80. The member made arrangements to repay this balance in full. Further audit work will be undertaken to ensure disclosures for the remuneration of board members are correctly presented in the annual report and accounts.

22. Our substantive testing of staff costs processed through iTrent and the legacy payroll systems is ongoing. This work has focused on starters, leavers and promotions. We are awaiting a number of items from our original sample and have requested follow up information for a small number of changes.

Covid 19 response

23. The Coronavirus (Scotland) Act 2020 and The Health Protection (Coronavirus)(Restriction)(Scotland) Regulations 2020 conferred additional powers on Police Scotland. These allow police officers to ensure that restrictions to help suppress the spread of Covid 19 in Scotland are being followed.

24. An Independent Advisory Group was set up in April 2020, chaired by John Scott QC to review Police Scotland's use of these emergency powers. This group includes representatives from Police Scotland, Scottish Police Authority, HMICS, Crown Office and the Scottish Human Rights Commission along with charitable bodies and other parties. The Group reports directly to the Scottish Police Authority, but urgent actions identified as part of the Group's consideration will be discharged as necessary.

25. The Scottish Police Authority approved in March 2020 the establishment of an Exceptional Circumstances Committee comprised of the Vice Chair plus 3 other members. This new Committee was established to deal with urgent business of the Board which due to exceptional circumstances cannot practicably be dealt with through the normal process for an ordinary or special meeting of the Board. The Scottish Police Authority has also prepared a timeline of meetings to August 2020 to ensure that members get regular briefings on activities relating to Covid 19.

26. The introduction of these additional measures to support scrutiny and business at this time are appropriate to current circumstances. We will comment further on this in our annual audit report.

Financial management

2019/20 Budget

27. In May 2018, the three-year financial plan was revised and approved by the Scottish Police Authority Board as part of the 2018/19 budget setting process. The aim at this time was to bring the Scottish Police Authority's budget into balance, on a recurring basis, by the end of 2020/21.

28. The 2019/20 revenue budget was approved by the Scottish Police Authority Board in March 2019 and has been set with an operating deficit of £24.6 million, which represented an £11 million reduction in operating deficit from 2018/19. In addition, there was a £17 million deficit associated with EU withdrawal. Achieving a balanced budget was predicated on reducing officer numbers by 750 over the three-year period of the financial plan (2018/19 to 2020/21). In 2018/19 officer numbers were reduced by 100, but this was subsequently reversed in year and recruitment to replace those officers took place. The proposed reduction of 300 officers in 2019/20 did not take place as the Chief Constable determined it was necessary to retain these staff due to support arrangements around EU withdrawal. The officer reductions due in 2020/21 have also been postponed. The £17 million costs associated with the withdrawal from the EU are not included in the operating budget and have been monitored separately outwith the core budget. The Scottish Government has agreed to fully fund these costs.

29. The total operating budget for 2019/20 was £1,137 million, and this has increased to £1,140 million in year following £2.5million additional funding from the Scottish Government. The 2019/20 indicative outturn details a year-end position of a £2.2 million overspend on the operating budget, that is a deficit of £26.8 million. This is £1.2million more than forecasted at the end of quarter 3 and reflects increased spend at year end to support Covid-19 activities such as the purchase of personal protective equipment (PPE) and the costs associated with cancelling annual days leave.

30. The budget for capital funding was set at £43.1 million and this was profiled throughout the year. At the end of quarter 3, £26 million had been spent and an additional £2.1 million in funding was received through capital receipts and Justice transformation funding. The capital expenditure was £3.8 million below budget and this still required that £19.6 million would have to be spent in the last quarter of the year. The profiling has improved since 2018/19, however there are further improvements which can be made. The indicative outturn is that the full capital budget of £45.2 million has been spent in year.

31. Reform funding expenditure requires approval from both the Scottish Police Authority Board and Scottish Government. Funding for the year was reduced by the Scottish Government from £25 million to £24 million. There has been an underspend of £3.7 million by the end of quarter 3, resulting in £9.4 million to be spent in quarter 4. The indicative outturn is that the full reform budget has been spent in year.

32. Monthly and quarterly budget monitoring reports are presented to the Resources Committee and then taken to the subsequent Authority meeting. These reports are now using more graphics and tables to present information which has been well received by members. Other than the need to improve the profiling of capital expenditure, there are effective reporting processes that support the scrutiny of finances.

33. We will report further on the final year end position for revenue, capital and reform expenditure in our annual audit report due later in the year.

2020/21 Budget

34. The 2020/21 revenue budget was approved by the Scottish Police Authority in March 2020 and has been set with an operating deficit of £44 million. This represents an increase of almost £20 million from the 2019/20 budget deficit. Included in this is an expected adverse impact of around £8 million as a result of the loss of income due to Covid-19 e.g. reduced income from airports and the cancellation of large-scale events.

35. A budget for the Conference of Parties (COP 26) which was due take place in Glasgow in November 2020 was also approved. This event has now been postponed due to Covid-19 and will now take place in 2021/22.

36. The Scottish Police Authority's long-term modelling shows that the deficit will increase over the next five years without corrective action. The Scottish Police Authority has identified that a combination of workforce reductions, structural funding and ongoing funding increases in line with pay growth are required to move towards a balanced budget. Previously the Scottish Government has only confirmed that it will support deficit budgets to the end of 2020/21. These factors will form the basis for discussions with the Scottish Government about financial sustainability and the timing of business transformation.

37. We will report further on future financial sustainability in our annual audit report due later in the year.

National Fraud Initiative

38. The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise coordinated by Audit Scotland. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify 'matches' that might suggest the existence of fraud or irregularity. The final results of the 2019 exercise are shown in Exhibit 3.

Exhibit 3
NFI activity

504

Matches

95

High and medium recommendations

504

Completed/closed investigations

Source: NFI secure website: www.nfi.gov.uk

39. We completed a final review of the NFI arrangements in place during 2019 and all matches have been investigated and closed. In total, five monetary errors have been identified relating to duplicate payments with a total value of £9,445.87. These funds have all been repaid to Police Scotland.

Risks identified

40. The wider dimension risks identified during the interim audit are detailed in Exhibit 4.

Exhibit 4
Key findings and action plan 2019/20

Issue identified	Management response Responsible officer / target date	Additional audit procedures
Financial management The Scottish Police Authority had planned for a reduction in officer numbers to help achieve financial balance by 2020/21. A number of factors including EU withdrawal and COP 26 has meant that the reduction has not gone ahead. The 2020/21 budget has been set with an operating deficit of £44 million. Longer term financial planning indicates that without changes in workforce numbers, a structural change in funding and ongoing funding increases in line with pay growth, that there will be increasing deficits over the next five years. **Achieving financial balance has been delayed, and there is no prospect of achieving this in the longer term without significant changes. There is a risk that the Scottish Government may no longer be able to support operating budgets with a deficit, and there remains a risk that the Scottish Police Authority will have to make difficult decisions to progress towards a balanced budget.**	We are fully aware that the organisation currently has no agreed plan as to how it will achieve financial balance and thereafter sustain it. Stakeholders are clear as to the key variables in the policing budget – deficit, funding and workforce size – and a Medium Term Financial Plan will be presented to the SPA Board before the end of the financial year that will set out a pathway for balancing the policing budget. **Responsible Officer: CFO** **Target Date: 31 March 2021**	We will continue to monitor and review budget papers and meet regularly with the Chief Finance Officer throughout 2020/21 and beyond. We will review any correspondence between the Scottish Government and the Scottish Police Authority/ Police Scotland in relation to setting deficit budgets.
Capital budget profiling The capital expenditure in year has not been in line with the planned profile designed to avoid significant spend being incurred towards the end of the year. By the end of quarter 3, the year to date capital expenditure was £3.8 million lower than planned, leaving £19.6 million to be spent in quarter 4. The forecasted outturn reports that the full capital budget will be spent in year. It is noted that capital change projects require Scottish Government approval which may impact the timing of spend, but it would be expected that business as usual spend could be accurately profiled. **There is a risk that poor capital profiling and management impacts on the delivery of planned projects**	Whilst the profile of capital expenditure has improved during 2019/20 it still remains too weighted towards the end of the financial year. Work continues to be undertaken with budget holders to increase financial literacy across the organisation, with a series of CIPFA Finance for Non-Finance Professionals training courses. In addition, the Investment Governance Framework will be reviewed to ensure that the governance process is as streamlined as it can reasonably be, to avoid delays in securing approval to incur certain capital expenditure.	We will review the 2019/20 capital outturn as part of our financial statements work. We will also review the 2020/21 projected capital expenditure and the quarterly performance against this, to determine if actual spend is more in line with profiled spend.

Issue identified	Management response Responsible officer / target date	Additional audit procedures
and year end purchasing decisions are driven by the need to spend money rather than the capital plan.	The Business Investment team within finance closely manage the capital plan, and report to the Police Scotland Executive and SPA on a monthly basis as to progress. The Capital Investment Group (CIG) is the forum for re-allocating capital budgets to ensure that they are fully utilised in an appropriate way by the year end. Where there is slippage towards the year-end, the CIG would look to bring forward the next year's asset replacement programme, such as with Fleet, and subsequently reduce the following year's replacement programme budget. This freed up budget in the following year, is then made available to the project/programme that has slipped in year. It is worth noting that there will be additional challenges in the 2020/21 financial year as a result of the impact of Covid-19. The full year impact is not yet known, and will be dependent on future events, but this has the potential to continue to impact upon the capital as well as resources budgets. **Responsible Officer: CFO** **Target Date: 31 March 2021**	

Source: Audit Scotland

41. All our outputs and any matters of public interest will be published on our website: www.audit-scotland.gov.uk.

Scottish Police Authority

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