

# **The Police Investigations and Review Commissioner Governance and Accountability Framework Document**

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## **Introduction**

1. This framework document is agreed between the Police Investigations and Review Commissioner (PIRC) and the Scottish Ministers. It summarises how the PIRC and Scottish Government (SG) will work together, and the key roles and responsibilities of:
  - The Commissioner;
  - The Statutory Advisory Board;
  - The PIRC Accountable Officer (PIRC AO);
  - The Scottish Ministers; and
  - The Portfolio Accountable Officer (Portfolio AO) within the SG.
2. While this document does not confer any legal powers or responsibilities, it forms a key part of the accountability and governance framework and as a live document it should be reviewed by SG and PIRC regularly, and at least every 3 years. Any significant changes will be agreed between PIRC and the Scottish Ministers.
3. Any question regarding the interpretation of the document will be determined by the SG after consultation with PIRC. Legislative provisions, including the independence of the Commissioner, take precedence over any part of the document.
4. PIRC is not permitted to establish any subsidiaries or enter into joint ventures without express approval from Scottish Ministers.
5. Copies of the document will be published on the PIRC website and a copy placed in Parliament.

## **Purpose**

6. PIRC is established under the Police, Public Order and Criminal Justice (Scotland) Act 2006 (the "2006 Act") as amended by the Police and Fire Reform (Scotland) Act 2012 and the Police (Ethics, Conduct and Scrutiny) (Scotland) Act 2025. The constitution of PIRC is set out in the 2006 Act.
7. While PIRC is an individual Commissioner, the term "PIRC" in this document should be read as including that wider organisation where appropriate. The Commissioner is a public officeholder and the wider organisation consisting of the PIRC and their staff is classified by Scottish Government as an Executive Non-Departmental Public Body (NDPB). As a public body, PIRC will also be

subject to a range of other statutory obligations, including duties under the Freedom of Information (Scotland) Act 2002 and the Equality Act 2010.

8. PIRC's role is to conduct independent investigations into serious incidents involving the police and to provide independent examination of the way police bodies operating in Scotland respond to complaints from the public.

9. PIRC will:

- undertake independent and effective investigations into certain matters involving the police when directed to do so by the Crown Office and Procurator Fiscal Service (COPFS) or at the request of the policing bodies (noted below) or for relevant police matters which the Commissioner considers would be in the public interest;
- through independent scrutiny, examine the way in which police bodies in Scotland handle complaints; seek to ensure that the policing bodies (noted below) have in place efficient and effective procedures for handling relevant complaints;
- provide re-assurance to the public that complaint handling reviews and investigations involving the police are carried out independently, efficiently and effectively; and
- help promote and support continuous improvement in the policing of Scotland.

10. The policing bodies PIRC can investigate or review are:

- Police Scotland
- Scottish Police Authority (SPA)
- British Transport Police (BTP) – in relation to operations in Scotland
- Civil Nuclear Constabulary (CNC) – when operating in Scotland
- National Crime Agency (NCA) – Scottish operations only
- Ministry of Defence Police (MDP) – for activities within Scotland
- His Majesty's Revenue & Customs (HMRC) – customs and enforcement functions in Scotland
- UK Border Force – when carrying out enforcement functions in Scotland
- UK Visas and Immigration – in relation to operations in Scotland
- Independent Commission for Reconciliation and Information Recovery (ICRIR) – in relation to operations in Scotland.

## **Governance and Accountability**

11. This section summarises the specific responsibilities and accountabilities of the key posts involved in governance of PIRC.

### **The Commissioner**

12. The Commissioner is not a Servant or Agent of the Crown, and has no status, immunity, or privileges of the Crown.
13. The Commissioner is accountable to Scottish Ministers and, in common with any individual with responsibility for devolved functions, may also be held to account by the Scottish Parliament.
14. The Commissioner is responsible for ensuring that PIRC's policies and actions support the Scottish Ministers' wider strategic policies and that its affairs are conducted with probity.
15. The Commissioner has overall responsibility for the resourcing, performance, and management of PIRC staff.
16. In leading the PIRC, the Commissioner must ensure that:
  - PIRC is subject to regular self-assessment and is working effectively and efficiently;
  - the Senior Leadership Team (SLT), in accordance with recognised good practice in corporate governance, is diverse both in terms of relevant skills, experience and knowledge appropriate to directing the PIRC business, and in terms of protected characteristics under the Equality Act;
  - he / she, together with the SLT, receives appropriate induction training including financial management and reporting requirements;
  - succession planning takes place to ensure the SLT are diverse and effective;
  - there are effective relationships with SG officials and wider stakeholder groups;
  - PIRC seeks to maintain and secure suitable arrangements for the handling of relevant complaints with all police bodies (noted at para 10) operating in Scotland;
  - PIRC maintains and secures suitable arrangements for undertaking effective independent investigations into serious incidents involving the police and allegations of misconduct of senior officers;
  - there is a Code of Conduct in place for all staff; and

- there are suitable performance appraisal systems in place and performance is assessed on a continuous basis with formal appraisals being taken at least annually.

#### PIRC Statutory Advisory Board

17. Section 46B of the 2006 Act, inserted by the [Police \(Ethics, Conduct and Scrutiny\) \(Scotland\) Act 2025](#), requires the Commissioner to establish and maintain an advisory board (the “Board”). Members of the Board are appointed by Scottish Ministers under section 46B and in accordance with the principles of the Public Appointments and Public Bodies etc. (Scotland) Act 2003.
18. The procedure of the Board is for the Commissioner to determine under section 46B(6). This will include advising the Commissioner about matters relating to governance, and ensuring PIRC is committed to delivering its functions effectively, efficiently and in accordance with the aims, policies and priorities of the Scottish Ministers. The Board has corporate responsibility, under the leadership of the Chair, for the following:
  - review and provide constructive feedback and/or suggestions on strategic plans to deliver the functions of PIRC, focusing on how the work of the Commissioner can most effectively contribute to the achievement of the outcomes in the National Performance Framework, the Programme for Government, the Vision for Justice in Scotland and Scotland’s Economic Strategy in collaboration with the SG and other public bodies;
  - regularly scrutinise current and projected performance against the aims, objectives and targets set out in plans and suggest remedial action where required;
  - ensure that effective governance is established and maintained, including ensuring that decision-taking is open and transparent and, with support from the PIRC AO, ensure that key risks are identified and managed;
  - approve the annual report and accounts and ensure these are provided to the Scottish Ministers to be laid before the Scottish Parliament. The Commissioner and PIRC AO are responsible for signing the annual report and accounts and ultimately responsible to the Scottish Parliament for their actions;
  - promote the efficient, economic and effective use of resources consistent with the principles of [Best Value](#), and regularly scrutinise financial performance and compliance with financial guidance issued by the SG; and
  - promote the wellbeing, learning and development of staff, provide support and challenge to the Commissioner on staffing matters and ensure that

PIRC meets the NDPB staff management responsibilities described in the section below.

19. The Chair will lead the Board ensuring that it has the ability to carry out its functions effectively and appropriately. In leading the Board the Chair will:
  - ensure that all Board members have suitable induction to understand the role and their responsibilities, that the skills and experience of all Board members are used effectively and that the Board undertakes regular self-assessment of its performance;
  - ensure that the performance of each Board member is reviewed at least once per year and that the Board and/or individual Board members undertake development activity when required to ensure the effectiveness of the Board;
  - ensure that the Board reviews its effectiveness annually;
  - ensure there is a Code of Conduct for Board members in place, approved by Scottish Ministers;
  - inform the Portfolio AO, or their delegate, and the Sponsor Team in Scottish Government on succession planning for the Board and work jointly to fill vacancies as they arise.
20. Specific guidance on how the Chair and Board Members should discharge their duties will be provided in their appointment letters and their terms and conditions and in [On Board-a Guide for Members of Management Advisory Boards](#). Guidance on governance good practice is available in the Scottish Public Finance Manual and from the Sponsor Team, who may consult the SG Governance and Accountability Team. A list of key aspects of governance to consider is included in the section on Governance and Risk below.

#### PIRC Accountable Officer

21. The Principal Accountable Officer for the Scottish Administration (the Permanent Secretary of the Scottish Government) will designate the Head of Corporate Services as the Accountable Officer for PIRC.
22. The PIRC AO is personally responsible for the propriety and regularity of the public finances of the PIRC and ensuring that its resources are used economically, efficiently, and effectively, as required by section 15 of the Public Finance and Accountability (Scotland) Act 2000 and may be called to give evidence to the Public Audit Committee of the Scottish Parliament. The responsibilities of the PIRC AO are set out in full in the [Memorandum to](#)

[Accountable Officers for Other Public Bodies in the Scottish Public Finance Manual.](#)

23. These include:

- ensuring that financial considerations are taken fully into account at all stages in reaching and executing PIRC's decisions, and that appropriate financial appraisal and evaluation techniques, consistent with the Appraisal and Evaluation section of the Scottish Public Finance Manual (SPFM), are followed;
- supported by the Board having robust performance and risk management arrangements, consistent with the Risk Management section of the SPFM, in place that support the achievement of the PIRC's priorities and that facilitate comprehensive reporting to the Commissioner, SG and the wider public;
- supported by the Board ensuring that effective arrangements are in place to provide assurance on risk management, governance, and internal control;
- ensuring compliance with relevant guidance issued by the Scottish Ministers, in particular the SPFM and SG Pay Policy;
- promoting the efficient, economic and effective use of staff and other resources by PIRC consistent with the principles of Best Value, including, where appropriate, participation in shared services arrangements and ensuring that effective arrangements are in place so that the body acts corporately in accordance with the priorities set out in the National Performance Framework, the Programme for Government and Scotland's Economic Strategy in collaboration with the SG and other public bodies;
- ensuring that timely forecasts and monitoring information on performance and finance are provided to the SG; that the SG is notified promptly if over or under spends are likely and that corrective action is taken, and that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the SG in a timely fashion;
- signing the accounts of the PIRC and associated governance statements and publishing both accounts as part of the Annual Report on the website;
- ensuring Scottish Ministers are provided with an Annual Report and Accounts approved by the Board which is thereafter provided to the Sponsor Team to allow laying in the Scottish Parliament by end December;
- ensuring that the Sponsor Team receives regular financial updates concerning the management and performance of PIRC and is informed in a timely manner about any concerns regarding the activities of PIRC;

- advising the Commissioner, the Board and SLT on the performance of PIRC compared with its aim(s) and objectives;
- ensuring that an effective pay and conditions negotiating framework is in place which will allow a negotiated settlement within the parameters of the SG's Public Sector Pay policy;
- together with the SLT, preparing PIRC's strategic and business plans, annual report and pay remit in light of its strategic aims and objectives agreed by Scottish Ministers;
- It is important for the Chair and Board Members to recognise that one aspect of these duties is the requirement under section 15(8) of the Public Finance and Accountability (Scotland) Act 2000, where the PIRC AO considers that any action they are required to take is not consistent with their PIRC AO responsibilities, they must obtain written authority from the Board and send a copy of the written authority to the Auditor General for Scotland as soon as possible and send to the Clerk of the Public Audit Committee. The PIRC AO should consult the Portfolio AO before seeking written authority from the Board in these circumstances and should always notify the Portfolio AO when such a written authority has been issued; and
- ensuring that the PIRC adheres, where appropriate, to the [Scottish Government Programme and Project Management Principles](#).

#### PIRC Senior Leadership Team Responsibilities

24. PIRC is supported by its SLT comprising of Commissioner, Director of Operations, Head of Corporate Services (PIRC AO), Head of Legal Services, Head of Investigations, Head of Reviews and Policy, and supported by the Finance Manager and Head of Communications.
25. The role of the SLT is to provide leadership, direction, support, and guidance to ensure that PIRC is committed to delivering its functions effectively, efficiently, and independently whilst recognising the aims, policies, and priorities of the Scottish Ministers. The responsibilities include:
  - taking forward the strategic objectives agreed by the Scottish Ministers, as set out in PIRC's Strategic Plan;
  - advising the Commissioner on the discharge of her/his responsibilities – as set out in this document, in the founding legislation and in any other relevant instructions and guidance issued by or on behalf of the Scottish Ministers;

- promoting the efficient, economic, and effective use of staff and other resources consistent with the principles of Best Value, including, where appropriate, participation in shared services arrangements;
- determining the steps needed to deal with changes which are likely to impact on the strategic aims, objectives of PIRC or on the attainability of its operational targets;
- (in reaching decisions) taking into account relevant guidance issued by the Scottish Ministers;
- acting consistently with principles of good governance, accountability and transparency while demonstrating high standards, including openness in its decision making at all times;
- determining the steps needed to deal with wider changes which are likely to impact on the strategic aims and objectives of PIRC or its attainability of its operational targets;
- maintaining suitable management information systems for each area of the business, assessing on a continuous basis to ensure efficient and effective working practices and processes are in place and provide updates to the Sponsor Team on request;
- ensuring that requests for appropriate information from PIRC, in relation to briefings for Scottish Ministers, Parliamentary Questions, ministerial and official correspondence, is forwarded timeously to the Sponsor Team;
- ensuring that effective arrangements are in place to provide assurance on risk management (including in respect of personnel, physical and cyber risks / threats / hazards), governance and internal control;
- ensuring that the Sponsor Team and Board receives, and reviews regular financial information concerning the management and performance of PIRC and is informed in a timely manner about any concerns regarding the activities of the PIRC;
- demonstrating high standards of corporate governance at all times, including openness and transparency in its decision making.

### The Scottish Ministers

26. The Scottish Ministers are ultimately accountable to the Scottish Parliament for the activities of the Commissioner and the PIRC and its use of resources. They are not however, responsible for day-to-day operational matters.
27. Their responsibilities include:
  - agreeing PIRC's strategic aims and objectives as part of the strategic planning process;

- agreeing the budget and the associated Grant-in-Aid requirement to be paid to PIRC and securing the necessary Parliamentary approval;
- carrying out responsibilities specified in the Police, Public Order and Criminal Justice (Scotland) Act 2006 as amended, such as appointment of the Commissioner, approving terms and conditions of the Commissioner, appointment and/or termination of members of the Board and approving remuneration and expenses for Board members; and other matters such as considering any submissions to approve the staff pay remit proposals and laying the PIRC's accounts together with the Annual Report before the Scottish Parliament.

#### SG Portfolio Accountable Officer

28. The Principal Accountable Officer for the Scottish Administration (the Permanent Secretary of the SG) had designated the Director General for Education and Justice as the Accountable Officer for the SG portfolio budget which will provide funding for PIRC.
29. The Portfolio AO's duties are to establish a framework for the relationship between SG and a public body, oversee the operation of that framework, ensure the Commissioner and Board Members' appointments to the body are made appropriately and ensure that appropriate assurance is provided on the performance and governance of the body. These activities are known collectively as 'sponsorship'. In practice, the Portfolio AO is likely to delegate some or all sponsorship duties to a Director or Deputy Director as Senior Sponsor and/or to other SG officials in a 'Sponsor Team'. The responsibilities of a Portfolio AO are set out in detail in the [Memorandum to Accountable Officers for Parts of the Scottish Administration](#).
30. The Portfolio AO will:
  - make sure the framework document is agreed between the Scottish Ministers and the Board of PIRC and reviewed regularly, and oversee the operation of the roles and responsibilities set out;
  - ensure that financial and other management controls being applied by PIRC are appropriate and sufficient to safeguard public funds and conform to the requirements both of propriety and of good financial management;
  - in line with the principles of the [Code of Practice for Ministerial Appointments](#), ensure that Commissioner and Board Members' appointments are made in good time and secure appropriate skills, experience and diversity amongst Board members, working with the Chair

on succession planning; that there is effective induction for new appointees, and ensure that there is regular review and a formal annual appraisal of the Chair;

- support regular and effective engagement between PIRC and the relevant Scottish Minister(s) make sure there is clear, documented delegation of responsibilities to a Senior Sponsor and/or Sponsor Team and that the Board and senior officials of PIRC are aware of these delegated responsibilities.

### **Relationship between Scottish Government and PIRC**

31. Strategic engagement between the SG and PIRC is essential in order that they work together as effectively as possible to maintain and improve public services and deliver improved outcomes. Specific governance and accountability roles are described in the section above, but more generally, both the SG and PIRC will take all necessary steps to ensure that their relationship is developed and supported in line with the jointly agreed principles set out in the statement on 'Strategic Engagement between the Scottish Government and Scotland's NDPBs'. This emphasises the need for cooperation and good communication, and particularly early warning from either side about any emerging risk or issue with significant implications for the operation or governance of PIRC.
32. The Sponsor Team's primary function is to carry out the responsibilities delegated to it by the Portfolio AO, directly or via the Senior Sponsor, as described above. In addition to ensuring that the arrangements in this framework document operate effectively, managing the Commissioner and Board Members' appointments, providing assurance to the Portfolio AO, the Sponsor Team will usually be the first point of contact for the body on any issue with SG. As part of the assurance they provide to the Portfolio AO, they must ensure that key actions and decisions agreed are documented and implemented. This includes ensuring that SG teams implement any agreed actions.
33. Specific responsibilities include:
  - the Sponsor Team will meet with the PIRC formally, every quarter to discuss performance and on-going business. The aim is to distribute the agenda and papers to attendees no later than a week in advance of the meeting. A record of the meeting should be drafted and shared with parties within 2 weeks of the meeting;
  - in addition, the Sponsor Team will liaise with members of the SLT to discuss any ad hoc issues and general overview of business;

- discharging sponsorship responsibilities in line with the principles and framework set out in the document Strategic Engagement between the SG and Scotland's NDPBs and ensuring that sponsorship is suitably flexible, proportionate and responsive to the needs of the Scottish Ministers and PIRC;
- ensuring that appointment of the Commissioner and Board Members is made timeously and where appropriate in accordance with the Code of Practice for Ministerial Appointments to Public Bodies in Scotland;
- working with PIRC to ensure alignment of its strategic priorities and annual plans to the National Performance Framework;
- supporting regular senior level engagement with the PIRC which ensures a shared understanding of priorities to inform its strategic and annual planning;
- promoting PIRC within the SG and ensuring that it is treated as a key stakeholder in the development of policy;
- proportionate monitoring of PIRC's activities through an adequate and timely flow of appropriate information, agreed with PIRC, on performance, budgeting, control, and risk management;
- addressing in a timely manner any significant problems arising in PIRC, alerting the Portfolio AO and the responsible Minister(s) where considered appropriate;
- ensuring that the priorities of PIRC and the risks to it are properly and appropriately taken into account in the SG risk assessment and management systems; and
- informing PIRC of relevant SG policy in a timely manner.

34. The Director of Safer Communities and Deputy Director for Safer Communities (or their equivalents) have responsibility for overseeing and ensuring effective relationships between the SG and the PIRC, which support alignment of PIRC business and SG's Purpose and National Outcomes and high performance of PIRC. They will be supported by a Sponsor Team in discharging these functions who are responsible for the day-to-day liaison with PIRC.

35. The Director for Safer Communities will be responsible for assessing the performance of the Commissioner at least annually.

## **NDPB Staff Management Responsibilities**

### **Broad responsibilities for NDPB staff**

36. The Commissioner, challenged and supported by the Board, has responsibility for the recruitment, retention, and motivation of their staff. The broad responsibilities toward staff are to ensure that:

- HR policies, practices and systems comply with employment and equalities legislation, and standards expected of public sector employers;
- the level and structure of staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness (subject to the [SG Pay Policy for Staff Pay Remits](#));
- the performance of staff at all levels is regularly appraised and performance management systems are reviewed from time to time;
- staff are encouraged to acquire the appropriate professional, management, and other expertise necessary to achieve the body's objectives;
- proper consultation with staff takes place on key issues affecting them, as appropriate, including working in partnership with trade unions;
- effective grievance and disciplinary procedures are in place and ensures that staff know where to access and how to use;
- effective whistleblowing policy and procedures consistent with the Public Interest Disclosure Act 1998 are in place and ensures that staff know where to access and how to use; and
- a code of conduct for staff is in place.

### Pay and Conditions of Service

37. PIRC will comply with SG Pay Policy in relation to staff and the Commissioner. The Commissioner will ensure that a pay remit, in line with the [SG Pay Policy for Staff Pay Remits](#), is submitted to the SG for approval in line with any timetable notified and negotiate a pay settlement within the terms of the approved remit. This should normally be done annually unless a multi-year deal has been agreed. Payment of salaries should also comply with the [Tax Planning and Tax Avoidance](#) section of the SPF. Proposals on non-salary rewards will comply with the guidance in the Non-Salary Rewards section of the SPF.

### Pensions, redundancy, and compensation

38. Superannuation arrangements for PIRC staff are subject to the approval of the Scottish Ministers. PIRC staff will normally be eligible for a pension provided by MyCSP. Staff may opt out of the occupational pension scheme provided by PIRC, but the employers' contribution to any personal pension arrangement, including stakeholder pension, will normally be limited to the national insurance rebate level.

39. Any proposal by PIRC to move from existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of the SG. Proposals on compensation payments must comply with the [Settlement Agreements, Severance, Early Retirement and Redundancy Terms](#) section of the SPFM. This includes referral to the Scottish Ministers of any proposed severance scheme (for example, a scheme for voluntary exit), business case for a settlement agreement being considered for an individual, or proposal to make any other compensation payment. In all instances, a body should engage with the SG prior to proceeding with proposed severance options prior to making any offer either orally or in writing.

## **Corporate and Business Plans**

40. PIRC will prepare a draft Strategic Plan every 3 years setting out its strategic aims, objectives and targets over that period, for consideration by the Scottish Ministers. When a new plan is to be prepared, the Commissioner or their delegate will liaise with the Sponsor Team to agree the key points to be addressed and timetable for preparation and review. The final agreed version of the Strategic Plan will be published on PIRC's website.

41. The Strategic Plan will include PIRC's:

- purpose and principal aims;
- contribution to the national outcomes set out in the [National Performance Framework](#), the Programme for Government, Vision for Justice in Scotland and Scotland's Economic Strategy in collaboration with the SG and other public bodies;
- analysis of the environment in which it operates;
- key objectives and associated key performance targets for a period of the plan, the strategy for achieving those objectives;
- indicators against which performance can be judged;
- details of planned efficiencies, describing how better value for money will be achieved, including through collaboration and shared services; and
- other key points agreed with the Sponsor Team as described above.

42. The Strategic Plan will inform the development of a separate annual business plan for each financial year, which will set out key targets and milestones for the year immediately ahead, aligned to the NPF, and be linked to budgeting information, so that, where possible, resources allocated to achieve specific objectives can be identified. A copy of the business plan will be provided to the Sponsor Team prior to the start of the relevant financial year.

## **Annual Report and Accounts**

43. PIRC will publish an annual report of its activities together with its audited accounts after the end of each financial year. The annual report and accounts will cover the activities of any corporate, subsidiary, or joint ventures under the control of PIRC. It should comply with the Government [Financial Reporting Manual](#) (FReM) and outline PIRC'S main activities and performance against agreed objectives and targets for the previous financial year. It is the responsibility of the PIRC AO to sign the accounts.
44. The accounts will be prepared in accordance with relevant statutes and the specific accounts direction, and other relevant guidance issued by the Scottish Ministers. Any financial objectives or targets set by the Scottish Ministers should be reported on in the accounts and will therefore be within the scope of the audit.
45. The Sponsor Team should receive a copy of the draft annual report for comment, and a copy of the draft accounts for information. Whilst the statutory deadline for laying and publishing accounts audited by the Auditor General for Scotland is by 31 December after the end of the relevant financial year, the Scottish Ministers expects that accounts will be laid before the Scottish Parliament and published as early as possible.

## **External Audit**

46. The Auditor General for Scotland (AGS) audits, or appoints auditors to audit, PIRC's annual accounts and passes them to Scottish Ministers who shall lay them before the Scottish Parliament, together with the auditor's report and any report prepared by the AGS. For audit, the auditors have a statutory right of access to documents and information held by relevant persons. The AGS, or examiners appointed by the AGS, may also carry out examinations into the economy, efficiency, and effectiveness with which the body has used its resources in discharging its functions and/or carry out examinations into the arrangements made by PIRC to secure Best Value.
47. The AGS, or the AGS's appointed auditors or examiners, have a statutory right of access to documents and information held by relevant persons, including any contractors to or recipients of grants from PIRC. PIRC will ensure that this right of access to documents and information is made clear in the terms of any contracts issued or conditions of any grants awarded and will also use its best endeavours to secure access to any other information or documents required which are held by other bodies.

## **Internal Audit**

48. PIRC will:

- establish and maintain arrangements for internal audit in accordance with the [Public Sector Internal Audit Standards](#) and the [Internal Audit](#) section of the SPFM;
- ensure that the Sponsor Team and the Portfolio AO/Senior Sponsor receive promptly after they are produced or updated: the audit charter, strategy, periodic audit plans and annual audit assurance report, including the Head of Internal Audit opinion on risk management, control, and governance – and provide any other relevant audit reports as requested by sponsors.
- keep records of and prepare and forward promptly to the SG an annual report on fraud and theft suffered by PIRC and notify the Portfolio AO or Senior Sponsor immediately of any unusual or major incidents.

49. The SG's Internal Audit and Assurance Directorate has an expectation of cooperation and access to relevant material when required, the parameters for which would be set out in an engagement document before information is shared. PIRC should make it clear on its own Privacy Notice that material may be shared with SG's Internal Audit and Assurance Directorate in certain circumstances.

## **Budget Management and Delegated Authority**

50. Each year the Sponsor Team will send PIRC a Budget Allocation and Monitoring letter, notifying the budget provision, any related matters and details of the budget monitoring information required. PIRC will comply with the format and timing of the monitoring information requested and with any requests for further information.

51. The statement of budgetary provision will set out the budget within the classifications of Resource Departmental Expenditure Limits (RDEL), Capital DEL (CDEL) and Ringfenced (non-cash) (RfDEL) – and, where applicable, Annually Managed Expenditure (AME). These categories are explained in [Annual Budget Processing](#) in the SPFM, and PIRC will not transfer budgetary provision between the categories without the prior approval of the SG Finance Directorate, which should be sought via the Sponsor Team. Transfers within the categories are at the discretion of the Commissioner or the PIRC AO, if these do not breach any other constraints, for instance the approved pay remit.

52. Where budgetary provision includes projected income, including any income from disposal of non-current assets, the Commissioner will ensure that the SG Finance Directorate and Sponsor Team are made aware promptly of any forecast changes in income – usually via the monthly budget monitoring statement. The Scottish Ministers expectation is that any shortfall in income will be offset by a matching reduction in gross expenditure, and prior approval from the SG Finance Directorate and the Sponsor Team must be sought for any alternative arrangement. Similarly, if income is higher than originally projected, this may only be used for additional spending or to meet pressures with the prior approval of the SG Finance Directorate and Sponsor Team. Failure to obtain prior approval for the use of excess income to fund additional expenditure may result in corresponding reductions in budgets for the following financial year. The only exception is where the income is from gifts, bequests, and donations but this must be spent within the same financial year as the receipt.
53. PIRC's specific delegated financial authorities – as agreed in consultation between the Commissioner and the Scottish Ministers – are set out in Annex A. The PIRC AO will obtain the prior written approval from sponsors and SG Finance before entering into any undertaking to incur any expenditure that falls outside these delegations, and before incurring expenditure for any purpose that is or might be considered novel, contentious or repercussions or which has or could have significant future cost implications.

## **Governance and Risk**

54. Guidance on governance requirements is available in several documents referred to earlier in this framework document:
  - [the Scottish Public Finance Manual \(SPFM\)](#)
  - [the Audit and Assurance Committee Handbook](#)
  - [On Board-a Guide for Members of Management Advisory Boards](#)
55. If in any doubt about a governance issue, the Chair or Commissioner should consult the Senior Sponsor or Sponsor Team in the first instance, and sponsors may in turn consult the SG Public Bodies Unit, the SG Governance and Risk Branch and/or other teams with relevant expertise.
56. The Commissioner and Board are advised to pay particular attention to guidance on the following issues.

## Risk Management

57. IRC must develop an approach to risk management consistent with the Risk Management section of the Scottish Public Finance Manual and establish reporting and escalation arrangements with the Portfolio AO or Senior Sponsor.
58. The Board should have a clear understanding of the key risks, threats and hazards it may face in the personnel, accommodation and cyber domains, and take action to ensure appropriate organisational resilience, in line with the guidance in: Having and Promoting Business Resilience (part of the Preparing Scotland suite of guidance) and the [Public Sector Cyber Resilience Framework](#).

## Internal Control

59. The Commissioner should establish clear internal [delegated authorities](#) with the SLT, who may in turn delegate responsibilities to other members of staff and establish an assurance framework consistent with the [internal control framework](#) in the SPFM.
60. Counter-fraud policies and practices should be adopted to safeguard against fraud, theft, bribery and corruption – see the [Fraud](#) section of the SPFM.
61. Any major investment programmes or projects undertaken should be subject to the guidance in the [Major Investment Projects](#) section of the SPFM and in line with delegated authorities. The Sponsor Team must be kept informed of progress on such programmes and projects and Ministers must be alerted to any developments that could undermine their viability. ICT investment plans must be reported to the SG's Office of the Chief Information Officer.
62. PIRC must comply with the requirements of the Freedom of Information (Scotland) Act 2002 and ensure that information is provided to members of the public in a spirit of openness and transparency. PIRC must also register with [Information Commissioners Office](#) and ensure that it complies with the Data Protection Act 2018 and the General Data Protection Regulations, commonly known as GDPR.

## Budget and Finance

63. Unless covered by a specific delegated authority, financial investments are not permitted without the prior approval of sponsors and SG Finance. This includes

equity shares in ventures which further a body's objectives. Public bodies should not invest in any venture of a speculative nature.

64. Non-standard tax management arrangements should always be regarded as novel and/or contentious and must therefore be approved in advance by the Portfolio AO and SG Finance. Relevant guidance is provided in the [Tax Planning and Tax Avoidance](#) section of the SPF. PIRC must comply with all relevant rules on taxation, including VAT, recover input tax where it is entitled to do so.
65. Novel or contentious proposals for new sources of income or methods of fundraising must be approved by the Sponsor Team and SG Finance.
66. Gifts, bequests or donations received score as income and should be provided for in the agreed resource DEL and capital DEL budgets but should not fund activities or assets normally covered by SG grant-in-aid, trading or fee income, and conflicts of interest must be considered – see the principles in the [Gifts](#) section of the SPF. Note that this relates to gifts to the body – gifts to individuals are covered in the Model Code of Conduct.
67. Borrowing cannot be used to increase PIRC's spending power. All borrowing – excluding agreed overdrafts – must be from the Scottish Ministers in accordance with guidance in the [Borrowing, Lending & Investment](#) section of the SPF.
68. Any lending must be in line with the guidance in the [Borrowing, Lending & Investment](#) section of the SPF on undertaking due diligence and seeking to establish a security. Unless covered by a specific delegated limit PIRC must not lend money, charge any asset, give any guarantee or indemnity or letter of comfort, or incur any other contingent liability (as defined in the [Contingent Liabilities](#) section of the SPF), whether or not in a legally binding form, without the prior approval of sponsors, SG Finance and where necessary the relevant committee of the Scottish Parliament. Guarantees, indemnities and letters of comfort of a standard type given in the normal course of business are excluded from this requirement.
69. An accurate and up-to-date record of current and non-current assets should be maintained, consistent with the [Property: Acquisition, Disposal & Management](#) section of the SPF. PIRC is also subject to the [SG Asset Management Policy](#), including the requirement for acquisition of a new lease, continuation of an existing lease, decision not to exercise a break option in a lease or purchase of property for accommodation / operational purposes, to be approved in advance by Scottish Ministers. The Property Controls Team should be consulted as early as possible in this process.

70. Assets should be recorded on the balance sheet at the appropriate valuation basis in accordance with the FReM. When an asset (including any investment) suffers impairment, when there is significant movement in existing provisions and/or where a new provision needs to be created, this should be communicated to sponsors and SG Finance as soon as possible to determine the implications for the NDPB's budget.
71. Any funding for expenditure on assets by a third party should be subject to appropriate arrangements to ensure that they are not disposed of without prior consent and that a due share of the proceeds can be secured on disposal or when they cease to be used by the third party for the intended purpose, in line with the [Clawback](#) guidance in the SPFm.
72. Unless covered by a specific delegated authority, prior approval from sponsors and SG Finance is required before making gifts or special payments or writing off losses. Special payments and losses are subject the guidance in the [Losses and Special Payments](#) section of the SPFm. Gifts by management to staff are subject to the guidance in the [Non-Salary Rewards](#) section of the SPFm.
73. Unless covered by a specific delegated authority PIRC must not enter into any finance, property, or accommodation related lease arrangement – including the extension of an existing lease or the non-exercise of a tenant's lease break – without prior approval from sponsors. Before entering / continuing such arrangements PIRC must be able to demonstrate that the lease offers better value for money than purchase and that all options of sharing existing public sector space have been explored.
74. Non-property / accommodation related operating leases are subject to a specific delegated authority. There must be capital DEL provision in the budget allocation for finance leases and other transactions which are in substance borrowing.
75. Procurement policies should reflect relevant guidance in the [Procurement](#) section of the SPFm and any other relevant guidance issued by the SG's Procurement and Property Directorate. The SG's directory of [SG Framework Agreements](#) is available to support organisations but they should check the Framework Agreement's 'buyer's guide' before proceeding to ensure they are eligible to use the Framework
76. All matured and properly authorised invoices relating to transactions with suppliers should be paid in accordance with the [Expenditure and Payments](#) section of the SPFm wherever possible and appropriate within Scottish Ministers' target of payment within 10 working days of their receipt.

77. PIRC is subject to the SG policy of self-insurance. Commercial insurance must however be taken out where there is a legal requirement to do so and may also be taken out in the circumstances described in the [Insurance](#) section of the SPFm – where required with the prior approval of sponsors and their finance business partner subject to the level of inherent financial risk. In the event of uninsured losses being incurred the SG shall consider, on a case-by-case basis, whether or not it should make any additional resources available to the NDPB. The relevant sponsor team will provide a Certificate of Exemption for Employer's Liability Insurance.
78. Unless covered by a specific delegated authority PIRC must not provide grant funding to a third party without prior agreement from sponsors and SG Finance. Guidance on a framework for the control of third-party grants is provided as an annex to the [Grant & Grant in Aid](#) section of the SPFm. Subsidy control requirements for any such funding are discussed below.
79. The EU State aid regime was effectively revoked from UK law from 1 January 2021. Following this, subsidy control provisions were covered by the UK-EU Trade and Cooperation Agreement (TCA) and the UK's international obligations, including various Free Trade Agreements and those arising as a consequence of World Trade Organisation membership. However, a new UK subsidy control regime came into force on 4 January 2023 as a result of UK Government's Subsidy Control Act 2022. Currently, any activity that PIRC undertakes itself, or funds other bodies to undertake, that can be offered on a commercial market for goods and services, is subject to the regulations set out in the Subsidy Control Act 2022. A full assessment is required prior to disbursing any funding, subject to the guidance in the subsidy regime section of the SPFm.

### Remuneration

80. Remuneration, allowances, and any expenses paid to the Commissioner and the Board Members must comply with the latest SG Pay Policy for Chief Executives and any specific guidance on such matters issued by the Scottish Ministers.
81. Staff pay, pensions and any severance payments must be in line with the requirements of Public Sector Pay Policy and the responsibilities described in the section on NDPB Staff Management Responsibilities.
82. All individuals who would qualify as employees for tax purposes should be paid through the payroll system with tax deducted at source.

## Banking and Cash Management

83. Banking arrangements must comply with the [Banking](#) section of the SPFM.
84. Cash management arrangements need to be addressed as well as overall budget management. Any [Grant in Aid](#) (i.e., the cash provided to PIRC by the SG to support the allocated budget) for the year in question will be authorised by the Scottish Parliament in the annual Budget Act. PIRC will normally receive monthly instalments based on updated profiles and information on unrestricted cash reserves and will not seek any payment in advance of need. PIRC will keep its unrestricted cash reserves held during the year to the minimum level needed for efficient operation and any relevant liabilities which have to be met at the year-end. Grant in Aid not drawn down by the end of the financial year will lapse. PIRC will not pay Grant-in-Aid into any restricted reserve it holds.

## Helpful Information

85. The Public Bodies Support Unit has produced a register of reporting requirements for devolved public bodies which will help in regard to compliance with certain legislative asks. Copies of the register can be obtained from the [PBSU mailbox](#).

## **ANNEX A - Specific Delegated Financial Authorities**

[To be completed with agreed limits for the NDPB]

	<b>Delegated Limit</b>
Operating leases – other than property/ accommodation related leases	Lease at market value up to 5 years with a rental up to £10k per annum
Gifts	£1,000
Special payments	£1,000
Claims waived or abandoned	£10,000
Write-off of bad debt and/or losses	£1,000