

The Police Investigations and Review Commissioner

Governance and Accountability Framework Document

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Police Investigations &
Review Commissioner



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Riaghaltas na h-Alba
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THE POLICE INVESTIGATIONS AND REVIEW COMMISSIONER GOVERNANCE AND ACCOUNTABILITY FRAMEWORK DOCUMENT

Introduction

1. This framework document has been drawn up by the Scottish Government in consultation with the Police Investigations and Review Commissioner (PIRC)¹. It sets out the broad framework within which the PIRC will operate and defines key roles and responsibilities which underpin the relationship between the PIRC and the Scottish Government. While this document does not confer any legal powers or responsibilities, it forms a key part of the accountability and governance framework and should be reviewed and updated as necessary, and at least every 2-3 years. Any proposals to amend the framework document either by the Scottish Government or the PIRC will be taken forward in consultation and in the light of Scottish Government priorities and policy aims. Any question regarding the interpretation of the document shall be determined by the Scottish Government after consultation with the PIRC. Legislative provisions, including the independence of the Commissioner, shall take precedence over any part of this document.

2. References to the PIRC include any subsidiaries and joint ventures owned or controlled by the PIRC. The PIRC shall not establish subsidiaries or enter into joint ventures without the express approval of the Scottish Government.

3. Copies of the document shall be placed in the Scottish Parliament Information Centre. It shall also be published on the Scottish Government and the PIRC websites.

Purpose

4. The 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. The 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 or at the request of the Chief Constable or Scottish Police Authority; and 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; and seek to ensure that the Police Service of Scotland and the Scottish Police Authority 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.

¹ In this document, references to the PIRC relate to the corporate Non Departmental Public Body (NDPB) rather than to the Commissioner, who will be referred to as such.

5. The PIRC is to contribute to the achievement of the Scottish Government's purpose and national outcomes. The PIRC will make a contribution across the strategic objectives within the SG purpose. Eleven national outcomes support these strategic objectives and these are strongly underpinned by the four pillars of public service reform: prevention, performance, people and partnership. The PIRC also has a critical role to play in helping to deliver the SG's vision and priorities for the Justice Sector, as recently formalised in its new strategy Justice in Scotland and contributes to a number of justice outcomes and priorities. In particular the PIRC will play a pivotal role in contributing to the following Justice Outcomes and Priorities:

- We live in safe, cohesive and resilient communities.
- Our system and interventions are proportionate, fair and effective.
- We deliver person-centred, modern and affordable public services.
- We will enable our communities to be safe and supportive, where individuals exercise their rights and responsibilities.

6. PIRC is an important part of the wider family of organisations who work to keep our communities safe and to administer justice in its various forms. The PIRC should continue to seek to build on existing partnerships and forge new ones, coming together with other justice public bodies to engage jointly with the SG on strategic issues.

7. The PIRC Strategic Plan sets out the strategic priorities as agreed by Scottish Ministers. The Strategic Plan describes how the PIRC intends to carry out its functions in order to deliver priorities. PIRC's statutory functions are set out in the Police, Public Order and Criminal Justice (Scotland) Act 2006 as amended by the Police and Fire Reform (Scotland) Act 2012. As a public body, PIRC will also be subject to a range of other statutory functions, including duties under the Freedom of Information (Scotland) Act 2002 and the Equality Act 2010.

Relationship between the Scottish Government and the Police Investigations and Review Commissioner

8. Effective strategic engagement between the Scottish Government and the PIRC is essential in order that they work together as effectively as possible to maintain and improve public services and deliver improved outcomes. Both the Scottish Government and the 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. In particular the Scottish Government and PIRC need to work together to ensure that:

- opportunities for improvement are identified and pursued;
- strategic policy choices are underpinned by high quality advice, evidence and analysis; and
- risks are managed proactively across the system.

Governance and Accountability

Legal Origins of Powers and Duties

9. The PIRC is established under the Police, Public Order and Criminal Justice (Scotland) Act 2006 as amended by the Police and Fire Reform (Scotland) Act 2012. The constitution of the PIRC is set out in the 2006 Act. The Commissioner is not a Servant or Agent of the Crown, and has no status, immunity or privileges of the Crown. The Commissioner's property is not the property, or property held on behalf of the Crown. However, the PIRC, in its day to day work, will carry out its functions under the direction of:

- the Crown Office and Procurator Fiscal Service;

and at the request of:

- the Chief Constable of the Police Service of Scotland;
- the Scottish Police Authority.

Additionally, the Commissioner can:

- consider investigating cases where it would be in the public interest to do so.

Ministerial Responsibilities

10. The Scottish Ministers are ultimately accountable to the Scottish Parliament for the activities of the PIRC and its use of resources. They are not however responsible for day to day operational matters. Their responsibilities include:

- agreeing the PIRC's strategic aims and objectives and key targets as part of the strategic planning process;
- agreeing the budget and the associated grant in aid requirement to be paid to the PIRC, and securing the necessary Parliamentary approval;
- carrying out responsibilities specified in the Police and Public Order and Criminal Justice (Scotland) Act 2006 as amended, such as appointment of the Commissioner, approving terms and conditions of the Commissioner; and other matters such as approving the pay remit in line with SG Pay Policy covering all staff employed by the PIRC and laying the PIRC's accounts together with the Annual Report before the Scottish Parliament.

PIRC Executive Team and Heads of Department Group Responsibilities

11. The PIRC, which is an Executive NDPB, consists of an Executive Team, comprising the Commissioner, Director of Operations, and a Heads of Department Group. The role of the Executive Team and Heads of Department Group is to provide leadership, direction, support and guidance to ensure the PIRC is committed to delivering its functions effectively and 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 the 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 the PIRC or its attainability of its operational targets;
- ensuring that an effective pay and conditions negotiating framework is in place which will allow a negotiated settlement within the parameters of the Scottish Government's Public Sector Pay policy;
- approving the annual accounts and ensuring Scottish Ministers are provided with an Annual Report and Accounts and pass to the sponsor unit to allow laying in the Scottish Parliament by end December;
- 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 unit on request;
- ensuring that requests for appropriate information from the PIRC in relation to briefings for Scottish Ministers, Parliamentary Questions, ministerial and official correspondence, is forwarded timeously to the sponsor unit;
- 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 unit receives and reviews regular financial information concerning the management and performance of the 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 Commissioner's Responsibilities

12. 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. The Commissioner is responsible for ensuring that the PIRC's policies and actions support the Scottish Ministers' wider strategic policies and that its affairs are conducted with probity. The Commissioner is responsible for the staffing, performance and management of PIRC staff.

13. In leading the PIRC, the Commissioner must ensure that:

- PIRC is subject to regular self-assessment and is working effectively and efficiently;
- the Executive Team and Heads of Department Group 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 or she together with the Executive Team and Heads of Department, receives appropriate induction training including financial management and reporting requirements;
- succession planning takes place to ensure the Executive Team and Heads of Department Group are diverse and effective;
- there are effective relationships with Scottish Government officials and wider stakeholder groups;
- PIRC maintain and secure suitable arrangements for the handling of relevant complaints by the Chief Constable of the Police Service of Scotland and the Scottish Police Authority;
- PIRC seek to maintain and secure suitable arrangements for the handling of relevant complaints with all other police bodies operating in Scotland;
- PIRC maintain and secure 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, which is consistent with the code approved by the Scottish Ministers; 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 Director of Operation's Responsibilities

14. The Director of Operations (or suitable post holder) is responsible for advising the Commissioner on the discharge of her/his functions and implementing her/his decisions. His/her general responsibilities 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;
- 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, the Scottish Government and the wider public;
- ensuring that adequate systems of internal control are maintained by the PIRC, including effective measures against fraud and theft consistent with the Fraud section of the SPFM;
- establishing appropriate documented internal delegated authority arrangements consistent with the Delegated Authority section of the SPFM;
- advising the Commissioner and Heads of Department Group on the performance of the PIRC compared with its aim[s] and objectives;
- preparing the PIRC's strategic and business plans, annual report and pay remit in light of its strategic aims and objectives agreed by Scottish Ministers; and
- ensuring that the PIRC adheres, where appropriate, to the SG Programme and Project Management Principles

The PIRC Accountable Officer's Responsibilities

15. The Principal Accountable Officer for the Scottish Administration (the Permanent Secretary of the Scottish Government) will designate the Director of Operations as the Accountable Officer for the PIRC. Accountable Officers are personally answerable to the Scottish Parliament for the exercise of their functions, as set out in the Memorandum to Accountable Officers for Other Public Bodies. These include:

- ensuring the propriety and regularity of the PIRC's finances and that there are sound and effective arrangements for internal control and risk management;
- ensuring that effective arrangements are in place to provide assurance on risk management, governance and internal control. The PIRC must set up an audit committee of at least three members, all of whom should be either non-executive directors or independent external members. The Committee should be chaired by a non-executive director and at least one of the committee members should have recent and relevant financial experience. The

Committee will provide independent advice and assurance on the effectiveness of the internal control and risk management systems; ensuring that the resources of the PIRC are used economically, efficiently and effectively and that arrangements are in place to secure Best Value and deliver Value for Money as a whole;

- 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 the 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 NDPB acts corporately in accordance with the priorities set out in the Scottish Government's statement of corporate expectations;
- ensuring that timely forecasts and monitoring information on performance and finance are provided to the Scottish Government; that the Scottish Government 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 Scottish Government in a timely fashion;
- signing the accounts of the PIRC and associated governance statements;
- a statutory duty to obtain written authority from the Commissioner before taking any action which he/she considered would be inconsistent with the proper performance of the Accountable Officer functions. The Accountable Officer should also notify the relevant Portfolio Accountable Officer; and
- ensuring that the sponsor unit receives regular financial updates concerning the management and performance of the PIRC and is informed in a timely manner about any concerns regarding the activities of the PIRC.

16. The Accountable Officer should be fully aware of, and have regard to, the Accountable Officer responsibilities placed upon them, including the statutory duty described above.

Portfolio Accountable Officer's Responsibilities

17. The Principal Accountable Officer for the Scottish Government will designate the Director General for Education, Communities and Justice (or their equivalent) as the Accountable Officer for the Scottish Government portfolio budget for the PIRC. The responsibilities of a Portfolio Accountable Officer are set out in detail in the Memorandum to Accountable Officers for Parts of the Scottish Administration. He/she is personally answerable to the Scottish Parliament for ensuring that:

- the financial and other management controls applied by the Scottish Government are appropriate and sufficient to safeguard public funds and, more generally that those being applied by the PIRC conform to the requirements both of propriety and of good financial management;

- the key roles and responsibilities which underpin the relationship between the Scottish Government and the PIRC are set out in a framework document - and that this document is regularly reviewed;
- compliance with the framework document is effectively monitored by the sponsor unit;
- effective relationships are in place at Director and Deputy Director level between the Scottish Government and the PIRC in accordance with the strategic engagement principles; and
- there is effective continuous assessment and appraisal of the performance of the Commissioner.

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

Scottish Government Director and Deputy Director's Responsibilities

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

Sponsor Unit's Responsibilities

20. The SG sponsor unit for the PIRC lies within Safer Communities Division or its equivalent. It is the normal point of contact for the PIRC in dealing with the Scottish Government. The unit, under the direction of the Deputy Director, is the primary source of advice to the Scottish Ministers on the discharge of their responsibilities in respect of the PIRC and undertakes the responsibilities of the Portfolio Accountable Officer on his/her behalf. The unit will be responsible for establishing and maintaining regular dialogue between Scottish Government and the PIRC Executive Team and Heads of Department Group, acting as the main point of day to day contact between the Scottish Government and the PIRC. This will include assisting PIRC to liaise with SG shared services where appropriate. Specific responsibilities include:

- The sponsor unit will meet with the PIRC formally every quarter to discuss performance and on-going business. These meetings will take place at the PIRC's Hamilton offices and SG offices alternately with the Commissioner and Deputy Director of Safer Communities Division (or a nominated deputy) chairing respectively. The aim is to distribute the agenda and papers to attendees no later than one week in advance of the performance meeting.
- In addition, the sponsor unit will liaise with the Executive Team and Head of Department Group 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](#)

[Scottish Government and Scotland's NDPBs](#) and ensuring that sponsorship is suitably flexible, proportionate and responsive to the needs of the Scottish Ministers and the PIRC;

- ensuring that appointment of the Commissioner 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 the PIRC within the Scottish Government and ensuring that it is treated as a key stakeholder holder in the development of policy;
- proportionate monitoring of the PIRC's activities through an adequate and timely flow of appropriate information, agreed with the PIRC, on performance, budgeting, control and risk management;
- addressing in a timely manner any significant problems arising in the PIRC, alerting the Portfolio Accountable Officer and the responsible Minister(s) where considered appropriate;
- ensuring that the priorities of the PIRC and the risks to it are properly and appropriately taken into account in the Scottish Government's risk assessment and management systems; and
- informing the PIRC of relevant Scottish Government policy in a timely manner.

Internal Audit

21. The PIRC shall:

- establish and maintain arrangements for internal audit in accordance with the [Public Sector Internal Audit Standards](#) and the [Internal Audit](#) section of the SPFM;
- set up an audit committee, in accordance with the [Audit Committees](#) section of the SPFM, to advise the PIRC Accountable Officer;
- forward timeously to the Scottish Government the audit charter, strategy, periodic audit plans and annual audit assurance report, including the PIRC Authority Head of Internal Audit opinion on risk management, control and governance and other relevant reports as requested; and
- keep records of, and prepare and forward timeously to the Scottish Government an annual report on fraud and theft suffered by the PIRC and notify the Scottish Government at the earliest opportunity of any unusual or major incidents.

22. The Scottish Government's Internal Audit Directorate has a right of access to all documents held by the PIRC internal auditor, including where the service is contracted out. The Scottish Government has a right of access to all the PIRC records and personnel for any purpose, excluding investigations or complaint handling review casework.

External Audit

23. The Auditor General for Scotland (AGS) audits, or appoints auditors to audit, the PIRC 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 the purpose of audit the auditors have a statutory right of access to documents and information held by relevant persons. The PIRC shall instruct its auditors to send copies of all management reports (and correspondence relating to those reports) and responses to the Scottish Government.

24. The AGS, or examiners appointed by the AGS, may carry out examinations into the economy, efficiency and effectiveness with which the PIRC has used its resources in discharging its functions. The AGS may also carry out examinations into the arrangements made by PIRC to secure Best Value. For the purpose of these examinations the examiners have a statutory right of access to documents and information held by relevant persons. In addition, the PIRC shall provide, in contracts and any conditions to grants, for the AGS to exercise such access to documents held by contractors and sub-contractors and grant recipients as may be required for these examinations; and shall use its best endeavours to secure access for the AGS to any other documents required by the AGS which are held by other bodies.

Annual Report and Accounts

25. The PIRC must publish an annual report of its activities together with its audited accounts after the end of each financial year and publish by the end of December each year. The annual report must cover the activities of any corporate, subsidiary or joint ventures under the control of the PIRC. It should comply with the Government Financial Reporting Manual (FReM) and outline the PIRC'S main activities and performance against agreed objectives and targets for the previous financial year.

26. The accounts must be prepared in accordance with relevant statutes and the specific accounts direction, (including compliance with the FReM) 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. Any subsidiary or joint venture owned or controlled by the PIRC shall be consolidated in its accounts in accordance with International Financial Reporting Standards as adapted and interpreted for the public sector context.

27. The draft report should be submitted to the Scottish Government for comment and the draft accounts for information by the end of September each year. Whilst the statutory date for laying and publishing accounts audited by the AGS is by 31 December, following the close of the previous financial year, there is an expectation on the part of Scottish Ministers that accounts will be laid and published as early as possible. The accounts must not be laid before they have been formally sent by the AGS to Scottish Ministers and must not be published before they have been laid.

The PIRC shall be responsible for the publication of both the report and accounts e.g. on the PIRC website.

Management Responsibilities

Strategic and Business Plans

28. The PIRC must ensure that a Strategic Plan, agreed with the Scottish Ministers, is in place and published on the PIRC's website. The PIRC shall agree with the Scottish Government the issues to be addressed in the plan and the timetable for its preparation and review. The finalised plan shall reflect the PIRC's strategic aims and objectives as agreed with the Scottish Ministers, indicative budgets and any priorities set by the Scottish Ministers. It shall demonstrate how the PIRC contributes to the achievement of the Scottish Government's primary purpose of increasing sustainable economic growth and alignment with the Scottish Government's National Performance Framework (NPF). The Strategic Plan and Business Plan for the PIRC should include:

- the purpose and principal aims of the PIRC;
- key objectives and associated key performance targets for a period of the plan, the strategy for achieving those objectives and how these will contribute towards the achievement of the Scottish Government's primary purpose and alignment with the NPF;
- indicators against which performance can be judged as set out in the Performance Management Framework;
- details of planned efficiencies describing how the PIRC proposes to achieve better value for money, including through collaboration and shared services;
- alternative scenarios and an assessment of the risk factors that may significantly affect the execution of the plans, but that cannot be accurately forecast; and
- other matters as agreed between the Scottish Government and the PIRC.

29. The Strategic Plan should inform the development of a separate business plan for each financial year. The Business Plan for the PIRC should include 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 PIRC's Business Plan should be provided to the sponsor unit for comment prior to publication and the start of the relevant financial year.

Budget Management

30. Each year, in the light of decisions by Scottish Ministers on the allocation of budgets for the forthcoming financial year, the Scottish Government will send to the PIRC a formal statement of its budgetary provision, and a note of any related matters and details of the budget monitoring information required by the Scottish Government. The terms of that letter, referred to as the Budget Allocation and Monitoring letter, should be viewed as complementing the content of this document. The monthly monitoring is the primary means of in-year budgetary control across the

Scottish Government. As such bodies must comply with the format and timing of the monitoring together with any requests for further information. The statement of budgetary provision will set out the budget within the classifications of resource Departmental Expenditure limits (RDEL), Capital DEL (CDEL) and Ring-fenced (non-cash) (RfDEL). The PIRC will inform the sponsor unit at the earliest opportunity if a requirement for Annually Managed Expenditure (AME) budget is identified. The Scottish Government should also be advised in the event that estimated new expenditure is forecast to be lower than budget provision. Transfers of budgetary provision between the different classifications require the prior approval of the Scottish Government Finance Directorate. Any proposals for such transfers should therefore be submitted to the sponsor unit. Transfers of provision within the classifications may be undertaken without reference to the Scottish Government, subject to any constraints on specific areas of expenditure e.g. the approved pay remit.

31. If the trading and other resource income realised - or the net book value of disposals of non-current assets is less than included in the agreed budget the PIRC shall, unless otherwise agreed with the Scottish Government, ensure a corresponding reduction in its gross expenditure. (The extent to which the PIRC exceeds agreed budgets shall normally be met by a corresponding reduction in the budgets for the following financial year.) If income realised is more than included in the most up to date agreed budgets the PIRC must consult and obtain the prior approval of the Scottish Government before using any excess to fund additional expenditure or to meet existing pressures. 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 year. The only exception is where income is for gifts, bequests and donations but this must be spent within the same financial year as the receipt, otherwise additional budget allocation will be required. In any event, income from all sources and all planned expenditure should be reflected in the monthly budget monitoring statement.

Cash Management

32. Any grant in aid (i.e. the cash provided to the PIRC by the Scottish Government to support the allocated budget) for the year in question must be authorised by the Scottish Parliament in the annual Budget Act. Grant in aid will normally be paid in monthly instalments on the basis of updated profiles and information on unrestricted cash reserves. Payment will not be made in advance of need as determined by the level of unrestricted cash reserves and planned expenditure. Unrestricted cash reserves held during the course of the year should be kept to the minimum level consistent with the efficient operation of the PIRC - and the level of funds required to meet any relevant liabilities at the year-end. Grant in aid not drawn down by the end of the financial year shall lapse. Grant in aid shall not be paid into any restricted reserve held by the PIRC.

33. The banking arrangements adopted by the PIRC must comply with the Banking section of the SPFM.

Risk Management

34. The PIRC shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of generally recognised best practice in corporate governance, and develop a risk management strategy, consistent with the Risk Management section of the SPFM. Reporting arrangements

should ensure that the sponsor unit is made aware of relevant risks and how they are being managed, a separate update on outstanding risks should be submitted to the sponsor unit for information at agreed intervals. The PIRC audit committee is also required, at the earliest opportunity, to notify the relevant Scottish Government Audit and Risk Committee if it considers that it has identified a significant problem which may have wider implications.

Organisational Security and Resilience

35. As part of risk management arrangements, the PIRC shall ensure that it has a clear understanding of the key risks, threats and hazards it may face in the personnel, physical and cyber domains, and take action to ensure appropriate organisational resilience to those risks/threats/hazards. It should have particular regard to the following key sources of information to help guide its approach:

- Having and Promoting Business Resilience (part of the Preparing Scotland suite of guidance)
- The Scottish Public Sector Action Plan on Cyber Resilience and associated guidance

36. The PIRC risk register should always be tabled for discussion at the sponsorship quarterly meetings.

Counter Fraud Management

37. The PIRC should adopt and implement policies and practices to safeguard itself and the Police Service against fraud and theft, in accordance with the Fraud section of the SPFM. Application of these processes must be monitored actively, supported by a fraud response plan and robust reporting arrangements. This includes the establishment of avenues to report any suspicions of fraud.

Performance Management

38. The PIRC shall operate management information and accounting systems that enable it to review, in a timely and effective manner, its financial and non-financial performance against the strategic aims, objectives, targets and milestones set out in the Strategic and Business Plans. The results of such reviews should be reported on a regular basis to the Executive Team and Heads of Department Group and copied to the Scottish Government. The Scottish Government shall assess the PIRC's performance, proportionately, on a continuous basis and hold a formal internal review on a quarterly basis, or as agreed. The responsible Cabinet Secretary / Scottish Minister shall meet the Commissioner at least once a year.

Staff Management

39. The PIRC has responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities of its 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 its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness (subject to the Scottish Government Pay Policy for Staff Pay Remits);
- the performance of its staff at all levels is satisfactorily appraised and the PIRC's performance measurement systems are reviewed from time to time;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the PIRC's objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- effective whistle-blowing procedures consistent with the Public Interest Disclosure Act 1998 are in place; and
- a code of conduct for staff is in place based on the Model Code for Staff of Executive NDPBs.

Pay and Conditions of Service

40. The PIRC will comply with Scottish Government Pay Policy in relation to staff and the Commissioner. The PIRC shall submit to the Scottish Government for approval (normally annually unless a multi-year deal has been agreed) a pay remit in line with the Scottish Government Pay Policy for Staff Pay Remits and negotiate a pay settlement within the terms of the approved remit. Proposals on non-salary rewards must comply with the guidance in the Non-Salary Rewards section of the SPFM. Payment of salaries should also comply with the Tax Planning and Tax Avoidance section of the SPFM.

Pensions, Redundancy and Compensation

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

42. Any proposal by the PIRC to move from existing pension arrangements, or to pay any redundancy, or compensation for loss of office, requires the prior approval of the Scottish Government. 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 Government 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 Scottish Government prior to proceeding with proposed severance options prior to making any offer either orally or in writing.

Asset and Property Management

43. The PIRC shall maintain an accurate and up-to-date record of its current and non-current assets consistent with the Property: Acquisition, Disposal & Management section of the SPFM. 'Non-current' assets should be disposed of in accordance with the SPFM. The Scottish Government's Property Division should be consulted about relevant proposed disposals of property that the PIRC hold for operational purposes (rather than investment) at the earliest opportunity so it may be advertised internally. An Internal Advertisement form must be completed and submitted at least one month prior to property being advertised on the open market. Any proposal to acquire land, buildings or other rights in property for accommodation/operational purposes should comply with the SPFM. The PIRC is also subject to the Scottish Government 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. All assets (property, plant and equipment) are to be properly recorded and updated as necessary by PIRC on the Cabinet Office electronic Property Information Mapping System (e-PIMS).

Specific Financial Provisions

Delegated Authorities

44. The PIRC's specific delegated financial authorities – as agreed in consultation between the PIRC and the Scottish Government are set out in the attached **Appendix**. The PIRC shall obtain the Scottish Government's prior written approval before entering into any undertaking to incur any expenditure that falls outside these delegations. The PIRC shall also comply with any requirements for prior Scottish Government approval included in the SPFM and/or this document. Prior Scottish Government approval must always be obtained before incurring expenditure for any purpose that is or might be considered novel, contentious or repercussive or which has or could have significant future cost implications.

Income Generation

45. PIRC's income will be by means of grant in aid. No other regular income is envisaged. Should other sources of income become apparent, the PIRC shall discuss with the sponsor unit any implications this may have on budgets and funding.

46. Gifts, bequests or donations received by the PIRC score as income and should be provided for in the agreed resource DEL and capital DEL budgets, updated as necessary in consultation with the Scottish Government. However, the PIRC should be able to demonstrate that expenditure funded by gifts etc is additional to expenditure normally supported by grant in aid (i.e. Scottish Government core funding) or by trading and other income. Before accepting such gifts etc. the PIRC shall consider if there are any associated costs in doing so or any conflicts of interests arising. The PIRC shall keep a written record of any such gifts etc and what happened to them.

Financial Investments

47. Unless covered by a specific delegated authority the PIRC shall not make any financial investments without the prior approval of the Scottish Government. That would include equity shares in ventures which further the objectives of the PIRC. The PIRC shall not invest in any venture of a speculative nature.

Borrowing

48. Borrowing cannot be used to increase the PIRC spending power. All borrowing by the PIRC - excluding agreed overdrafts - shall be from the Scottish Ministers in accordance with guidance in the Borrowing, Lending & Investment section of the SPFM.

Lease Arrangements

49. Unless covered by a specific delegated authority, the PIRC shall 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 the Scottish Government's prior approval. Before entering / continuing such arrangements the 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. Non-property/accommodation related operating leases are subject to a specific delegated authority. The PIRC must have capital DEL provision for finance leases and other transactions which are in substance borrowing.

Tax Arrangements

50. Non-standard tax management arrangements should always be regarded as novel and/or contentious and must therefore be approved in advance by the Scottish Government. Relevant guidance is provided in the Tax Planning and Tax Avoidance section of the SPFM. The PIRC must comply with all relevant rules on taxation, including VAT. All individuals who would qualify as employees for tax purposes should be paid through the payroll system with tax deducted at source. It is the responsibility of the PIRC to observe VAT legislation and recover input tax where it is entitled to do so. The implications of VAT in relation to procurement and shared services should be considered at an early stage to ensure that financial efficiency is achieved. The PIRC must also ensure that it accounts properly for any output tax on sales or disposals.

Lending and Guarantees

51. Any lending by the PIRC must adhere to the guidance in the Borrowing, Lending & Investment section of the SPFM on undertaking due diligence and seeking to establish a security. Unless covered by a specific delegated limit the PIRC shall not, without the Scottish Government's prior approval, 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 SPFM), whether or not in a legally binding form. Guarantees, indemnities and letters of comfort of a standard type given in the normal course of business are excluded from this requirement.

Third Party Grants

52. Unless covered by a specific delegated authority the PIRC shall not, without the Scottish Government's prior agreement, provide grant funding to a third party. Such funding would be subject to the guidance in the State Aid section of the SPFM. 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.

Impairments, Provisions and Write-Offs

53. Assets should be recorded on the balance sheet at the appropriate valuation basis in accordance with the FReM. Where an asset - and that includes investments - suffers impairment it is important that the prospective impairment and background is communicated to the Scottish Government at the earliest possible point in the financial year to determine the implications for the PIRC's budget. Similarly any significant movement in existing provisions or the creation of new provisions should be discussed in advance with the Scottish Government. Write-off of bad debt and/or losses scores against the PIRCs resource DEL budget classification and is subject to a specific delegated limit.

Insurance

54. The PIRC is subject to the Scottish Government 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 the Scottish Government. In the event of uninsured losses being incurred the Scottish Government shall consider, on a case by case basis, whether or not it should make any additional resources available to the PIRC. The Scottish Government will provide the PIRC with a Certificate of Exemption for Employer's Liability Insurance.

Procurement and Payment

55. The PIRC's procurement policies shall reflect relevant guidance in the Procurement section of the SPFM and relevant guidance issued by the Scottish Government's Procurement and Commercial Directorate. Procurement should be undertaken by appropriately trained and authorised staff and treated as a key component of achieving the PIRC's priorities consistent with the principles of Value for Money, the highest professional standards and any legal requirements. All external consultancy contracts over the value of £100,000 or any proposal to award a contract without competition (non-competitive action) over the value of £100,000 must be endorsed in advance by the Commissioner.

56. Any major investment programmes or projects undertaken by the PIRC shall be subject to the guidance in the Major Investment Projects section of the SPFM (and is also subject to a specific delegated authority). The sponsor unit **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 Scottish Government's Office of the Chief Information Officer.

57. The PIRC shall pay all matured and properly authorised invoices relating to transactions with suppliers in accordance with the Expenditure and Payments section of the SPFM and in doing so shall seek wherever possible and appropriate to meet

the Scottish Government's target for the payment of invoices within 10 working days of their receipt.

Gifts Made, Special Payments and Losses

58. Unless covered by a specific delegated authority the PIRC shall not, without the Scottish Government's prior approval, make gifts or special payments or write-off of losses. Special payments and losses are subject to 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.

Clawback

59. Where the PIRC has financed expenditure on assets by a third party, the PIRC shall make appropriate arrangements to ensure that any such assets above an agreed value are not disposed of by the third party without the PIRC's prior consent. The PIRC shall put in place arrangements sufficient to secure the repayment of its due share of the proceeds - or an appropriate proportion of them if the PIRC contributed less than the whole cost of acquisition or improvement. The PIRC shall also ensure that if assets financed by the PIRC cease to be used by the third party for the intended purpose an appropriate proportion of the value of the asset shall be repaid to the PIRC.

State aid

60. State aid is a European Commission term which refers to forms of public assistance, given to undertakings on a discretionary basis, which has the potential to distort competition and affect trade between Member States of the European Union. Any activity that the PIRC undertakes itself, or funds other bodies to undertake, that can be offered on a commercial market for goods and services is subject to state aid rules. A state aid assessment is therefore required prior to distributing any funding and would be subject to the guidance in the state aid section of the SPFM.

PIRC Expenses

61. Remuneration, allowances and expenses paid to the Commissioner (and any pension arrangements) must comply with the Scottish Government Pay Policy for Senior Appointments and any specific guidance on such matters issued by the Scottish Ministers.

SPECIFIC DELEGATED FINANCIAL AUTHORITIES

| | | Delegated Limit |
|---|--|--|
| External business and management consultancies | | £100,000 |
| Non-competitive action | | £25,000 |
| 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 |
| Capital investment projects | | |



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