

# **SCOTTISH POLICE SERVICES AUTHORITY**

May 2008

## **MANAGEMENT STATEMENT**

SPSA 0008

# SCOTTISH POLICE SERVICES AUTHORITY

## MANAGEMENT STATEMENT

### PART ONE: INTRODUCTION

1 The Scottish Police Services Authority (“SPSA”) has a vital role in providing expert support and police services to Scotland’s police and criminal justice community. The SPSA also has a duty to establish and maintain the Scottish Crime and Drug enforcement Agency. Working closely with its partners, SPSA will strive to continually enhance the services it provides to policing in Scotland.

2 This management statement and the associated financial memorandum has been drawn up by the Scottish Government’s Police & Community Safety Directorate (the sponsor Directorate), in consultation with the Scottish Police Services Authority, an executive Non-Department Public Body, whose head office is currently based at Elphinstone House, 65 West Regent Street, Glasgow.

3 The document sets out the broad framework within which SPSA and SCDEA will operate, in particular:

- SPSA’s overall aim, objectives and targets in support of the Scottish Ministers’ wider strategic aims;
- the rules and guidelines relevant to the exercise of SPSA and SCDEA’s functions, duties and powers;
- the conditions under which any public funds are paid to SPSA;
- how SPSA is to be held to account for its performance.

4 The associated financial memorandum sets out in greater detail certain aspects of the financial framework within which SPSA is required to operate.

5 The management statement, contained in part two of this document, and associated financial memorandum, do not convey any legal powers or responsibilities.

6 The management statement shall be reviewed and updated periodically by the sponsor Directorate, normally at least every 2-3 years.

7 SPSA, or the sponsor Directorate, may propose amendments to the document at any time. Any such proposals by SPSA shall be considered in the light of the Scottish Ministers’ policy aims, operational factors and SPSA’s performance. The guiding principle shall be that the extent of flexibility and freedom given to SPSA shall reflect both the quality of its internal controls and its operational needs. The sponsor Directorate shall determine what changes, if any, are to be incorporated in the management statement. Legislative provisions shall take precedence over any part of the management statement.

8 SPSA will aim to satisfy the conditions and requirements set out in the management statement, together with all relevant requirements in the Scottish Public Finance Manual (SPFM) and such other conditions as the Scottish Ministers may from time to time impose. Any question regarding the interpretation of the management statement shall be resolved by the sponsor Directorate after consultation with SPSA.

10 Copies of the management statement are placed in the Scottish Parliament Reference Centre and published on the Scottish Government website. Copies are made available to members of the public via the Authority's publication scheme which is available on the SPSA's website at [www.spsa.police.uk](http://www.spsa.police.uk), and on request.

**SCOTTISH POLICE SERVICES AUTHORITY  
(SPSA)**

**MANAGEMENT STATEMENT**

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## **1 FUNCTIONS, DUTIES AND POWERS**

### **1.1 Founding legislation and status of SPSA**

1.1.1 The Scottish Police Services Authority (SPSA) is a public body corporate established under the Police, Public Order and Criminal Justice (Scotland) Act 2006 ("the Act"). The constitution of SPSA is set out in Schedule 1 of the Act.

1.1.2 SPSA does not carry out its functions on behalf of the Crown.

### **1.2 The functions, duties and powers of SPSA**

1.2.1 The Act gives SPSA the duty to provide police support services as follows:

- The development, provision, procurement and delivery of training and education to police forces and other persons or organisations the Authority thinks fit;
- The development, provision, procurement, maintenance, management, support and oversight, as appropriate, of information and communications technology systems and equipment for police forces and such other persons or organisations as the Authority thinks fit;
- The development, provision and maintenance of a national system for the collection, identification and verification of physical data, samples and other things and the information derived from those data, samples and other things as are, or may be, used to identify a person;
- The development and maintenance of a strategy for the acquisition and use of information technology systems by police forces; and
- The development and provision of a national forensic science service.

1.2.2 The Act also requires SPSA to establish and maintain a body to be known as the Scottish Crime & Drug Enforcement Agency ("the Agency") with the following functions:

- Preventing and detecting serious organised crime;
- Contributing to the reduction of such crime in other ways and to the mitigation of its consequences; and
- Gathering, storing and analysing information relevant to the prevention, detection, investigation or prosecution of offences or the reduction of crime in other ways or the mitigation of its consequences.

1.2.3 SPSA also has the power to establish and maintain institutions and organisations in connection with the provision of police support services. It is also authorised to do anything which is incidental or ancillary to providing the police support services.

### **1.3 Classification**

1.3.1 For policy/administrative purposes SPSA is classified as an executive non-departmental public body. The SCDEA is maintained by the SPSA but it has operational independence and its own Director General.

1.3.2 For national accounts purposes SPSA is classified to the central government sector.

1.3.3 References to “SPSA”, “the Authority” and “the organisation” include for the purposes of the management statement the Scottish Crime & Drug Enforcement Agency, except where there are separate requirements under the Act. Where separate requirements exist, these are specifically referred to in this document. In addition, references to SPSA also include, where appropriate, all its subsidiaries and joint ventures that are classified to the public sector for national accounts purposes. If such a subsidiary or joint venture is created, there shall be a document setting out the arrangements between it and SPSA.

## **2 AIM, OBJECTIVES AND TARGETS**

### **2.1 Overall aims**

- 2.1.1 Within the Police, Public Order and Criminal Justice (Scotland) Act 2006, Scottish Ministers have defined the overall aim of SPSA as the provision of police support services in a way calculated to improve the efficiency and effectiveness of the police and to have regard for the effects of service provision on the overall criminal justice system.
- 2.1.2 The SCDEA has separate operational aims relating to the detection and prevention of serious organised crime across Scotland.

### **2.2 Objectives and key targets**

- 2.2.1 The sponsor Directorate determines SPSA's performance framework in the light of the Scottish Ministers' wider strategic aims. SPSA's objectives and key targets shall be agreed within the Authority and Agency's corporate planning process (Section 4 below).

### **3 RESPONSIBILITIES AND ACCOUNTABILITY**

#### **3.1 The Scottish Ministers**

3.1.1 The Scottish Ministers are ultimately accountable to the Scottish Parliament for the activities and performance of SPSA and the operational side of SCDEA. Their responsibilities include:

- determining SPSA's strategic priorities and the policy and performance framework within which it will operate (as set out in this management statement and associated financial memorandum);
- approving the annual plans of the SPSA and the SCDEA (including making such modifications as they consider appropriate)
- providing information to the Scottish Parliament about SPSA's performance as required;
- approving the resource budget and the associated grant in aid requirement to be paid to SPSA, and securing the necessary Parliamentary approval;
- carrying out responsibilities specified in the Police, Public Order and Criminal Justice (Scotland) Act 2006 including appointments to the Board, approving the terms and conditions of Board members, approve the appointment of the Chief Executive (see paragraph 3.5.8), and laying of the annual report and accounts before the Parliament.

#### **3.2 Portfolio Accountable Officer**

3.2.1 The Director General for Police & Community Safety is designated as the sponsor Directorate's Accountable Officer by the Principal Accountable Officer for the Scottish Administration. He/she is responsible for the overall organisation, management and staffing of the sponsor Directorate and for ensuring that there is a high standard of financial management in the Directorate as a whole.

3.2.2 In particular the Portfolio Accountable Officer shall ensure that:

- SPSA and SCDEA's strategic aims and objectives support the Scottish Ministers' wider strategic aims;
- the financial and other management controls applied by the sponsor Directorate to SPSA are appropriate and sufficient to safeguard public funds and for ensuring that SPSA's compliance with those controls is effectively monitored ("public funds" include not only any funds provided to SPSA by the Scottish Ministers but also any other funds falling within the stewardship of SPSA, including gifts, bequests and donations);
- the internal controls applied by SPSA conform to the requirements of regularity, propriety and good financial management;
- any funding provided to SPSA is within the scope and the amount authorised by Budget Act .

#### **3.3 The sponsoring team in the sponsor Directorate**

3.3.1 Within the sponsor Directorate, Police & Community Safety Directorate is the sponsoring team for SPSA and the operational activities of SCDEA. The Team, in consultation as necessary with the Portfolio Accountable Officer, is the primary source of advice to the Scottish Ministers on the discharge of their responsibilities in respect of SPSA and SCDEA, and the primary point of contact for SPSA and SCDEA in dealing with the sponsor Directorate. The sponsoring team shall carry out its duties under the direction of the Director General for Police & Community Safety, who shall have primary responsibility for overseeing the activities of SPSA and SCDEA.

3.3.2 The sponsoring team shall advise the Scottish Ministers on:

- an appropriate framework of objectives and targets for SPSA and SCDEA in the light of the Scottish Ministers' wider strategic aims;
- an appropriate budget for SPSA (including the amount which is to be allocated to SCDEA) in the light of the Scottish Ministers' overall public expenditure priorities;
- how well SPSA is achieving its strategic objectives, and whether it is delivering value for money.

3.3.3 In support of the Portfolio Accountable Officer the sponsoring team shall:

*on performance and risk management:*

- monitor SPSA's activities on a continuing basis through an adequate and timely flow of information from SPSA on performance, budgeting, control and risk management, including early sight of SPSA's Statement on Internal Control;
- address in a timely manner any significant problems arising in SPSA, whether financial or otherwise, making such interventions in the affairs of the Authority as is judged necessary;
- ensure that the activities of SPSA and the risks associated with them are properly and appropriately taken into account in the Scottish Government's risk assessment and management systems;
- ensure that appointments to SPSA's Board are made timeously and in accordance with the Commissioner for Public Appointments Code of Conduct.

*on communication with SPSA:*

- inform SPSA of relevant Scottish Government policy in a timely manner; advise on the interpretation of that policy; and issue specific guidance to the Authority as necessary;
- bring concerns about the activities of SPSA to the attention of the Chief Executive or Convener, as appropriate, and require explanations and assurances that appropriate action has been taken.

### **3.4 The Convener of SPSA**

3.4.1 The Convener of SPSA, who will be a lay member of the Authority's Board structure, is appointed by Scottish Ministers in line with the Code of Practice issued by the Commissioner for Public Appointments. The Convener will hold office for a tenure period of no more than three years but, subject to satisfactory performance, may be re-appointed for a further three years.

3.4.2 The Convener is responsible to the Scottish Ministers and shall aim to ensure that SPSA and SCDEA's policies and actions support the wider strategic policies of the Scottish Ministers; and that the Authority and Agency's affairs are conducted with probity. The Convener shares with other Board members the corporate responsibilities set out in paragraph 3.5.8, and in particular for ensuring that SPSA and SCDEA fulfil the aims and objectives set by the Scottish Ministers.

3.4.3 The Convener's principle role is to:

- contribute to the strategic management of SPSA;
- monitor the performance of the Authority and its executive;
- ensure that Ministerial policies and procedures are reflected in board decisions and that the Authority makes timely and effective contributions to the Ministers' considerations of policy matters;
- lead the board, managing its performance and ensure it provides strategic direction;

- ensure appropriate standards of corporate governance in the work of SPSA.

#### 3.4.4 The Convener shall also:

- ensure that all members of the Board, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate induction training, including on financial management and reporting requirements of public sector bodies and on any differences which may exist between private and public sector practice;
- advise the Scottish Ministers of the needs of SPSA when Board vacancies arise, with a view to ensuring a proper balance of professional and financial expertise;
- assess the performance of individual Board members and the Chief Executive on an annual basis.

3.4.5 The Convener shall ensure that Board Members are fully aware of SPSA's Code of Conduct for Board Members approved by the Scottish Ministers.

3.4.6 Communications between the Board and the Scottish Ministers shall normally be through the Convener. The Convener shall ensure that the other Board members are kept informed of such communications.

### 3.5 The Board of SPSA

3.5.1 Legally, the Board constitutes the Scottish Police Services Authority. It must consist of no more than 10 members, including the Convener, who must fall within one of the following categories:

- police force members;
- police authority members;
- lay members

3.5.2 The composition of the Board at any one time must include the Convener and normally at least two members (not including the Convener) from each of the categories described in 3.5.1.

3.5.3 Nominations for appointment as a police force member of the Board by individuals holding the rank of Chief Constable must be made by persons whom Scottish Ministers consider represent the interests of chief constables of police forces.

3.5.4 Nominations for appointment as a police authority member of the Board by individuals holding the role of Convener of a police authority or joint police board must be made by persons whom Scottish Ministers consider represent the interests of police bodies.

3.5.5 All appointments to the Board will comply with the Code of Practice issued by the Commissioner for Public Appointments.

3.5.6 Members will be appointed for a tenure period of three years subject to, in the case of police force members, continuing to hold the rank of Chief Constable, and in the case of police body members continuing to hold the office of Convener of a police authority or joint police board. Subject to satisfactory performance, Board Members may be re-appointed for a further three years.

3.5.7 Members will elect, from among their number, a member to chair meetings when the convener is not present. The nominated member will be referred to as the deputy convener.

3.5.8 The Board has corporate responsibility for ensuring that SPSA fulfils the aim and objectives set by the Scottish Ministers and for promoting the efficient and effective use of staff and other resources by SPSA in accordance with the principles of Best Value - see relevant section of the SPFM. To this end, and in pursuit of its wider corporate responsibilities, the Board shall:

- establish the overall strategic direction of SPSA within the policy, planning and resources framework determined by the Scottish Ministers;
- agree targets with the Agency but not interfere with any operational matters which remain the direct responsibility of the Director General.
- ensure that the Scottish Ministers are kept informed of any changes which are likely to impact on the strategic direction of SPSA or on the attainability of its targets, and determine the steps needed to deal with such changes;
- ensure that any statutory or administrative requirements for the use of public funds (i.e. all funds falling within the stewardship of SPSA) are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the Portfolio Accountable Officer, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account relevant guidance issued by Scottish Ministers / the sponsor Directorate;
- ensure that the Board receives and reviews regular financial information concerning the management of SPSA; is informed in a timely manner about any concerns about the activities of the Authority; and provides positive assurance to the sponsor Directorate that appropriate action has been taken on such concerns;
- demonstrate high standards of corporate governance at all times, including by setting up and using an independent audit committee - in accordance with the guidance on Audit Committees in the SPFM - to help the Board to address the key financial and other risks facing SPSA;
- provide commitment and leadership in the development and promotion of Best Value principles throughout SPSA;
- appoint\*, with Scottish Ministers' approval, a Chief Executive of SPSA and, in consultation with the sponsor Directorate, set performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight both to the proper management and use of public monies and to the delivery of outcomes in line with Scottish Ministers' priorities.

\* The appointment of SPSA's first Chief Executive was made by Scottish Ministers after consultation with the relevant bodies outlined in Schedule 1, paragraph 9 of the Police, Public Order and Criminal Justice (Scotland) Act.

3.5.9 Individual Board members shall act in accordance with their wider responsibility as Members of the Board - namely to:

- comply at all times with the Code of Conduct, described at paragraph 3.4.5 above, that is adopted by SPSA and with the rules relating to the use of public funds, conflicts of interest and confidentiality;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments;
- act in good faith and in the best interests of SPSA.

3.5.10 Members of the Board (including the Convener) must not give the Chief Executive instructions which conflict with the latter's duties as SPSA's Accountable Officer (as required under Section 15 (8) of the Public Finance and Accountability (Scotland) Act 2000).

### 3.6 SPSA's Accountable Officer

- 3.6.1 The Chief Executive of SPSA is designated as SPSA's Accountable Officer by the Principal Accountable Officer of the Scottish Administration, in accordance with sections 14 and 15 of the Public Finance and Accountability (Scotland) Act 2000.
- 3.6.2 As SPSA's Accountable Officer, the Chief Executive is personally responsible for safeguarding the public funds (i.e. all funds falling within the stewardship of SPSA and SCDEA) for which he has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the SPSA. The Accountable Officer acts in accordance with the terms of the management statement/financial memorandum and within the terms of relevant guidance in the SPFM and other instructions and guidance issued by the Scottish Ministers - in particular the Memorandum to Accountable Officers of Other Public Bodies (Annex 2 of the section on Accountability in the SPFM) which the Chief Executive will receive on appointment.
- 3.6.3 As SPSA's Accountable Officer, the Chief Executive has a duty to secure Best Value, which includes the concepts of good corporate governance, performance management and continuous improvement. Guidance to Accountable Officers on what their organisations should be able to demonstrate in fulfilment of the duties which make up a Best Value regime is included in the Best Value section of the SPFM.
- 3.6.4 The Chief Executive shall exercise the following specific responsibilities:

#### *on planning, performance management and monitoring -*

- establish SPSA's corporate and business plans in the light of the Scottish Minister's wider strategic aims;
- establish a robust performance management framework which supports the achievement of SPSA's aims and objectives as set out in the corporate and business plans; and which enables full performance reporting to the Board, the sponsor Directorate and the wider public;
- inform the sponsor Directorate of SPSA's progress in helping to achieve the Scottish Ministers' policy objectives and in demonstrating how resources are being used to achieve those objectives;
- ensure that timely forecasts and monitoring information on performance and finance are provided to the sponsor Directorate; that the sponsor Directorate is notified promptly if overspends /underspends are likely or if performance targets are at serious risk 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 sponsor Directorate in a timely fashion;

#### *on advising the Board -*

- advise the Board on the discharge of its responsibilities as set out in this document, in the Police, Public Order and Criminal Justice (Scotland) Act 2006, and in any other relevant instructions and guidance issued by the Scottish Ministers / the sponsor Directorate;
- advise the Board on SPSA's performance compared with its aims and objectives;
- ensure that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that standard financial appraisal techniques as set out in the Treasury Green Book are followed as far as this is appropriate and practical;
- take action as set out in section 5 of the Memorandum to Accountable Officers of Other Public Bodies if the Board, or its Convener, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the

requirements of propriety or regularity or does not represent prudent or economical administration or efficiency or effectiveness;

*on managing risk and resources -*

- ensure that a system of risk management is embedded in the Authority to inform decisions on financial and operational planning and to assist in achieving objectives and targets;
- ensure that an effective system of programme and project management and contract management is maintained;
- ensure that the funds made available to SPSA, including any approved income or other receipts, are used for the purpose intended by the Parliament, and that such monies, together with SPSA's assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that adequate internal management and financial controls are maintained by SPSA, including effective measures against fraud and theft;
- maintain a comprehensive system of internal delegated authorities which are notified to all staff, together with a system for regularly reviewing compliance with these delegations;
- ensure that effective human resource management policies are maintained and that strategic human resource planning is related to SPSA's objectives;

*on accounting for SPSA's activities -*

- sign the accounts and be responsible for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Scottish Ministers;
- sign a Statement of Accountable Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Statement on Internal Control regarding SPSA's system of internal control, for inclusion in the annual report and accounts;
- sign a Certificate of Assurance on the maintenance and review of SPSA's internal control systems, for submission to the sponsor Directorate;
- ensure that an effective complaints procedure is in place and made widely known;
- give evidence when summoned before Committees of the Scottish Parliament on the use and stewardship of public funds by SPSA.

3.6.5 The Chief Executive may delegate the day-to-day administration of his Accountable Officer responsibilities to other employees in SPSA. However, this does not include assigning absolutely to any other person any of the responsibilities set out in this document.

3.6.6 The Chief Executive is responsible for informing the Portfolio Accountable Officer about any complaints about SPSA accepted by the Scottish Public Services Ombudsman for investigation, and about SPSA's proposed response to any subsequent recommendations from the Ombudsman.

## **4 PLANNING, BUDGETING AND CONTROL**

### **4.1 The corporate plan**

- 4.1.1 Consistent with the timetable for public spending reviews, SPSA shall submit to the sponsor Directorate a draft of SPSA's corporate plan covering the spending review period. SPSA will agree with the sponsor Directorate the issues to be addressed in the plan and the timetable for its preparation. As a minimum requirement the plan will identify the various services delivered to the police service and separately identify SCDEA activities. The plan, or elements thereof, shall be updated between public spending reviews as and when considered necessary.
- 4.1.2 The plan shall reflect SPSA and SCDEA's statutory duties and, within those duties, the priorities set from time to time by the Scottish Ministers.
- 4.1.3 The corporate plan shall set out:
- SPSA and SCDEA's key objectives and associated key performance targets for the forward years, and its strategy for achieving those objectives;
  - a review of SPSA's performance in the preceding financial year and an estimate of performance in the current year;
  - alternative scenarios to take account of factors which may significantly affect the execution of the plan but which cannot be accurately forecast;
  - other matters as agreed between the sponsor Directorate and SPSA/SCDEA.
- 4.1.4 The main elements of the plan - including the key performance targets - shall be agreed between the sponsor Directorate and SPSA in the light of the sponsor Directorate's decisions on policy and resources taken in the context of the Scottish Ministers' wider public expenditure plans and decisions.

### **4.2 The annual plan**

- 4.2.1 The annual plans for SPSA and the SCDEA for the year immediately ahead shall be consistent with the agreed corporate plan. The annual plan shall include key targets and milestones for the forthcoming year and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the sponsor Directorate. (See also paragraph 1.3 of the financial memorandum.) The annual plan shall be submitted to the sponsor Directorate for approval (and modifications where Ministers considered it appropriate) 3 months prior to the beginning of the financial year in question.
- 4.2.2 In preparing the annual plans the Authority and Agency must consult with ACPOS and Police Authority Conveners and any other appropriate bodies.

### **4.3 Publication of plans**

- 4.3.1 Subject to any operational considerations the corporate and annual plans shall be published via the Authority's publication scheme which is available on the SPSA's website at [www.spsa.police.uk](http://www.spsa.police.uk). Copies of all plans will be made available to SPSA staff, Chief Constables and Police Authorities.

### **4.4 Reporting performance to the sponsor Directorate**

- 4.4.1 SPSA will operate management information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its corporate and business plans.

- 4.4.2 SPSA will take the initiative in informing the sponsor Directorate of changes in external conditions which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives set out in the corporate or business plans.
- 4.4.3 SPSA's performance in helping to deliver Ministers' policies, including the achievement of agreed key objectives, shall be reported to the sponsor Directorate on a regular basis. Performance will be formally reviewed regularly by officials of the sponsor Directorate. The appropriate Cabinet Secretary shall meet the Board formally each year to discuss SPSA's performance, its current and future activities and any policy developments relevant to those activities.
- 4.4.4 The performance of SPSA and SCDEA against key targets shall be reported in their annual report and accounts; see Section 5.1 below. Regular performance reports will also be produced and will be made available via SPSA's publication scheme at [www.spsa.police.uk](http://www.spsa.police.uk).

#### **4.5 Budgeting procedures**

- 4.5.1 SPSA's budgeting procedures are set out in the associated financial memorandum.

#### **4.6 Internal audit**

- 4.6.1 SPSA will establish and maintain arrangements for internal audit in accordance with the financial memorandum and the Government Internal Audit Standards (GIAS). SPSA shall consult the sponsor Directorate to ensure that the latter is satisfied with the competence and qualifications of the internal audit provider and the requirements for approving appointment.
- 4.6.2 SPSA shall arrange for periodic quality reviews of its internal audit in accordance with the GIAS. The sponsor Directorate shall consider whether it can rely on these reviews to provide assurance on the quality of internal audit. However, the sponsor Directorate reserves a right of access to carry out / commission independent reviews of internal audit in SPSA.
- 4.6.3 The Scottish Government's internal audit service shall also have a right of access to all documents prepared by the SPSA's internal audit provider, including where the service is contracted out. The audit strategy, periodic audit plans and annual audit report, including the SPSA's Compliance Manager's opinion on risk management, control and governance shall be forwarded without delay to the sponsoring team who shall consult the Scottish Government's Head of Internal Audit as appropriate.
- 4.6.4 In addition, SPSA shall forward to the sponsor Directorate an annual report on fraud and theft suffered by the organisation; notify any unusual or major incidents as soon as possible; and notify any changes to its internal audit's terms of reference, its audit committee's terms of reference or its Fraud Policy and Fraud Response Plan.

## **5 EXTERNAL ACCOUNTABILITY**

### **5.1 The annual report and accounts**

- 5.1.1 Within nine months of the end of each financial year, SPSA and SCDEA will publish annual reports of their activities together with audited annual accounts. The report shall also cover the activities of any corporate bodies under the control of SPSA
- 5.1.2 The reports and accounts will comply, so far as appropriate, with the accounting and disclosure requirements given in the Scottish Public Finance Manual and the Government Financial Reporting Manual as amended or augmented from time to time.
- 5.1.3 The reports and accounts will outline SPSA and SCDEA's main activities and performance during the previous financial year and set out in summary form SPSA and SCDEA's forward plans. Information on performance against key financial targets shall be included in the notes to the accounts, and shall therefore be within the scope of the audit.
- 5.1.4 The report and accounts of SPSA shall be submitted in draft to the sponsor Directorate for comment and the final version shall be laid before the Parliament by the Scottish Ministers before 31 December. The accounts must not be laid before they have been formally sent by the Auditor General to the Scottish Ministers and must not be published before they have been laid. SPSA will be responsible for the publication of the report and accounts.

### **5.2 External audit**

- 5.2.1 The Auditor General for Scotland (AGS) audits, or appoints auditors to audit, SPSA's annual accounts and passes them to the Scottish Ministers who shall lay them before the Parliament, together with SPSA's annual report. For the purpose of audit the AGS has a statutory right of access to documents and information held by relevant persons specified by an Order under section 24 of the Public Finance and Accountability (Scotland) Act 2000.
- 5.2.2 SPSA will instruct its auditors to send copies of all management letters (and correspondence relating to those letters) and responses to the sponsor Directorate.

### **5.3 VFM / 3E examinations**

- 5.3.1 The Public Finance and Accountability (Scotland) Act 2000 provides that the AGS may carry out examinations into the economy, efficiency and effectiveness with which the NDPB has used its resources in discharging its functions. For the purpose of these examinations the AGS has statutory access to documents and information held by relevant persons specified by an Order made under section 24 of that Act.

## 6 STAFF MANAGEMENT

- 6.1 Within the arrangements approved by the Scottish Ministers or set out in SPSA's legislation, SPSA will have responsibility for the recruitment, retention and motivation of its staff. To this end the SPSA Accountable Officer will ensure that:
- the recruitment of its staff complies with relevant employment legislation and in accordance with the Authority's Recruitment and Selection Policy and Procedure;
  - the level and structure of its staffing, including gradings and numbers of staff, is appropriate to its functions and the requirements of efficiency, effectiveness and economy;
  - the performance of its staff at all levels is managed effectively and efficiently; they are satisfactorily appraised; and SPSA's performance appraisal and promotion systems are reviewed at least every 3 years;
  - its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve SPSA's objectives;
  - proper consultation with staff takes place on key issues affecting them;
  - adequate grievance and disciplinary procedures are in place;
  - confidential reporting procedures consistent with the Public Interest Disclosure Act are in place;
  - a code of conduct for staff is in place based on the document *Model Code for Staff of Executive Non-Departmental Public Bodies*.

## **7 REVIEWING THE ROLE OF SPSA**

- 7.1 The role of SPSA shall be reviewed periodically in accordance with the business needs of the Scottish Government and SPSA, normally at least every 5 years.

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