**THE SCOTTISH QUALIFICATIONS AUTHORITY**

 **FRAMEWORK DOCUMENT**

**2024**

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| Approved | Version | Next Review  | Signed by |
| [date]  | 2 | 31 August 2026 | [names as signatories] |

## Introduction

1. This framework document is agreed between the Scottish Qualifications Authority (SQA) and the Scottish Ministers. It summarises how the SQA and the Scottish Government (SG) will work together and the key roles and responsibilities of:
* the Board;
* the Chief Executive and Accountable Officer of the SQA;
* the Scottish Ministers; and,
* the Portfolio Accountable Officer within the SG whose remit includes the SQA.

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 the SG and the SQA regularly, and at least every 2-3 years. Any significant changes will be agreed between the Board and the Scottish Ministers.

1. Any question regarding the interpretation of the document will be determined by the SG after consultation with the SQA. Legislative provisions take precedence over any part of the document.
2. The SQA is not permitted to establish any subsidiaries or enter into joint ventures without express approval from the Scottish Ministers.
3. Copies of the document will be published on the SQA website.

## Purpose

1. The SQA is established under the Education (Scotland) Act 1996 as amended by the Scottish Qualifications Authority Act 2002. The SQA has the following general functions:

a) to devise qualifications;

b) to determine the entitlement of individuals to SQA qualifications and, where a person is so entitled, to award and record such a qualification;

c) to keep under review and develop SQA qualifications;

d) to approve education and training establishments as being suitable for presenting persons for SQA qualifications; and

e) to make arrangements for, assist in or carry out the assessment of persons undertaking education and training.

1. In relation to (a) and (c) above the SQA also has the statutory power to:

a) determine what it is that a person is required to do and the level of competence they are required to demonstrate in order to attain the qualification;

b) determine the means of assessing whether the person has done what is required or demonstrated the level of competence required.

1. Under the above legislation, the SQA also has two additional statutory functions: to accredit qualifications; and to quality assure awarding bodies offering SQA accredited qualifications. The function of accrediting qualifications shall be carried out by the Accreditation Committee.
2. The SQA should clearly separate its accreditation and regulatory body functions from its awarding body functions to ensure that there is no conflict of interest. This separation of functions must apply to the SQA staff supporting the accrediting and awarding functions. The separation of functions must be capable of being publicly demonstrated. The arrangements for separation of functions and the accreditation procedures are subject to the approval of the Scottish Ministers.
3. The SQA’s purpose, strategic aims and objectives, as agreed by the Scottish Ministers, are contained in the SQA’s corporate plan and annual business plan.

**Governance and Accountability**

1. This section summarises the specific responsibilities and accountabilities of the key people involved in governance of the SQA.

### **The Board**

1. Members of the SQA, including the Chair, are non-executives appointed by the Scottish Ministers in line with the [Code of Practice for Ministerial Public Appointments in Scotland](https://www.ethicalstandards.org.uk/publication/code-practice-ministerial-appointments-public-bodies-scotland-march-2022-version). The Chair and Members are accountable to the Scottish Ministers and also to the Scottish Parliament and may be required to give evidence to Parliamentary Committees.
2. The Board has overall responsibility for the delivery of the functions of the SQA, as set out at paragraphs 5 to 7 above, in accordance with the aims, policies and priorities of the Scottish Ministers. It has corporate responsibility, under the leadership of the Chair, to:
	1. set strategic plans to deliver the functions of the SQA, focusing on how the work of the SQA can most effectively contribute to achievement of the outcomes in the [[National Performance Framework](https://nationalperformance.gov.scot/);](https://nationalperformance.gov.scot/) the [Programme for Government](https://www.gov.scot/programme-for-government/) and [Scotland’s Economic Strategy](https://www.gov.scot/publications/scotlands-national-strategy-economic-transformation/) in collaboration with the SG and other public bodies;
	2. regularly scrutinise current and projected performance against the aims, objectives and targets set out in plans and take decisions on remedial action where required;
	3. ensure that effective governance is established and maintained, including ensuring that decision-taking is open and transparent and, with support from the Accountable Officer and the Audit and Risk Committee, ensure that key risks are identified and managed;
	4. approve the annual report and accounts and ensure these are provided to the Scottish Ministers to be laid before the Scottish Parliament;
	5. promote the efficient, economic and effective use of resources consistent with the principles of [Best Value](https://www.gov.scot/publications/scottish-public-finance-manual/best-value/best-value/), and regularly scrutinise financial performance and compliance with financial guidance issued by the SG;
	6. promote the wellbeing, learning and development of staff, maintaining the SQA’s focus on Fair Work, provide support and challenge to the Chief Executive on staffing matters and ensure that SQA meets the SQA staff management responsibilities described in the section below; and
	7. (in reaching decisions) taking into account relevant guidance issued by the Scottish Ministers.
3. In addition to the duties set out above, the Board has the following duties in relation to the Scottish Government’s Education and Post School Reform Programmes:
	1. provide advice, expertise and challenge to the Transition Board - which has been established to oversee the move to a new qualifications body - to inform the transition process for the establishment of the new qualifications body;
	2. to ensure that the SQA takes forward actions to deliver on the establishment of a new qualifications body;
	3. to review the resources required by the SQA to support the transition to the new qualifications body and submit business case(s) to the Transition Board for any resources as required; and
	4. escalate any risks to the delivery of the SQA’s functions related to education and skills reform to the Director for Education Reform.
4. The Chair will:
	1. lead the Board, ensuring that all Board members have suitable induction to understand the role and their responsibilities as set out in the Framework Document, that the skills and experience of all Board Members are used effectively and that the Board undertakes annual self-assessment of its performance, and that the Board provides informed consideration of the delivery of the SQA’s functions and effective challenge to the Executive Team;
	2. undertake, in consultation with the other Board members, the annual appraisal of the SQA Chief Executive, and, where required, lead on the recruitment of the Chief Executive in accordance with the Education (Scotland) Act 1996 as amended.
	3. ensure that a Code of Conduct (aligned to the Model Code of Conduct for Board Members) is in place, that corporate actions are taken to implement it as required and that Members understand their responsibilities, using the guidance provided by the Standards Commission;
	4. 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;
	5. be a key communications link between the SQA and: the Scottish Ministers; stakeholders; and, the general public;
	6. work with the Portfolio Accountable Officer or their delegate(s) and the Public Appointments Team in SG on succession planning for the Board, on action necessary to fill vacancies as they arise, meeting skills requirements and promoting diversity by encouraging applications from less represented groups, including younger people, people from minority ethnic backgrounds and people with disabilities; and
	7. ensure that Board and other Committee papers are shared with the Sponsor Team prior to the meetings.
5. In addition to the duties set out above, the Chair has the following duties in relation to the Scottish Government’s Education and Post School Reform Programmes:
	1. with the Director for Education Reform, co-chair a Transition Board which will deliver on Ministerial ambitions for education reform through the direction, oversight and assurance of the transition process for the establishment of a new qualifications body;
	2. ensure that the Board delivers on its responsibilities in relation to the Education and Post School Reform Programmes (para 13); and
	3. ensure that the SQA works collaboratively and constructively with the Scottish Government on the development and implementation of a Transition Delivery and Implementation Plan across all SQA business areas.
6. Specific guidance on how the Chair and Board Members should discharge their duties will be provided in their appointment letters and in [On Board – A Guide for Members of Statutory Boards](https://www.gov.scot/publications/board-guide-members-statutory-boards-2/). 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 Risk Team. A list of key aspects of governance to consider is included in the section on Governance and Risk below.

### **The Chief Executive**

1. The Chief Executive is employed and appointed by the Board with the approval of the Scottish Ministers and is the principal adviser to the Board on the discharge of its functions and is accountable to the Board. The Chief Executive role is to provide operational leadership to staff working for the SQA and to ensure that its aims and objectives are met, its functions are delivered, and its targets are met through effective and properly controlled executive action.
2. The specific duties of the Chief Executive will be set out in a job description, and annual objectives will be agreed with the Chair and used in appraisal of the Chief Executive’s performance.
3. In addition to any other specific duties, the Chief Executive will:
	1. advise the Board on the discharge of its responsibilities – as set out in this Framework Document, in the founding legislation and in any other relevant instructions and guidance issued by or on behalf of the Scottish Ministers;
	2. implement or oversee implementation of the decisions of the Board;
	3. work with the Board on preparation of the Corporate Plan, including liaising with the Sponsor Team on key points which need to be addressed and the timetable for preparation and review, and work with the Board to ensure that business plans are put in place to meet the Corporate Plan aims, objectives and performance measures;
	4. lead and manage the staff of the SQA, ensuring their wellbeing, learning and development are prioritised, and ensuring that the SQA staff management responsibilities set out in the section below are addressed;
	5. manage the budget for the SQA in line with Scottish Government Finance guidance, policies and procedures, including the Scottish Public Finance Manual, and advise the Board on financial implications of all Board decisions, ensuring that appropriate financial appraisal and evaluation techniques are followed (see the [Appraisal and Evaluation](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/appraisal) section of the SPFM);
	6. agree with the Board and the Portfolio AO or Senior Sponsor what information is required to enable the Board and SG to scrutinise the performance of the SQA and progress against overall strategic and business plan aims and objectives, and ensure that the agreed information is provided and that is both accurate and timely;
	7. the Chief Executive’s Executive Team will manage the day-to-day relationship with the Senior Sponsor and/or Sponsor Team, with other SG officials who have an interest in the work of the SQA and other key stakeholders, including staff of other public bodies;
4. In addition to the duties set out above, the Chief Executive has the following duties in relation to the Scottish Government’s Education and Post School Reform Programmes:
	1. ensure that the SQA works collaboratively and constructively with the Scottish Government and partners to take forward Scottish Ministers’ Programmes of Education and Post School Reform;
	2. support delivery of the Education and Post School Reform Programmes through involvement in the Programmes’ Chief Executive Forum and by contributing to the development and implementation of a Transition Delivery and Implementation Plan across all SQA business areas.
5. In advising the Board, the Chief Executive will ensure that the key governance issues highlighted in the section on Governance and Risk below are addressed.

### **The Accountable Officer**

1. The Principal Accountable Officer for the Scottish Administration has designated the Chief Executive of the SQA, as the Accountable Officer. The Accountable Officer is personally responsible for the propriety and regularity of the public finances of SQA 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 Accountable Officer are set out in full in the [Memorandum to Accountable Officers for Other Public Bodies](https://www.gov.scot/publications/scottish-public-finance-manual/accountability/annex-2-memorandum-to-accountable-officers-other-public-bodies/) in the Scottish Public Finance Manual.
2. 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 Accountable Officer considers that any action they are required to take is not consistent with their Accountable Officer 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 sent to the Clerk of the Public Audit Committee. The Accountable Officer should consult the Portfolio Accountable Officer before seeking written authority from the Board in these circumstances and should always notify the Portfolio Accountable Officer when such a written authority has been issued.

### **The Scottish Ministers**

1. The Scottish Ministers appoint the Chair and Board Members and hold the Board to account for the performance of the SQA and its use of resources. Ministers are ultimately accountable to the Scottish Parliament for ensuring that the Board is discharging its duties effectively, although the Parliament will scrutinise the performance of the SQA directly as it does with all public sector bodies. The Scottish Ministers are not directly responsible for the operation of the SQA, however the Education (Scotland) Act 1996 allows the Scottish Ministers to give direction to the SQA of a general or specific character with regard to the discharge of its functions and it shall be the duty of the SQA to comply with such directions.
2. The Scottish Ministers will:
	1. agree the strategic aims, objectives and key targets of the SQA as part of the corporate planning process;
	2. agree the budget for the SQA, and secure the necessary Parliamentary approval;
	3. approve the Code of Conduct of the SQA Board;
	4. approve pay remits or proposals and superannuation arrangements for the staff, Chief Executive, Chair and Board members;
	5. lay the accounts of the SQA before the Scottish Parliament;
	6. carry out responsibilities specified in the Education (Scotland) Act 1996 such as appointments to the SQA’s Board, approving the terms and conditions of Board members, and appointment of the Chief Executive;
	7. carry out responsibilities under the Scottish Qualifications Authority Act 2002, such as appointments to the SQA’s Advisory Council and approving the terms and conditions of Advisory Council members.
3. The Scottish Ministers will also provide instruction to the SQA on their responsibilities regarding the delivery of the Education and Post School Reform Programmes.

**SG Portfolio Accountable Officer**

1. The Principal Accountable Officer for the Scottish Administration (the Permanent Secretary of the SG) has designated the Director General for Education and Justice as the Portfolio Accountable Officer (AO) for the SG portfolio budget which will provide funding for the SQA.
2. 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 public 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 Accountable Officer are set out in detail in the [Memorandum to Accountable Officers](https://www.gov.scot/publications/scottish-public-finance-manual/accountability/annex-1-memorandum-to-accountable-officers-scottish-administration/) for Parts of the Scottish Administration.
3. The Portfolio AO will:
4. make sure the framework document is agreed between the Scottish Ministers and the Board of the SQA, reviewed regularly and oversee the operation of the roles and responsibilities set out;
5. ensure that financial and other management controls being applied by the SQA are appropriate and sufficient to safeguard public funds and conform to the requirements both of propriety and of good financial management;
6. in line with [Code of Practice for Ministerial Appointments](https://www.ethicalstandards.org.uk/publication/code-practice-ministerial-appointments-public-bodies-scotland-march-2022-version), ensure that public 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 performance of the Chair;
7. support regular and effective engagement between the SQA and the relevant Scottish Minister(s); and
8. 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 the SQA are aware of these delegated responsibilities.
9. The Portfolio AO will also ensure that the SQA delivers on their responsibilities regarding the Education and Post School Reform Programmes.
10. The Portfolio AO remains personally answerable to the Scottish Parliament for the effectiveness of sponsorship activity.

**The Advisory Council**

1. Under the Scottish Qualifications Authority Act 2002 (“the 2002 Act”) Scottish Ministers have the power to establish a committee known as the Advisory Council. The Advisory Council is established under The Advisory Council (Establishment) (Scotland) Regulations 2002 (“the 2002 Regulations”). Members are appointed by Scottish Ministers on such terms and conditions as the Scottish Ministers may determine.
2. The Advisory Council’s role as set out in the 2002 Act is to consider and provide advice to the SQA and/or Ministers on matters relating to qualifications devised or awarded by the SQA, and the functions and procedure of the SQA. In doing so it reflects the needs and views of stakeholders to assist with decision-making. The Advisory Council has a duty to consult with and take account of the views of any other persons which it considers having an interest prior to providing that advice and taking account of any guidance issued by the Scottish Ministers in fulfilling this duty. The SQA and the Advisory Council will consult each other in the exercise of their functions as appropriate, taking account of any guidance issued by the Scottish Ministers in fulfilling this duty. The convener of the Council must be a member of the SQA’s Board.
3. The Advisory Council does not have responsibility for governing the operations of SQA, this rests with the SQA’s Board.
4. The Advisory Council will provide the Board with minutes of each Council meeting in advance of the next scheduled meeting of the Board.
5. As provided by the 2002 Regulations, the Advisory Council will have 15 to 25 members, one of which is the Convenor, and its meetings will be quorate when half its membership is present. The SQA may pay Council members such allowances and expenses as the Scottish Ministers may determine. The Advisory Council can also make arrangements for its meetings to be open to the public and must hold a meeting that is open to the public at least once a year. The Advisory Council regulates its own procedure and that of any committee or sub-committee it may establish. The Advisory Council must provide Scottish Ministers with a written copy of any advice it provides to the SQA. The Board has a duty to consider the advice of the Advisory Council, and where it does not agree to act on a piece of advice it receives, then a written response must be provided, seeing out the reasons why. This response should also be provided to the Scottish Government.
6. The Advisory Council has no power to compel the SQA to act on its advice.
7. The Advisory Council will agree an annual plan which forms and details the core of its work for that year. The workplan will be closely aligned to the SQA’s corporate plan and objectives. The workplan will be routinely reviewed by the Advisory Council, and updated to take account of any suggested additions, or to address any urgent areas of work. The Advisory Council will meet at least four times a year and can hold joint meetings with SQA sub-committees if deemed useful and appropriate.
8. The Advisory Council will produce an annual report on its work and present it to the Board and the Scottish Ministers. The Advisory Council will share copies of the Advisory Council papers with Scottish Ministers, which will include minutes of the meetings.
9. Advisory Council membership will be regularly reviewed in consultation with the Scottish Government, the SQA and the Advisory Council.

38. Advisory Council members should not communicate directly with the media.

## Relationship between the Scottish Government and the SQA

1. Strategic engagement between the SG and the SQA 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 the SQA 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’](https://www.gov.scot/publications/public-bodies-strategic-engagement-guidance/). 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 the SQA.
2. 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 public appointments and providing assurance to the Portfolio AO, the Sponsor Team will usually be the first point of contact for the body on any issue with the 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.
3. The Scottish Government and the SQA will meet regularly to support effective strategic engagement.

## SQA staff management responsibilities

### **Broad responsibilities for SQA staff**

1. The Chief Executive, challenged and supported by the Board, has responsibility for the recruitment, retention and motivation of the SQA’s staff. The broad responsibilities toward staff are to ensure that:
* The SQA meets the requirements of the Fair Work Framework so that staff have effective voice, opportunity, security, fulfilment and respect;
* 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](http://www.gov.scot/Topics/Government/public-sector-pay/staff-pay));
* 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 SQA’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 whistle-blowing 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**

1. The SQA will comply with SG Pay Policy in relation to staff and the Chief Executive. The Chief Executive will ensure that a pay remit, in line with the SG [Pay Policy for Staff Pay Remits](http://www.gov.scot/Topics/Government/public-sector-pay/staff-pay), is submitted to the SG for approval in line with the 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](http://www.gov.scot/Topics/Government/Finance/spfm/taxavoidance) section of the SPFM. Proposals on non-salary rewards will comply with the guidance in the [Non-Salary Rewards](http://www.gov.scot/Topics/Government/Finance/spfm/nonsalrewards) section of the SPFM.
2. The SQA will also seek appropriate approval under the SG [Pay Policy for Senior Appointments](http://www.gov.scot/Topics/Government/public-sector-pay/senior-appointment-pay) for the Chief Executive’s remuneration package prior to appointment, annually or when a new appointment or change to the remuneration package is being proposed.

### **Pensions, redundancy and compensation**

1. Superannuation arrangements for staff are subject to the approval of the Scottish Ministers. SQA staff will normally be eligible for a pension provided by the Strathclyde Pension Scheme. Staff may opt out of the occupational pension scheme provided, but the employers’ contribution to any personal pension arrangement, including stakeholder pension, will normally be limited to the national insurance rebate level.
2. Any proposal by the SQA to move from existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of the Scottish Ministers. Proposals on compensation payments will comply with the [Settlement Agreements, Severance, Early Retirement and Redundancy Terms](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/severanceetcterms) 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 Sponsor Team prior to proceeding with proposed severance options, and prior to making any offer either orally or in writing.

## Corporate and business plans

1. The SQA will prepare a draft strategic or corporate 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 Chief Executive or their delegate will liaise with the Sponsor Team to agree the key points to be addressed and the timetable for preparation and review;. The final, agreed version of the strategic or corporate plan will be published on the SQA website.
2. The corporate plan will include the SQA’s:
* purpose and principal aims;
* contribution to the national outcomes set out in the [National Performance Framework](https://nationalperformance.gov.scot/) (NPF), the [Programme for Government](https://www.gov.scot/programme-for-government/) and [Scotland’s Economic Strategy](https://www.gov.scot/publications/scotlands-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 the period of the plan, and the strategy for achieving those objectives;
* indicators against which its performance can be judged;
* details of planned efficiencies, describing how better value for money will be achieved, including through collaboration and use of shared services; and
* other key points agreed with the Sponsor Team as described above.
1. The corporate plan will inform the development of a separate annual business plan for each financial year, which will 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 business plan will be provided to the sponsor unit prior to the start of the relevant financial year.

## Annual report and accounts

1. SQA 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 SQA. It will comply with the Government [Financial Reporting Manual](https://www.gov.uk/government/publications/government-financial-reporting-manual-2020-21) (FReM) and outline the NDPB’s main activities and performance against agreed objectives and targets for the previous financial year. It is the responsibility of the Chief Executive, as Accountable Officer, to sign the accounts.
2. 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.
3. The SG Sponsor Team should receive a copy of the annual report for comment, and a copy of the draft accounts for information by 1 September each year. The SQA is responsible for the publication of the annual report and accounts after they have been laid by the Scottish Ministers. Whilst the statutory deadline for laying and publishing accounts audited by the Auditor General for Scotland (AGS) is 31 December after the end of the relevant financial year, the Scottish Ministers expect that accounts will be laid before the Scottish Parliament and published as early as possible.

## External audit

1. The AGS audits, or appoints auditors to audit, the SQA’s annual accounts and passes them to the Scottish Ministers who then lay them before the Scottish Parliament, together with the auditor’s report and any report prepared by the AGS. The AGS, or examiners appointed by the AGS, may also carry out examinations into the economy, efficiency and effectiveness with which the SQA has used its resources in discharging its functions and/or carry out examinations into the arrangements made by the SQA to secure Best Value.
2. 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 the SQA. The SQA 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

1. The SQA will:
* establish and maintain arrangements for internal audit in accordance with the [Public Sector Internal Audit Standards](https://www.gov.uk/government/publications/public-sector-internal-audit-standards) and the [Internal Audit](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/internaud) section of the SPFM;
* set up an Audit Committee of its Board, in accordance with the [Audit Committees](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/auditcommittees) section of the SPFM, to advise both the board and the Accountable Officer;
* 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 the SQA and notify the Portfolio AO or Senior Sponsor immediately of any unusual or major incidents.
1. 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 was shared. The SQA should make it clear on their own Privacy Notice that material may be shared with the SG’s Internal Audit and Assurance Directorate in certain circumstances.

## Budget management and delegated authority

1. Each year the Sponsor Team will send the Board a Budget Allocation and Monitoring letter, notifying the SQA of the budget provision, any related matters and details of the budget monitoring information required. The SQA will comply with the format and timing of the monitoring information requested and with any requests for further information.
2. 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) – and, where applicable, Annually Managed Expenditure (AME). These categories are explained in [Annual Budget Processing](https://www.gov.scot/publications/scottish-public-finance-manual/annual-budget-and-accountability/annual-budgeting-process/) in the SPFM, and the SQA 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 Board or, subject to delegated authority, the Chief Executive or relevant senior manager, if these do not breach any other constraints, for instance the approved pay remit.
3. Where budgetary provision includes projected income, including any income from disposal of non-current assets, the Chief Executive 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.
4. The SQA’s specific delegated financial authorities - as agreed in consultation between the Board and the Scottish Ministers - are set out in Annex A. The Board 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 repercussive or which has or could have significant future cost implications.

**Governance and Risk**

1. Guidance on governance requirements is available in several documents referred to earlier in this framework document:
* [the Scottish Public Finance Manual](https://www.gov.scot/publications/scottish-public-finance-manual/) (SPFM)
* [the Audit and Assurance Committee Handbook](https://www.gov.scot/publications/audit-assurance-committee-handbook/)
* [On Board – A Guide for Members of Statutory Boards](http://www.gov.scot/Resource/0051/00514817.pdf)
1. If in any doubt about a governance issue, the Chair or Chief Executive 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.
2. The Board and Chief Executive are advised to pay particular attention to guidance on the following issues.

### **Risk management**

1. The SQA must develop an approach to risk management consistent with the [Risk Management](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/risk) section of the Scottish Public Finance Manual and establish reporting and escalation arrangements with the Portfolio AO or Senior Sponsor.
2. 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](https://www.gov.scot/publications/preparing-scotland-having-promoting-business-resilience/) (part of the Preparing Scotland suite of guidance) and the [Public Sector Cyber Resilience Framework](https://www.gov.scot/publications/cyber-resilience-framework/).

### **Internal control**

1. The Board should establish clear internal [delegated authorities](https://www.gov.scot/publications/scottish-public-finance-manual/delegated-authority/delegated-authority/) with the Chief Executive, who may in turn delegate responsibilities to other members of staff and establish an assurance framework consistent with the [internal control framework](https://www.gov.scot/publications/scottish-public-finance-manual/certificates-of-assurance/certificates-of-assurance/) in the SPFM.
2. Counter-fraud policies and practices should be adopted to safeguard against fraud, theft, bribery and corruption - see the [Fraud](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/fraud) section of the SPFM.
3. Any major investment programmes or projects undertaken should be subject to the guidance in the [Major Investment Projects](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/majinvest) 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 Scottish Government’s Digital Assurance Office.
4. The SQA 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. The SQA must also register with [Information Commissioners Office](https://ico.org.uk/) and ensure that it complies with the Data Protection Act 2018 and the General Data Protection Regulations, commonly known as GDPR.

### **Budget and finance**

1. 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 the SQA’s objectives. Public bodies should not invest in any venture of a speculative nature.
2. 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](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/taxavoidance) section of the SPFM. The SQA must comply with all relevant rules on taxation, including VAT, recover input tax where it is entitled to do so.
3. Optimising income (not including grant-in-aid) from all sources should be a priority, and sponsors should be kept informed about any significant projected changes in income. Novel or contentious proposals for new sources of income or methods of fundraising must be approved by sponsors and SG Finance.
4. Under the Education (Scotland) Act 1996, the SQA has the power to fix and recover charges for services provided by it in accordance with criteria determined by the Scottish Ministers. Fees or charges for any services supplied in Scotland by SQA shall be determined in accordance with the [Fees & Charges](https://www.gov.scot/publications/scottish-public-finance-manual/fees-and-charges/fees-and-charges/) section of the SPFM. In setting its charges in Scotland the SQA shall:
* have due regard to its duty as a public body and to the public purse, bearing in mind that the level of entry charges will have implications for other public sector expenditure (e.g. local authorities);
* develop proposed entry charge changes following consultation with appropriate stakeholders;
* seek the approval of the Scottish Ministers to proposed entry charges for products and services offered in Scotland as part of the annual budget exercise, and
* keep its main customer stakeholder organisations updated on changes to entry charges (e.g. Convention of Scottish Local Authorities, The Scottish Council of Independent Schools, and Colleges Scotland)
1. Prices for all products and services supplied by the SQA outwith Scotland are set at SQA’s sole discretion.
2. 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](https://www.gov.scot/publications/scottish-public-finance-manual/gifts/gifts/) section of the SPFM. Note that this relates to gifts to the body - gifts to individuals are covered in the Model Code of Conduct.
3. Borrowing cannot be used to increase the SQA’s spending power. All borrowing – excluding agreed overdrafts – must be from the Scottish Ministers in accordance with guidance in the [Borrowing, Lending & Investment](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/borrowingetc) section of the SPFM.
4. Any lending must be in line with the guidance in the [Borrowing, Lending & Investment](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/borrowingetc) section of the SPFM on undertaking due diligence and seeking to establish a security. Unless covered by a specific delegated limit the SQA 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](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/contingentliabs) section of the SPFM), 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.
5. An accurate and up-to-date record of current and non-current assets should be maintained, consistent with the [Property: Acquisition, Disposal & Management](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/PropertyManagement) section of the SPFM. The SQA is also subject to the [SG Asset Management Policy](http://www.scotland.gov.uk/Publications/2009/02/26142659/1), 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 the Scottish Ministers. The Property Controls Team should be consulted as early as possible in this process.
6. 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.
7. 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](https://www.gov.scot/publications/scottish-public-finance-manual/grant-and-grant-in-aid/annex-1-charge-clawback-condition/) guidance in the SPFM.
8. 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](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/lossesetc) section of the SPFM. Gifts by management to staff are subject to the guidance in the [Non-Salary Rewards](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/nonsalrewards) section of the SPFM.
9. Unless covered by a specific delegated authority the SQA 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 the NDPB 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.
10. 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.
11. Procurement policies should reflect relevant guidance in the [Procurement](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/procure) 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](https://www.gov.scot/publications/frameworks-and-contracts/), 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
12. All matured and properly authorised invoices relating to transactions with suppliers should be paid in accordance with the [Expenditure and Payments](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/payments) section of the SPFM wherever possible and appropriate within the Scottish Ministers’ target of payment within 10 working days of their receipt.
13. The SQA 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](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/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.
14. Unless covered by a specific delegated authority the SQA 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](https://www.gov.scot/publications/scottish-public-finance-manual/grant-and-grant-in-aid/grant-and-grant-in-aid/) section of the SPFM. Subsidy control requirements for any such funding are discussed below.
15. The EU State aid regime was effectively revoked from UK law from 1 January 2021 and subsidy control provisions are now covered by the UK-EU Trade and Cooperation Agreement (TCA). They are also covered by the UK’s international obligations, including various Free Trade Agreements and those arising as a consequence of World Trade Organisation membership. Currently, any activity that SQA undertakes itself, or funds other bodies to undertake, that can be offered on a commercial market for goods and services, is subject to the TCA subsidy rules. A full assessment is required prior to disbursing any funding, subject to the guidance in the subsidy regime section of the SPFM. The UK Subsidy Control Act received Royal Assent in April 2022 and the current position will be subject to change when the new regime comes into force.

### **Remuneration**

1. Remuneration, allowances and any expenses paid to the Chair and Board Members must comply with the latest SG Pay Policy for Senior Appointments and any specific guidance on such matters issued by the Scottish Ministers.
2. 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 SQA Staff Management Responsibilities.
3. 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**

1. Banking arrangements must comply with the [Banking](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/banking) section of the SPFM.
2. Cash management arrangements need to be addressed as well as overall budget management. Any [grant in aid](http://www.scotland.gov.uk/Topics/Government/Finance/spfm/grants) (i.e. the cash provided to the SQA 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. The SQA 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. The SQA 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. The SQA will not pay Grant-in-Aid into any restricted reserve it holds.

**Helpful information**

75. 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.

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## Annex A: Specific Delegated Financial Authorities

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| --- | --- | --- |
|  |  | Delegated Limit |
| Operating leases – other than property/ accommodation related leases |  | £50,000 |
| Gifts |  | £1,000 in individual cases |
| Special payments |  | £5,000 in individual cases |
| Claims waived or abandoned |  | £10,000 in individual cases |
| Write-off of bad debt and/or losses |  | £10,000 in individual cases |
| Major investment programmes/ projects |  | £500,000 |
| External business and management consultancies |  | £100,000 |
| Non-competitive action |  | £110,000 |