

sportscotland NDPB FRAMEWORK

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Introduction

1. This framework document is agreed between **sportscotland** and the Scottish Ministers. It summarises how **sportscotland** and Scottish Government (SG) will work together, and the key roles and responsibilities of:

- a. the Board
- b. the Chief Executive and Accountable Officer of **sportscotland**;
- c. the Scottish Ministers; and
- d. the Portfolio Accountable Officer within the SG whose remit includes **sportscotland**.

While this document does not confer any legal powers or responsibilities, it forms a key part of the accountability and governance framework and as a live document it should be reviewed by SG and **sportscotland** regularly, and at least every 2-3 years. Any significant changes will be agreed between the Board and the Scottish Ministers.

2. Any question regarding the interpretation of the document will be determined by the SG after consultation with **sportscotland**. Legislative provisions take precedence over any part of the document.

3. **sportscotland** is not permitted to establish any subsidiaries or enter into joint ventures without express approval from Scottish Ministers

4. Copies of the document will be published on the **sportscotland** website.

Purpose

5. **sportscotland** is established under the Royal Charter - [Royal Charter - sportscotland the national agency for sport in Scotland](#).

6. **sportscotland** is to contribute to the achievement of the Scottish Ministers' objectives and priorities by aligning its aims and objectives with the National Performance Framework, Scotland's Economic Strategy and Programme for Government.

7. **sportscotland**'s overarching principle aims and objectives comprise the core objectives as set out in its Royal Charter, the strategic priorities set out in the Strategic Guidance letter, and the National Lottery Policy Directions. The Physical Activity for Health Framework provides the policy framework.

8. **sportscotland** must have regard and take into account of the principal aims and objectives in their corporate plan.

9. **sportscotland**'s core objectives as set out in its Royal Charter are:

- a. fostering, supporting, and encouraging the development of sport and physical recreation among the public at large in Scotland.
- b. the achievement of excellence in sport and physical recreation; and
- c. the provision of facilities for the objects set out above.

10. The Minister sets out their expectations of **sportscotland** and strategic priorities of the Scottish Government in a Strategic Guidance letter which may span a number of years.

Governance and Accountability

11. **sportscotland** (at the time, the Scottish Sports Council) was established under Royal Charter on 21 January 1972. The constitution of **sportscotland** is set out in Article 1 of the Charter. **sportscotland** does not carry out its functions on behalf of the Crown. The Scottish Institute of Sport was merged with **sportscotland** on 1 April 2008.

12. This section summarises the specific responsibilities and accountabilities of the key people involved in governance of **sportscotland**.

The Board

13. The Chair and Board Members are accountable to the Scottish Ministers and also to the Scottish Parliament and may be required to give evidence to Parliamentary Committees.

14. The **sportscotland** board, including the chair, normally consists of non-executives appointed by the Scottish Ministers in line with the [Code of Practice](#) for Ministerial Public Appointments to Public Bodies in Scotland. The role of the board is to provide leadership, direction, support, and guidance to ensure **sportscotland** delivers and is committed to delivering its functions effectively and efficiently and in accordance with the aims, policies, and priorities of the Scottish Ministers. It has corporate responsibility, under the leadership of the chair, for the following:

- a. ensuring **sportscotland** delivers their principal aims and objectives as set out in paragraph 7 and its corporate plan.
- b. ensuring **sportscotland's** impact is evidenced as appropriate.
- c. determining the steps needed to deal with changes which are likely to impact on the strategic aims and objectives of **sportscotland** or on the attainability of its operational targets
- d. promoting the efficient, economic and effective use of staff and other resources by **sportscotland** consistent with the principles of [Best Value](#), including, where possible, participation in shared services arrangements.
- e. 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. (The board must set up an [audit committee](#) chaired by a non-executive member to provide independent advice and assurance on the effectiveness of the internal control and risk management systems)
- f. (In reaching decisions) taking into account relevant guidance issued by the Scottish Ministers
- g. approving the annual accounts and ensuring Scottish Ministers are provided with the annual report and accounts to be laid before the Scottish Parliament.
- h. reviewing regular financial and operational information concerning the management and performance of **sportscotland** on behalf of Scottish Ministers and ensuring **sportscotland** takes the appropriate action based on any concerns.
- i. appointing (with the approval of the Scottish Ministers) the **sportscotland** chief executive, following appropriate approval of the chief executive's remuneration package in line with SG [Pay Policy for Senior Appointments](#). New contracts for chief executives should include a notice period of no more than 3 months. Where a business case can be made, the notice period may be set at a maximum of 6 months. In consultation with the SG, appropriate performance objectives should be set which give due weight to the proper management and use of resources within the stewardship of **sportscotland** and the delivery of outcomes.
- j. demonstrating high standards of corporate governance at all times, including openness and transparency in its decision making.

15. Further guidance on how the board should discharge its duties is provided in appointment letters and in On Board – A Guide for Members of Statutory Boards.

The Chair's Responsibility

16. The chair is accountable to the Scottish Ministers and, in common with any individual with responsibility for devolved functions, may also be held to account by the Scottish Parliament. Communications between **sportscotland** board and the Scottish Ministers should normally be through the chair. They are responsible for ensuring that **sportscotland's** policies and actions support the Scottish Ministers' wider strategic policies and that its affairs are conducted with probity.

17. In leading the board, the chair must ensure that:
- a. the work of the board is subject to regular self-assessment and that the board is working effectively.
 - b. the board, in accordance with recognised good practice in corporate governance, is diverse both in terms of relevant skills, experience and knowledge appropriate to directing **sportscotland** business, and in terms of protected characteristics under the Equality Act and the [Gender Representation on Public Boards Act](#) and [Guidance](#), where these apply;
 - c. 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;
 - d. they, together with the other board members, receives appropriate induction training, including on financial management and reporting requirements, severance policy and, as appropriate, on any differences that may exist between private and public sector practice.
 - e. succession planning takes place to ensure that the board is diverse and effective, and the Scottish Ministers are advised of **sportscotland** needs when board vacancies arise.
 - f. work with the Portfolio Accountable Officer or their delegate(s) and the Public Appointments Team in Scottish Government on succession planning for the Board, action necessary to fill vacancies as they arise, skills requirements and promoting diversity by encouraging applications from less represented groups, including younger people, people from minority ethnic backgrounds and people with disabilities.
 - g. lead the Board, ensuring that all Board members have suitable induction to understand the role and their responsibilities, that the skills and experience of all Board Members are used effectively and that the Board undertakes regular self-assessment of its performance;
18. The chair assesses the performance of individual board members on a continuous basis and undertakes a formal appraisal at least annually. The chair, in consultation with the board as a whole, is also responsible for undertaking an annual appraisal of the performance of the chief executive.
19. Specific guidance on how the Chair and Board Members should discharge their duties will be provided in their appointment letters and in [On Board](#). 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

20. The chief executive of **sportscotland** is employed and appointed by the board with the approval of the Scottish Ministers. They are the board's principal adviser on the discharge of its functions and is accountable to the board. Their role is to provide operational leadership to **sportscotland** and ensure that the board's aims and objectives are met and **sportscotland**'s functions are delivered and targets met through effective and properly controlled executive action. Their general responsibilities include the performance, management and staffing of **sportscotland**. General guidance on the role and responsibilities of the chief executive is contained in [On Board](#). Specific responsibilities to the board include:
- a. preparing **sportscotland**'s corporate and business plans;
 - b. ensuring **sportscotland**'s corporate plan takes due account of **sportscotland**'s principal aims and objectives as set out in paragraph 7;
 - c. advising the board on the performance of **sportscotland** in delivering the principal aims and objectives (as set out in paragraph 7) and their impact against the Physical Activity for Health Framework;

- d. ensuring that financial considerations are taken fully into account by the board at all stages in reaching and executing its 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;;
- e. ensuring that **sportscotland** adheres, where appropriate, to the SG's [Programme and project management principles](#);
- f. having robust performance and risk management arrangements - consistent with the [Risk Management](#) section of the SPFM - in place that support the achievement of **sportscotland**'s aims and objectives and that facilitate comprehensive reporting to the board, the SG and the wider public. Risk management arrangements should include full consideration of organisational resilience to physical, personnel and cyber risks/threats/hazards.
- g. ensuring that adequate systems of internal control are maintained by **sportscotland**, including effective measures against fraud and theft consistent with the [Fraud](#) section of the SPFM;
- h. establishing appropriate documented internal delegated authority arrangements consistent with the [Delegated Authority](#) section of the SPFM;
- i. ensuring effective relationships with SG officials.
- j. ensuring that timely forecasts and monitoring information on performance and finance are provided to the SG; that the SG is notified promptly if over or under spends are likely and that corrective action is taken; and that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the SG in a timely fashion;
- k. ensuring staff pay proposals are in line with SG [Pay Policy](#) and submitted in time and the necessary approvals obtained prior to implementing any annual award.
- l. The chief executive as the Accountable Officer of the public body is responsible for signing the accounts and ultimately responsible to the Scottish Parliament for their actions.

The Accountable Officer

21. The Principal Accountable Officer for the Scottish Administration (the Permanent Secretary of the SG) will designate the chief executive as the Accountable Officer for **sportscotland**. 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:

- a. ensuring the propriety and regularity of **sportscotland**'s finances and that there are sound and effective arrangements for internal control and risk management.
- b. ensuring that the resources of the public body are used economically, efficiently, and effectively, and that arrangements are in place to secure Best Value and deliver Value for Money for the public sector as a whole.
- c. ensuring compliance with relevant guidance issued by the Scottish Ministers, in particular the SPFM and SG [Pay Policy](#);
- d. signing the annual accounts and associated governance statements.
- e. a statutory duty to obtain written authority from the board/chair before taking any action which they considered would be inconsistent with the proper performance of the Accountable Officer functions. The Accountable Officer should also notify the relevant Portfolio Accountable Officer.

22. It is incumbent on the chief executive to combine their Accountable Officer responsibilities to the Scottish Parliament with their wider responsibilities to the board. The board / chair should be fully aware of, and have regard to, the Accountable Officer responsibilities placed upon the chief executive, including the statutory duty described above.

23. The Accountable Officer is personally responsible for the propriety and regularity of the public finances of **sportscotland** and for ensuring that its resources are used economically, efficiently and effectively, as required by section 15 of the Public Finance and Accountability (Scotland) Act 2000. The Accountable Officer may also be called to give evidence to the Public Audit Committee of the Scottish Parliament.

The Scottish Ministers

24. The Scottish Ministers appoint the Chair and Board Members and hold the Board to account for the performance of **sportscotland** 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 **sportscotland** directly as it does with all public sector bodies. The Scottish Ministers are not directly responsible for the operation of **sportscotland**.

25. The Scottish Ministers will:

- a. agree the strategic aims, objectives and key targets of **sportscotland** as part of the corporate planning process.
- b. determining policy directions to guide investment of National Lottery income to ensure there is alignment to national policy.
- c. agree the budget for **sportscotland**, and secure the necessary Parliamentary approval;
- d. approve the Code of Conduct of the **sportscotland** Board;
- e. approve pay remits or proposals and superannuation arrangements for the staff, Chief Executive, Chair and Board members;
- f. lay the accounts of **sportscotland** before the Scottish Parliament;
- g. carrying out responsibilities specified in the Royal Charter such as:
 - o appointing **sportscotland**'s chair.
 - o Appointing **sportscotland** board members, seeking advice from the chair on appointments, as well as approving the terms and conditions of board members.

SG Portfolio Accountable Officer

26. The Principal Accountable Officer for the Scottish Administration will designate the Director-General for Health and Social Care as the Accountable Officer for the SG portfolio budget for **sportscotland**. The responsibilities of a Portfolio Accountable Officer are set out in detail in the [Memorandum to Accountable Officers for Parts of the Scottish Administration](#). They are personally answerable to the Scottish Parliament for ensuring that:

- a. the financial and other management controls applied by the SG are appropriate and sufficient to safeguard public funds and, more generally that those being applied by **sportscotland** conform to the requirements both of propriety and of good financial management.
- b. the key roles and responsibilities which underpin the relationship between the SG and **sportscotland** are set out in a framework document - and that this document is regularly reviewed.
- c. effective relationships are in place at Director and Deputy Director level between the SG and **sportscotland** in accordance with the strategic engagement principles; and
- d. there is effective continuous assessment and appraisal of the performance of the chair of **sportscotland**, in line with the requirements of the [Code of Practice for Ministerial Public Appointments](#) in Scotland.
- e. support regular and effective engagement between **sportscotland** and the relevant Scottish Minister(s); and

- f. 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 **sportscotland** are aware of these delegated responsibilities.

27. The Portfolio AO remains personally answerable to the Scottish Parliament for the effectiveness of sponsorship activity.

Relationship between Scottish Government and sportscotland

28. Strategic engagement between the SG and **sportscotland** 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 **sportscotland** will take all necessary steps to ensure that their relationship is developed and supported in line with the jointly agreed principles set out in the statement on '[Strategic Engagement between the Scottish Government and Scotland's NDPBs](#)'. This emphasises the need for cooperation and good communication, and particularly early warning from either side about any emerging risk or issue with significant implications for the operation or governance of **sportscotland**.

29. 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 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.

Scottish Government Director and Deputy Director

30. The Director for Population Health and Deputy Director for Active Scotland have responsibility for overseeing and ensuring effective relationships between the SG and **sportscotland** which support alignment of **sportscotland**'s business to the SG's Purpose and National Outcomes and high performance by **sportscotland**. They will work closely with the **sportscotland** chief executive and be answerable to the Portfolio Accountable Officer for maintaining and developing positive relationships with **sportscotland** characterised by openness, trust, respect, and mutual support. They will be supported by Active Scotland Division in discharging these functions. The Director of Population Health shall be responsible for assessing the performance of **sportscotland** chair at least annually.

Sponsor unit responsibilities

31. The SG sponsor unit for **sportscotland** is the Active Scotland Division. It is the normal point of contact for **sportscotland** in dealing with the SG. The Active Scotland Division, under the direction of the Director/Deputy Director, is the primary source of advice to the Scottish Ministers on the discharge of their responsibilities in respect of **sportscotland** and undertakes the responsibilities of the Portfolio Accountable Officer on their behalf.

32. Specific responsibilities include:

- a. 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 **sportscotland**;
- b. ensuring that appointments to **sportscotland**'s board are made timeously and, where appropriate, in accordance with the code-practice for Ministerial Appointments in Scotland;
- c. setting out reporting expectations in the annual Grant in aid letter.
- d. proportionate monitoring of **sportscotland**'s activities through an adequate and timely flow of appropriate information, agreed with **sportscotland**, on performance, budgeting, control, and risk management.

- e. addressing in a timely manner any significant problems arising in **sportscotland**, alerting the Portfolio Accountable Officer and the responsible Minister(s) where considered appropriate.
- f. ensuring that the objectives of **sportscotland** and the risks to them are properly and appropriately taken into account in the SG's risk assessment and management systems.
- g. informing **sportscotland** of relevant SG policy in a timely manner.

sportscotland staff management responsibilities

Broad responsibilities for **sportscotland** staff

33. The Chief Executive, challenged and supported by the Board, has responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward staff are to ensure that:

- a. HR policies, practices and systems comply with employment and equalities legislation, and standards expected of public sector employers;
- b. 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](#));
- c. the performance of staff at all levels is regularly appraised and performance management systems are reviewed from time to time;
- d. staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the body's objectives;
- e. proper consultation with staff takes place on key issues affecting them, as appropriate, including working in partnership with trade unions;
- f. effective grievance and disciplinary procedures are in place and ensures that staff know where to access and how to use;
- g. 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
- h. a code of conduct for staff is in place.

Pay and conditions of service

34. **sportscotland** 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](#), 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](#) section of the SPFM. Proposals on non-salary rewards will comply with the guidance in the [Non-Salary Rewards](#) section of the SPFM.

35. Where applicable, **sportscotland** will also seek appropriate approval under the SG [Pay Policy for Senior Appointments](#) 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

36. Superannuation arrangements for staff are subject to the approval of the Scottish Ministers. **sportscotland** staff will normally be eligible for a pension provided by the Strathclyde Pension Fund. 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.

37. Any proposal by **sportscotland** 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](#) 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

Corporate Plan

38. **sportscotland** must ensure that a corporate plan, agreed with the Scottish Ministers, is in place and published on **sportscotland**'s website. **sportscotland** shall agree with the SG the issues to be addressed in the plan and the timetable for its preparation and review.

39. The finalised plan shall reflect how **sportscotland** will deliver its principal aims and objectives as set out in paragraph 7 and its contribution to the Physical Activity for Health Framework as well as any other priorities as agreed by the Scottish Ministers.

40. The corporate plan for **sportscotland** should include:

- a. **sportscotland**'s purpose and principal aims and objectives. the strategy for achieving those objectives.
- b. how these will contribute towards the achievement of the SG's primary purpose and alignment with the NPF.
- c. a performance measurement framework that demonstrates how principle aims and objectives are being delivered and includes indicators against which performance can be judged; and
- d. other matters as agreed between the SG and **sportscotland**.

Business Plan

41. **sportscotland**'s corporate plan and the Programme for Government should inform the development of a separate business plan for each financial year. This should set out how the corporate plan is being operationalized and provide an indication of how activities being delivered contribute to the corporate plan.

42. The business plan should include:

- a. descriptions of environments and programmes.
- b. budgeting information.
- c. activities being undertaken to deliver the strategic priorities and corporate plan and an indication of how these will contribute to achieving these priorities.
- d. details of planned efficiencies, describing how **sportscotland** proposes to achieve better value for money, including through collaboration and shared services.

43. A copy of **sportscotland**'s business plan should be provided to Active Scotland at the time of the **sportscotland** board meeting in April.

Annual report and accounts

44. **sportscotland** 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 **sportscotland**. It will comply with the Government [Financial Reporting Manual](#) (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.

45. 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.

46. The SG Sponsor Team should receive a copy of the annual report for comment, and a copy of the draft accounts for information, by late-August. **sportscotland** 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 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

47. The Auditor General for Scotland (AGS) audits, or appoints auditors to audit, **sportscotland**'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 body has used its resources in discharging its functions and/or carry out examinations into the arrangements made by **sportscotland** to secure Best Value.

48. 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 **sportscotland**. **sportscotland** 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

49. **sportscotland** will:

- a. establish and maintain arrangements for internal audit in accordance with the [Public Sector Internal Audit Standards](#) and the [Internal Audit](#) section of the SPFM;
- b. set up an Audit Committee of its Board, in accordance with the [Audit Committees](#) section of the SPFM, to advise both the board and the Accountable Officer;
- c. 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;
- d. keep records of, and prepare and forward promptly to the SG an annual report on fraud and theft suffered by **sportscotland** and notify the Portfolio AO or Senior Sponsor immediately of any unusual or major incidents.

50. 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. **sportscotland** should make it clear on their own Privacy Notice that material may be shared with SG's Internal Audit and Assurance Directorate in certain circumstances.

Budget management and delegated authority

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

52. 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](#) in the SPFM, and **sportscotland** 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.

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.

53. **sportscotland'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

54. Guidance on governance requirements is available in several documents referred to earlier in this framework document:

- a. [the Scottish Public Finance Manual](#) (SPFM)
- b. [the Audit and Assurance Committee Handbook](#)
- c. [On Board - A Guide for Members of Statutory Boards](#)

55. 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.

56. The Board and Chief Executive are advised to pay particular attention to guidance on the following issues.

Risk management

57. **sportscotland** must develop an approach to **risk management** consistent with the Risk Management section of the Scottish Public Finance Manual and establish reporting and escalation arrangements with the Portfolio AO or Senior Sponsor.

58. The Board should have a clear understanding of the key risks, threats and hazards it may face in the personnel, accommodation and cyber domains, and take action to ensure appropriate **organisational resilience**, in line with the guidance in: [Having and Promoting Business Resilience](#) (part of the Preparing Scotland suite of guidance) and the [Public Sector Cyber Resilience Framework](#).

Internal control

59. The Board should establish **clear internal [delegated authorities](#)** 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](#) in the SPFM.

60. **Counter-fraud** policies and practices should be adopted to safeguard against fraud and theft - see the [Fraud](#) section of the SPFM.

61. Any **major investment programmes or projects** undertaken should be subject to the guidance in the [Major Investment Projects](#) section of the SPFM and in line with delegated authorities. The Sponsor Team must be kept informed of progress on such programmes and projects and Ministers must be alerted to any developments that could undermine their viability. **ICT investment plans** must be reported to the SG's Office of the Chief Information Officer.

62. **sportscotland** 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. **sportscotland** must also register with [Information Commissioners Office](#) and ensure that it complies with the **Data Protection Act 2018** and the General Data Protection Regulations, commonly known as **GDPR**.

Budget and finance

63. Unless covered by a specific delegated authority, **financial investments** are not permitted without the prior approval of sponsors and SG Finance. This includes equity shares in ventures which further a body's objectives. Public bodies should not invest in any venture of a speculative nature.

64. Non-standard **tax management** arrangements should always be regarded as novel and/or contentious and must therefore be approved in advance by the Portfolio AO and SG Finance. Relevant guidance is provided in the [Tax Planning and Tax Avoidance](#) section of the SPFM. **sportscotland** must comply with all relevant rules on taxation, including **VAT**, recover input tax where it is entitled to do so.

65. **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. Fees or charges for any services supplied must be determined in accordance with the [Fees & Charges](#) section of the SPFM.

66. **Gifts, bequests or donations** received score as income and should be provided for in the agreed resource DEL and capital DEL budgets, but should not fund activities or assets normally covered by SG grant-in-aid, trading or fee income, and conflicts of interest must be considered – see the principles in the [Gifts](#) section of the SPFM. Note that this relates to gifts to the body - gifts to individuals are covered in the Model Code of Conduct.

67. **Borrowing** cannot be used to increase **sportscotland's** spending power. All borrowing - excluding agreed overdrafts - must be from the Scottish Ministers in accordance with guidance in the [Borrowing, Lending & Investment](#) section of the SPFM.

68. Any lending must be in line with 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 **sportscotland** must not **lend money, charge any asset, give any guarantee or indemnity or letter of comfort, or incur any other contingent liability** (as defined in the [Contingent Liabilities](#) section of the SPFM), whether or not in a legally binding form, without the prior approval of sponsors and SG Finance. Guarantees, indemnities and letters of comfort of a standard type given in the normal course of business are excluded from this requirement.

69. An accurate and up-to-date record of **current and non-current assets** should be maintained, consistent with the [Property: Acquisition, Disposal & Management](#) section of the SPFM. **sportscotland** is also subject to the [SG Asset Management Policy](#), including the requirement for acquisition of a new lease, continuation of an existing lease, decision not to exercise a break option in a lease or purchase of property for accommodation / operational purposes, to be approved in advance by Scottish Ministers. The Property Controls Team should be consulted as early as possible in this process.

70. Assets should be recorded on the balance sheet at the appropriate valuation basis in accordance with the FReM. When an asset (including any investment) suffers **impairment**, when there is significant **movement in existing provisions** and/or where **a new provision needs to be created**, this should be communicated to sponsors and SG Finance as soon as possible to determine the implications for the NDPB's budget.

71. Any **funding for expenditure on assets by a third party** should be subject to appropriate arrangements to ensure that they are not disposed of without prior consent and that a due share of the proceeds can be secured on disposal or when they cease to be used by the third party for the intended purpose, in line with the [Clawback](#) guidance in the SPFM.

72. Unless covered by a specific delegated authority, prior approval from sponsors and SG Finance is required before **making gifts or special payments or writing off losses**. Special payments and losses are subject 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.

73. Unless covered by a specific delegated authority **sportscotland** 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.

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.

74. **Procurement** policies should reflect relevant guidance in the [Procurement](#) section of the SPFM and any other relevant guidance issued by the SG's Procurement and Property Directorate. The SG's directory of [SG Framework Agreements](#), is available to support organisations but they should check the Framework Agreement's 'buyer's guide' before proceeding to ensure they are eligible to use the Framework.

75. All matured and properly authorised **invoices** relating to transactions with suppliers should be paid in accordance with the [Expenditure and Payments](#) section of the SPFM wherever possible and appropriate within Scottish Ministers' target of payment within 10 working days of their receipt.

76. **sportscotland** is subject to the SG policy of self-insurance. Commercial **insurance** must however be taken out where there is a legal requirement to do so and may also be taken out in the circumstances described in the [Insurance](#) section of the SPFM - where required with the prior approval of sponsors and their finance business partner subject to the level of inherent financial risk. In the event of uninsured losses being incurred the SG shall consider, on a case-by-case basis, whether or not it should make any additional resources available to the NDPB. The relevant sponsor team will provide a Certificate of Exemption for Employer's Liability Insurance.

77. Unless covered by a specific delegated authority **sportscotland** must not provide **grant funding to a third party** without prior agreement from sponsors and SG Finance. Guidance on a framework for the control of third party grants is provided as an annex to the [Grant & Grant in Aid](#) section of the SPFM. Subsidy control requirements for any such funding are discussed below.

78. The EU State aid regime was effectively revoked from UK law from 1 January. Following this, subsidy control provisions were covered by the UK-EU Trade and Cooperation Agreement (TCA) and the UK's international obligations, including various Free Trade Agreements and those arising as a consequence of World Trade Organisation membership. However, a new UK subsidy control regime came into force on 4 January 2023 as a result of UK Government's Subsidy Control Act 2022. Currently, any activity that a public body undertakes itself, or funds other bodies to undertake, that can be offered on a commercial market for goods and services, is subject to the regulations set out in the Subsidy Control Act 2022. A full assessment is required prior to disbursing any funding, subject to the guidance in the subsidy control section of the SPFM.

Remuneration

79. **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.

80. **Staff pay; pensions and any severance payments** must be in line with the requirements of Public Sector Pay Policy and the responsibilities described in the section on NDPB Staff Management Responsibilities.

81. 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

82. **Banking** arrangements must comply with the [Banking](#) section of the SPFM.

83. **Cash management** arrangements need to be addressed as well as overall budget management. Any [grant in aid](#) (i.e. the cash provided to **sportscotland** 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. **sportscotland** 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. **sportscotland** 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. **sportscotland** will not pay Grant-in-Aid into any restricted reserve it holds.

Helpful information

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

Annex A: Specific Delegated Financial Authorities

		Delegated Limit
Single-tender contracts		Below relevant Procurement Legislation Thresholds
External management consultancies		
Acquisition of assets		Unlimited for agreed budget acquisitions £100,000 for non-budgeted acquisitions
Special payments		£0
Lending		£0
Leases		£500,000
Grants/ Loan schemes		£2 million £1 million for individual facilities
Financial Investments		£0
Claims waived or abandoned		£50,000
Write-off of bad debt and/or losses		£50,000