

# **Framework Document**

## **QUALITY MEAT SCOTLAND**

### **Introduction**

1. This framework document has been drawn up by the Scottish Government (SG) in consultation with Quality Meat Scotland (QMS). It sets out the broad framework within which QMS will operate and defines key roles and responsibilities which underpin the relationship between QMS and the SG. While this document does not confer any legal powers or responsibilities, it forms a key part of the accountability and governance framework and should be reviewed and updated as necessary, and at least every 2-3 years. Any proposals to amend the framework document either by the SG or QMS will be taken forward in consultation and in light of industry needs, SG priorities and policy aims, and the track record of QMS itself. The guiding principle shall be that the extent of flexibility and freedom given to QMS shall reflect both the quality of its internal controls and its operational needs. Any question regarding the interpretation of the document shall be determined by the SG after consultation with QMS. Legislative provisions shall take precedence over any part of the document.
2. References to QMS include any subsidiaries and joint ventures owned or controlled by QMS. QMS shall not establish subsidiaries or enter into joint ventures without the express approval of the SG.
3. Copies of the document shall be placed in the Scottish Parliament Reference Centre. It shall also be published on the SG and QMS websites.

### **Purpose**

4. QMS is to contribute to the achievement of the SG's primary purpose of increasing sustainable economic growth by aligning its aims and objectives with the SG's published Economic Strategy and National Performance Framework.

### **Governance and accountability**

5. QMS is established under the provisions of the Quality Meat Scotland Order 2008 as an executive non-departmental public body (NDPB). For national accounts purposes QMS is classified to the central government sector. QMS's statutory duties are set out in Schedule 1 of the Quality Meat Scotland Order 2008. The constitution of QMS is set out in Schedule 2 to the Order. QMS does not carry out its functions on behalf of the Crown.
6. The role of QMS shall be reviewed periodically in accordance with the business needs of the Scottish Government and of QMS, normally at least every 5 years.

### **Overall aims**

7. Scottish Ministers have defined the overall aims for QMS's use of public funds as being to ensure that the funds are used for the benefit of the Scottish levy payers and in accordance with the Quality Meat Scotland Order 2008.
8. QMS's purpose, strategic aims and objectives, as agreed by the Scottish Ministers, are to increase efficiency or productivity in the red meat sector, improve marketing in the red meat sector, improve or develop services that the red meat sector provides or could provide to the community and to improve the ways in which the red meat sector contributes to sustainable development.

## **Objectives and key targets**

9. The sponsor team determines QMS's performance framework in the light of the needs of the red meat industry and Scottish Ministers' wider strategic aims. QMS's objectives and key target shall be agreed within the corporate planning process.

## **Relationship between Scottish Government and Quality Meat Scotland**

10. Effective strategic engagement between the SG and QMS is essential in order that they work together as effectively as possible to ensure increased efficiency or productivity in the red meat sector, improve marketing in the red meat sector, improve or develop services that the red meat sector provides or could provide to the community and to improve the ways in which the red meat sector contributes to sustainable development. Both the SG and QMS 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'

## **Legal origins of powers and duties**

11. The NDPB is established under The Quality Meat Scotland Order 2008. The constitution of the NDPB is set out in Schedule 2 Article 4. The NDPB does not carry out its functions on behalf of the Crown.

## **Ministerial responsibilities**

12. The Scottish Ministers are ultimately accountable to the Scottish Parliament for the activities and performance of QMS. They are not, however, responsible for day to day operational matters. Their responsibilities include:

- approving QMS's strategic objectives and the policy and performance framework within which QMS will operate
- carrying out responsibilities specified in the Quality Meat Scotland Order 2008 including approving levy rates, appointments to the Board, approving the terms and conditions of Board members and laying the annual report and accounts before the Parliament.

## **NDPB board responsibilities**

13. The QMS board, including the chair, normally consists of 12 members appointed by Scottish Ministers in line with the Code of Practice issued by the Commissioner for Public Appointments in Scotland. The Board has corporate responsibility for ensuring that QMS fulfils the aims and objectives set by the Scottish Ministers and for promoting the efficient and effective use of staff and other resources by QMS in accordance with the principles of Best Value.

14. To this end, and in pursuit of its wider corporate responsibilities, the Board shall:

- establish the overall strategic direction of QMS within the needs of the industry and the policy, planning and resources framework determined by the Scottish Ministers;
- ensure that Scottish Ministers are kept informed of any changes which are likely to impact on the strategic direction of QMS or on the attainability of its targets and determine the steps needed to deal with such changes;

- ensure that any statutory or administrative requirements for the use of public funds (i.e. all funds falling within the stewardship of QMS) are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with the Scottish Government and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account relevant guidance issued by the Scottish Ministers /Scottish Government;
- ensure that the Board receives and reviews regular financial information concerning the management of QMS; is informed in a timely manner about any concerns about the activities of QMS; and provides positive assurance to the Scottish Government that appropriate action has been taken on such concerns;
- approving the annual accounts and ensuring Scottish Ministers are provided with the annual report and accounts to be laid before the Scottish Parliament. 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
- demonstrate high standards of corporate governance at all times, including by setting up and using an independent audit committee (in accordance with the guidance on Audit Committees in the SPFM) to help the Board to address the key financial and other risks facing QMS. The Board is expected to assure itself on the effectiveness of internal control and risk management systems;
- provide commitment and leadership in the development and promotion of Best Value principles throughout the organisation;
- appoint a Chief Executive to QMS and, in consultation with the Scottish Government, set performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight both to the proper management and use of public monies and to the delivery of outcomes in line with red meat industry and Scottish Ministers' priorities.

15. Further guidance on how the board should discharge its duties is provided in appointment letters and in 'On Board- A guide for Board Members of Public Bodies in Scotland'.

### **The Chair's responsibilities**

16. The Chair is appointed by Scottish Ministers in line with the Code of Practice issued by the Commissioner for Public Appointments in Scotland.

17. 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 the NDPB board and the Scottish Ministers should normally be through the chair. The Chair shall aim to ensure that QMS policies and actions support the needs of the red meat industry and wider strategic policies of Scottish Ministers; and that QMS affairs are conducted with probity. The Chair shares with other Board members the corporate responsibilities set out in paragraph 14, in particular for ensuring that QMS fulfils the aims and objectives set by Scottish Ministers.

18. The Chair has a particular leadership responsibility on the following matters:

- formulating the Board's strategy;
- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Scottish Ministers or Scottish Government officials;

- promoting the efficient and effective use of staff and other resources;
- encouraging high standards of propriety;
- representing the views of the Board to levy payers and the general public.

19. The Chair shall also:

- ensure that all members of the Board, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities, and receive appropriate induction training, including on the financial management and reporting requirements of public sector bodies and on any differences which may exist between private and public sector practice;
- advise the Scottish Ministers of the needs of QMS when Board vacancies arise, with a view to ensuring a proper balance of professional and other expertise and with no less than 50% of board members being levy payers;
- assess the performance of individual Board members and the Chief Executive on an annual basis.
- ensure that Board Members are fully aware of Quality Meat Scotland Board Members' Code of Conduct approved by the Scottish Ministers. The Chair shall ensure that the other Board members are kept informed of communications with Scottish Ministers .

### **Individual Board Members' Responsibilities**

20. Individual Board members shall act in accordance with their wider responsibility as Members of the Board – namely to:

- comply at all times with the Quality Meat Scotland Board Members Code of Conduct (approved by Scottish Government 14 July 2014) that is adopted by QMS and with the rules relating to the use of public funds, conflicts of interest and confidentiality;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- act in good faith and in the best interests of QMS.

21. Further guidance on how the board should discharge its duties is provided in appointment letters and in 'On Board- A guide for Board Members of Public Bodies in Scotland'.

### **NDPB Chief Executive (Accountable Officer) responsibilities**

22. The Chief Executive of QMS is designated as Accountable Officer by the Principal Accountable Officer of the Scottish Administration in accordance with Sections 14 and 15 of the Public Finance and Accountability (Scotland) Act 2000.

23. The Chief Executive is responsible for safeguarding the public funds (i.e. all funds falling within the stewardship of QMS) for which he/she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of QMS. He/she should act in accordance with the terms of this framework agreement and within the terms of relevant guidance in the SPFM and other instructions and

guidance issued by Scottish Ministers – in particular the Memorandum to Accountable Officers of Other Public Bodies (Annex 2 of the section on Accountability in the SPFM).

24. The Chief Executive has a duty to secure Best Value, which includes the concepts of good corporate governance, performance management and continuous improvement. Guidance to Accountable Officers on what their organisations should be able to demonstrate in fulfilment of the duties which make up a Best Value regime is included in the Best Value section of the SPFM.

25. The Chief Executive shall exercise the following specific responsibilities:  
on planning, performance management and monitoring –

- establish QMS's corporate and business plans in the light of industry needs and Scottish Ministers' wider strategic aims;
- establish a robust performance management framework which supports the achievement of QMS's aims and objectives as set out in the corporate and business plans; and which enables full performance reporting to the Board, the Scottish Government and the wider public;
- inform the Scottish Government of QMS's progress in helping to deliver against industry needs and achieve the Scottish Ministers' policy objectives and in demonstrating how resources are being used to achieve progress;
- ensure that timely forecasts and monitoring information on performance and finance are provided to the Scottish Government; that the Government is notified promptly of potential overspends / underspends in excess of 5% or if performance targets are at serious risk; that corrective action is taken where appropriate; and that any significant problems, whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the Government in a timely fashion;

on advising the Board -

- advise the Board on the discharge of QMS's responsibilities as set out in this document, in the Quality Meat Scotland Order 2008 and in any other relevant instructions and guidance issued by the Scottish Ministers / Scottish Government;
- advise the Board on QMS's performance compared with its aims and objectives;
- ensure that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions and that standard financial appraisal techniques as set out in HM Treasury guidance are followed as far as this is appropriate and practical;
- take action as set out in section 5 of the Memorandum to Accountable Officers of Other Public Bodies if the Board, or its Chairman, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration or efficiency or effectiveness;

on managing risk and resources -

- ensure that a system of risk management is embedded in the organisation to inform decisions on financial and operational planning and to assist in achieving objectives and targets;

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

26. On accounting for QMS's activities the Chief Executive will:

- sign the accounts and be responsible for ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by Scottish Ministers;
- sign a Statement of Board's and Accountable Officer's responsibilities, for inclusion in the annual report and accounts;
- sign a Governance Statement regarding QMS's system of internal control, for inclusion in the annual report and accounts;
- ensure that an effective complaints procedure is in place including, when applicable, reference to the Scottish Public Services Ombudsman, and made widely known;
- give evidence when summoned before Committees of the Scottish Parliament on the use and stewardship of public funds by QMS.

27. The Chief Executive may delegate the day-to-day administration of his/her Accountable Officer responsibilities to other employees in QMS. However, he/she shall not assign absolutely to any other person any of the responsibilities set out in this document.

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

### **Portfolio Accountable Officer responsibilities**

29. The Principal Accountable Officer for the Scottish Administration will designate the Director-General for Economy as the Accountable Officer for the SG portfolio budget for QMS. Withdrawal of the Accountable Officer designation would also be a matter for the Principal Accountable Officer. The responsibilities of a Portfolio Accountable Officer are set out in detail in the [Memorandum to Accountable Officers for Parts of the Scottish Administration](#). He/she is personally answerable to the Scottish Parliament for ensuring that:

30. In particular the Portfolio Accountable Officer shall ensure that:

- QMS's strategic aims and objectives support the needs of the industry and Scottish Ministers' wider strategic aims;
- the financial and other management controls applied by the sponsor team to QMS are appropriate and sufficient to safeguard public funds and for ensuring that QMS's compliance with those controls is effectively monitored ("public funds" include not only levy or funds provided to QMS by the Scottish Ministers but also any other funds falling within the stewardship of QMS including grants, gifts, bequests and donations);
- the internal controls applied by QMS conform to the requirements of regularity, propriety and good financial management.

### **Scottish Government Director and Deputy Director**

31. The Director for International Trade and Investment and Deputy Director for Trade Policy, Food & Drink Division have responsibility for overseeing and ensuring effective relationships between the SG and QMS which support alignment of QMS's business to the SG's Purpose and National Outcomes and high performance by QMS. They will work closely with the QMS chief executive and be answerable to the Portfolio Accountable Officer for maintaining and developing positive relationships with QMS characterised by openness, trust, respect and mutual support. They will be supported by a sponsor team in discharging these functions.

32. The Director for International Trade and Investment will be responsible for assessing the performance of the QMS chair, at least annually.

### **Sponsor unit responsibilities**

33. The SG sponsor team for QMS is The Livestock Policy team. It is the normal point of contact for QMS in dealing with the SG. The team, 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 QMS and undertakes the responsibilities of the Portfolio Accountable Officer on his/her behalf:

- The sponsor team shall advise the Scottish Ministers on an appropriate framework of objectives and targets for QMS in the light of industry needs and the Scottish Ministers' wider strategic aims.
- How well QMS is achieving its strategic objectives and whether it is delivering value for money.

34. In support of the Accountable Officer, the sponsoring team shall:

- facilitate the approval by Scottish Ministers of QMS' Corporate and Business Plan in a timely manner;
- monitor QMS's activities on a continuing basis through an adequate and timely flow of information from QMS on performance, budgeting, control and risk management and monitor Governance Statements contained in the annual accounts;
- address in a timely manner any significant problems arising in QMS, whether financial or otherwise, making such interventions in the affairs of QMS as the team judges necessary;
- ensure that the activities of QMS and the risks associated with them are properly and appropriately taken into account in the Scottish Government's risk assessment and management systems;

- ensure that appointments to the Board are made timeously and in accordance with the Commissioner for Public Appointments in Scotland’s Code of Conduct.
- inform QMS of relevant Scottish Government policy in a timely manner; advise on the interpretation of that policy; and issue specific guidance as necessary;
- bring concerns about the activities of QMS to the attention of the full Board and require explanations and assurances from the Board that appropriate action has been taken.

### **Internal audit**

35. QMS shall establish and maintain arrangements for internal audit in accordance with the Treasury’s Government Internal Audit Standards (GIAS).

36. QMS shall arrange for periodic quality reviews of its internal audit in accordance with the GIAS. The SG shall consider whether it can rely on these reviews to provide assurance on the quality of internal audit. However, the SG reserves a right of access to carry out/ commission independent reviews of internal audit in QMS.

37. The SG’s internal audit service shall also have a right of access to all documents prepared by QMS’s internal auditor, including where the service is contracted out. The audit strategy, periodic audit plans and annual audit report, including QMS’s internal auditor’s opinion on risk management, control and governance shall be forwarded without delay to the sponsoring team who shall consult the SG’s Head of Internal Audit as appropriate.

38. In addition, QMS shall forward to the SG an annual report on fraud and theft suffered by QMS; notify any unusual or major incidents as soon as possible; and notify any changes to its internal audit’s terms of reference, its audit committee’s terms of reference or its Fraud Policy and Fraud Response Plan.

### **External audit**

39. The Auditor General for Scotland (AGS) shall audit, or appoint auditors to audit, QMS’s annual accounts and pass them to the Scottish Ministers who shall lay them before the Parliament, together with the QMS annual report. For the purpose of audit, the AGS has a statutory right of access to documents and information held by relevant persons specified by an Order under section 24 of the Public Finance and Accountability (Scotland) Act 2000.

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

### **Annual report and accounts**

41. QMS must publish an annual report of its activities together with its audited accounts after the end of each financial year. The annual report must cover the activities of any corporate, subsidiary or joint ventures under the control of QMS. It should comply with the Government [Financial Reporting Manual](#) (FReM) and outline QMS’s main activities and performance against agreed objectives and targets for the previous financial year.

42. The accounts must be prepared in accordance with relevant statutes and the specific accounts direction (including compliance with the FReM) and other relevant guidance issued by the Scottish Ministers. The report and accounts shall outline QMS's main activities and performance during the previous financial year and set out in summary form QMS's forward plans. Information on performance against key financial targets shall be included in the notes to the accounts and shall therefore be within the scope of the audit. Any subsidiary or joint venture owned or controlled by QMS shall be consolidated in its accounts in accordance with International Financial Reporting Standards as adapted and interpreted for the public sector context.

43. The report and accounts shall be submitted in draft to the Scottish Government for comment and, whilst the statutory date for laying and publishing accounts audited by the AGS is by 31 December, the final version shall be laid before the Parliament by the Scottish Ministers before 31 July. The accounts must not be laid before they have been formally sent by the Auditor General to the Scottish Ministers and must not be published before they have been laid.

44. QMS shall be responsible for the publication of the report and accounts, including on the QMS website.

## **Management responsibilities**

### **Corporate and business plans**

45. QMS shall submit to the Scottish Government a draft of its corporate plan. QMS shall have agreed with the Scottish Government the issues to be addressed in the plan and the timetable for its preparation. The plan, or elements thereof, shall be updated as and when considered necessary.

46. The plan shall reflect QMS's statutory duties and, within those duties, the needs of the red meat industry and priorities set from time to time by Scottish Ministers.

47. The corporate plan shall set out:

- QMS's key objectives and associated key performance targets for the forward years, and its strategy for achieving those objectives;
- alternative scenarios to take account of factors which may significantly affect the execution of the plan but which cannot be accurately forecast;
- other matters as agreed between the Scottish Government and QMS.

48. The main elements of the plan - including the key performance targets - shall be agreed between the Scottish Government and QMS.

49. The business plan for the year immediately ahead shall be consistent with the agreed corporate plan. The business plan shall be updated annually by QMS to include key targets and milestones for the forthcoming year and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the SG. A copy of the business plan shall be submitted to the Scottish Government for information (and comment where considered appropriate) prior to the beginning of the financial year in question.

50. Subject to any commercial considerations, the corporate and business plan shall be published on the QMS website. A summary version shall be made available to staff.

## **Budget management**

### Funding

51. QMS income is principally derived from statutory levy and quality assurance scheme fees. The levy income is used to carry out QMS's statutory activities, as set out in the Quality Meat Scotland Order 2008, on behalf of levy payers.

52. With funding coming from levy, there is currently no grant in aid and therefore no annual budget-setting exercise for QMS involving Scottish Ministers or the Scottish Parliament.

53. The QMS annual business plan will take account of forecast income and will include a budget of estimated payments and receipts over the year. These elements will form part of the business plan for the year in question-

### End-year flexibility

54. Any balance of resources held by QMS at the end of one financial year may be carried forward into the next year.

55. Schedule 2 to the Quality Meat Scotland Order 2008 permits the establishment and maintenance of a reserve fund for the purposes of QMS functions.

### Authority to spend

56. QMS shall have authority to incur expenditure / consume resources without reference to the SG, on the following conditions:

- QMS shall comply with the specific delegations set out in the attached Appendix. These delegations shall not be altered without the prior agreement of the SG.
- QMS shall comply with the conditions set out in this financial memorandum regarding novel, contentious or repercussive proposals and with any relevant guidance in the Scottish Public Finance Manual (SPFM);
- QMS's shall seek formal SG approval where any proposed expenditure is outside the delegated limits or is for purposes not previously agreed;
- QMS shall provide the SG with such information about its operations, performance, individual projects or other expenditure as the Government may reasonably require.

## **Cash management**

57. QMS's Accountable Officer is responsible for ensuring that QMS banking arrangements are consistent with the guidance in the Banking section of the SPFM. In particular he/she shall ensure that the arrangements safeguard public funds and are carried out efficiently, economically and effectively. These arrangements shall be suitably structured and represent value-for-money and be reviewed at least every two years with a comprehensive review, usually leading to competitive tendering, at least every three to five years.

## **Risk management**

58. QMS shall ensure that the risks which it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance and shall develop a risk management strategy, in accordance with the Risk Management section of the SPFM.

59. QMS shall adopt and implement policies and practices to safeguard itself against fraud and theft, in line with the Fraud section of the SPFM.

60. QMS shall take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract or to give grant.

### **Organisational security and resilience**

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

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

### **Fraud management**

62. QMS should adopt and implement policies and practices to safeguard itself against fraud and theft, in accordance with the [Fraud](#) section of the SPFM. Application of these processes must be monitored actively, supported by a fraud response plan and robust reporting arrangements. This includes the establishment of avenues to report any suspicions of fraud. In addition, QMS should take risk-based and proportionate steps to appraise the financial standing of any supplier or other body with which it intends to enter into a contract or to provide funding.

### **Performance management**

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

64. QMS shall take the initiative in informing the SG of changes in external conditions which make the achievement of objectives more or less difficult, or which may require a change to the budget or objectives set out in the corporate or business plans.

65. QMS's performance in helping to deliver Ministers' policies, including the achievement of agreed key objectives, shall be reported to the SG on a regular basis. Performance will be formally reviewed regularly by officials of the SG. The appropriate Scottish Minister shall meet the Board formally each year to discuss QMS's performance, its current and future activities and any policy developments relevant to those activities.

66. QMS's performance against key targets shall be reported in the annual report and accounts. Other forms of reporting performance to levy payers and the public should also be considered.

### **NDPB staff management**

67. QMS is responsible for determining the number of staff required and the most appropriate organisational structure to deliver its remit economically, efficiently and effectively within the resources available to it. However, any significant changes in staff numbers or organisational structure must be approved in advance by the Scottish Government.

68. QMS will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:

- personnel policies, practices and systems comply with employment and equalities legislation, and standards expected of public sector employers;
- the recruitment of its staff is based on fair and open competition and equal opportunities.
- the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness;
- the performance of its staff at all levels is satisfactorily appraised and QMS's performance measurement systems are reviewed from time to time;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve QMS's objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistle-blowing procedures consistent with the Public Interest Disclosure Act 1998 are in place; and
- a code of conduct for staff is in place based on the Model Code for Staff of Executive NDPBs – see chapter 5 of [Public Bodies: A Guide for Departments](#).

69. QMS staff are not civil servants and do not operate under civil service terms and conditions.

70. QMS shall be subject to levels of remuneration and terms and conditions of service (including pension provision) that take account of Government pay policy and which have been approved by the Board.

71. QMS has developed effective corporate governance measures and its activities are overseen by the Sponsor Division:

- QMS Board is appointed by Scottish Ministers.
- QMS operates both an Audit Committee and a separate Remuneration Committee at which details of remuneration policy are discussed.
- QMS is subject to audit by an independent auditor on behalf of Audit Scotland, part of which includes best value principles.
- A representative from the Sponsor Division attends QMS Board meetings.

72. QMS Board members do not receive a salary. Their remuneration and allowances will be determined by Scottish Ministers

73. QMS staff are not entitled to membership of the Principal Civil Service Pension Scheme.
74. Pension arrangements for QMS staff are subject to the approval of the SG
75. Any proposal by QMS to move from the existing pension arrangements or to pay any redundancy or compensation for loss of office requires the approval of the SG. Proposals on severance payments must comply with the guidance in the Severance etc section of the SPFM.

### **Asset and property management**

76. QMS shall maintain an accurate and up-to-date register of its fixed assets.
77. QMS shall dispose of assets which are surplus to its requirements and in accordance with its long-term estate strategy. Assets shall be sold for the best price, taking into account any costs of sale and in accordance with the guidance in the Disposal of Tangible Fixed Assets section of the SPFM. Proceeds from the disposal of assets may be retained by QMS subject to them being included in the approved budget.

### **Delegated authorities**

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

### **Income generation**

79. QMS may use income obtained from other non-levy sources provided that this is consistent with its main functions and its corporate plan as agreed by the Scottish Ministers. Proposals for new sources of income or methods of fundraising should be agreed with the SG. Non levy income would include any public funding provided to QMS to advance its statutory remit.
80. QMS should ensure that the Scottish Government is informed of all potential EU funding so that there can be a full assessment of the implications of such funding for the Government. (See the guidance in the EU Funding section of the SPFM.)
81. Fees and charges for any services supplied by QMS shall be determined in accordance with the Fees & Charges section of the SPFM. Receipts from the sale of goods and services, rent of land, and dividends may be used to provide additional spending power subject to them being included in the approved budget.
82. Interest earned by QMS on cash balances may be used to provide additional spending power subject to it being included in the approved budget.
83. If income realised or expected to be realised in-year is less than estimated, QMS may draw on its reserves, within the terms of its reserves policy. If this is not possible, QMS shall ensure a corresponding reduction in its gross expenditure so that the budget is not exceeded.
84. If income realised or expected to be realised in-year is more than estimated, QMS may use this to carry out its statutory functions without reference to the SG.

85. QMS is free to retain any gifts, bequests or similar donations. These shall be treated as receipts that, where appropriate, can be used to increase spending power. (Donated assets do not attract a cost of capital charge and a release from the donated assets reserve should offset depreciation in the operating cost statement.)

86. Before proceeding in this way QMS shall consider if there are any associated costs in doing so or any conflicts of interests arising. QMS shall keep a written record of any such gifts, bequests and donations and of their estimated value and whether they are disposed of or retained.

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

### **Borrowing**

88. QMS may borrow money and grant securities over any of its property.

### **Lease arrangements**

89. Prior SG approval must be secured for all property and finance leases. Before entering into any lease (including an operating lease) QMS must demonstrate that the lease offers better value for money than purchase.

### **Tax arrangements**

90. Non-standard tax management arrangements should always be regarded as novel and/or contentious and must therefore be approved in advance by the SG. Relevant guidance is provided in the [Tax Planning and Tax Avoidance](#) section of the SPFM. QMS must comply with all relevant rules on taxation, including VAT. All individuals who would qualify as employees for tax purposes should be paid through the payroll system with tax deducted at source. It is the responsibility of QMS to observe VAT legislation and recover input tax where it is entitled to do so. QMS must also ensure that it accounts properly for any output tax on sales or disposals.

### **Lending and guarantees**

91. Any lending by QMS must adhere to the guidance in the [Borrowing, Lending & Investment](#) section of the SPFM on undertaking due diligence and seeking to establish a security. Unless covered by a specific delegated limit QMS shall not, without the SG's prior approval, lend money, charge any asset, give any guarantee or indemnity or letter of comfort, or incur any other contingent liability (as defined in the [Contingent Liabilities](#) section of the SPFM or in International Financial Reporting Standards), whether or not in a legally binding form. Guarantees, indemnities and letters of comfort of a standard type given in the normal course of business are excluded from this requirement.

### **Third party grants**

92. Unless covered by a specific delegated authority QMS shall not, without the SG's prior agreement, provide grant funding to a third party. Such funding would be subject to the guidance in the [State Aid](#) section of the SPFM. Guidance on a framework for the control of third party grants is provided as an [annex](#) to the Grant & Grant in Aid section of the SPFM.

## **Insurance**

93. The Government's policy of self-insurance does not apply to QMS which should make its own commercial arrangements for insurance.

94. QMS must arrange Employer's Liability Insurance.

## **Procurement and payment**

95. QMS shall not, without prior approval of the SG, enter into any undertaking to incur any expenditure which falls outside the specific limits of QMS's delegated authority as set out in the attached Appendix.

96. All expenditure proposals shall, so far as appropriate, be subject to the guidance in the Appraisal and Evaluation section of the SPFM.

97. QMS's procurement policies shall reflect relevant guidance in the Procurement section of the SPFM. Procurement should be treated as a key component of achieving QMS's objectives, as well as a means of finding the most cost-effective method for securing the quality of assets and/or services. QMS shall also ensure that it complies with any relevant EU or other international procurement rules.

98. Contracts shall be placed on a competitive basis and tenders accepted from suppliers who provide best value for money overall. Proposals to let single-tender or restricted contracts above the relevant delegated limit in the attached Appendix must be submitted to the Scottish Government for approval by the sponsoring team.

99. Procurement by QMS of works, equipment, goods and services shall be based on value for money, i.e. quality (in terms of fitness for purpose) and delivery against price. Where appropriate, a full option appraisal shall be carried out before procurement decisions are taken.

100. QMS shall pay all matured and properly authorised invoices in accordance with the terms of contracts or within 30 days, as provided for in the Payments section of the SPFM.

101. QMS shall obtain the approval of the SG before:

- incurring any expenditure for any purpose which is or might be considered novel or contentious, or which has or could have significant future cost implications, including on staff benefits;
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the SG
- making any change of policy or practice which has wider financial implications (e.g. because it might prove repercussive among other public sector bodies) or which might significantly affect the future level of resources required.

## **Gifts made, special payments and losses**

102. Proposals for making gifts or other special payments (including write-offs) outside the delegated limits set out in the attached Appendix must have the prior approval of the SG. Any such proposals should address the considerations listed in the Losses & 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.

103. Subject to being above the Scottish Government's capitalisation threshold, all expenditure on the acquisition or creation of fixed assets shall be capitalised on an accruals basis. Expenditure to be capitalised shall include the (a) acquisition, reclamation or laying out of land; (b) acquisition, construction, preparation or replacement of buildings and other structures or their associated fixtures and fittings; and (c) acquisition, installation or replacement of movable or fixed plant, machinery, vehicles and vessels.

104. Proposals for large-scale individual capital projects or acquisitions will normally be considered within QMS's corporate planning process and within the context of its long-term estate strategy. Any such project shall be subject to the guidance in the Major Investment section of the SPFM and, where appropriate, the Construction Procurement Manual published by the Scottish Government's Construction Advice and Policy Division. Individual capital projects or acquisitions are subject to specific delegated limits as indicated in the attached Appendix.

### **Subsidiary companies and joint ventures**

105. QMS shall not establish subsidiary companies or joint ventures without the express approval of the Scottish Government. In judging such proposals the Government will have regard to the Scottish Ministers' wider strategic aims and objectives.

106. Any subsidiary company or joint venture controlled or owned by QMS shall be consolidated with it in accordance with UK GAAP for public expenditure accounts purposes (subject to any particular treatment required by UK GAAP). Unless specifically agreed with the Scottish Government, such subsidiary companies or joint ventures shall be subject to the controls and requirements set out in the MS/FM.

### **Financial investments**

107. QMS may establish or maintain a reserve fund. It shall not make any investments without the prior approval of the Scottish Government, nor shall it aim to build up cash balances or net assets in excess of what is required for operational purposes. Equity shares in ventures, which further the objectives of QMS shall equally be subject to departmental approval unless covered by a specific delegation. QMS shall not invest in any venture of a speculative nature

### **Board expenses**

108. Remuneration, allowances and expenses paid to board members must comply with the SG Pay Policy for Senior Appointments and any specific guidance on such matters issued by the Scottish Ministers.

Signed:

Alan Clarke  
Chief Executive  
Quality Meat Scotland

Date:

**QUALITY MEAT SCOTLAND FRAMEWORK DOCUMENT: APPENDIX**  
**SPECIFIC DELEGATED FINANCIAL AUTHORITIES**

Single-tender contracts		£10,000
Investment projects		£100,000
Acquisition of assets		£100,000
Claims waived or abandoned		£10,000
Write-off of losses		£10,000
Special Payments		£10,000