



Scottish Prison Service
Corporate Governance Guide

October 2016

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Accessibility

If this Guide is required in an alternative format, please contact the Office of the Chief Executive

1. Introduction

The Scottish Prison Service (SPS) was established as an Executive Agency of the Scottish Government in 1993. SPS is a public service-led delivery agency. Its core functions are defined by legislation; SPS is required to deliver custodial and rehabilitation services for those sent to us by the courts.

The principle objective of SPS is to contribute to making Scotland Safer by Protecting the Public and Reducing Re-offending. SPS aims to achieve this by ensuring the delivery of secure custody, safe and ordered prisons, decent standards of care and opportunities for those in its care to develop in a way that helps them reintegrate into the community on release.

1.1 Vision, Mission and Strategic Priorities

Following the comprehensive review of SPS in 2013, SPS' Strategic Priorities have been the basis of its Corporate Plan and Annual Delivery Plan which are available on the SPS website: <http://www.sps.gov.uk>. These have identified key deliverables which aim to drive SPS forward to achievement of its vision.

SPS has a vision of:

- Helping to build a safer Scotland - Unlocking Potential - Transforming Lives.

The mission of SPS is:

- Providing services that help transform the lives of people in our care so they can fulfil their potential and become responsible citizens.

To deliver the vision and mission, SPS has 7 strategic priorities:

1. Embedding the new vision.
2. Investing in SPS People.
3. Delivering effective and efficient services.
4. Delivering a collaborative, outcome focus.
5. Developing a person-centred, asset-based approach.
6. Becoming a learning organisation.
7. Promoting public confidence in SPS.

These strategic priorities directly support delivery of SPS' vision and mission. They define in more specific terms the key ways in which SPS believes it can best have a positive impact.

2. Governance Structure

2.1 Chief Executive

SPS is headed by a Chief Executive who is responsible to Scottish Ministers for its management, performance and future development. Responsibility for all operational matters is delegated to the Chief Executive by the Director General (Learning and Justice). The principal duties of the Chief Executive are laid out in the SPS Framework Document.

2.2 Executive Directors

SPS operates a 3 Directorate model comprising an Operations; Strategy and Innovation; and Corporate Services Directorate. Each Directorate is headed by an Executive Director. Executive Director posts in the SPS management structure report to the Chief Executive. Executive Directors are members of both the SPS Advisory Board (Advisory Board) and the Executive Management Group.

2.3 Non-Executive Directors

Independent Non-Executive Directors are selected and appointed by the Chief Executive in accordance with good practice and recommendations in public appointments. Non-Executive Directors will be appointed for up to 3 years and may, by exception, be extended for a further period of up to 3 years, i.e. up to 6 years in total, and will subject to annual performance review by the Chief Executive.

The role of Non-Executive Directors is to support the Advisory Board in the delivery of its remit and includes providing:

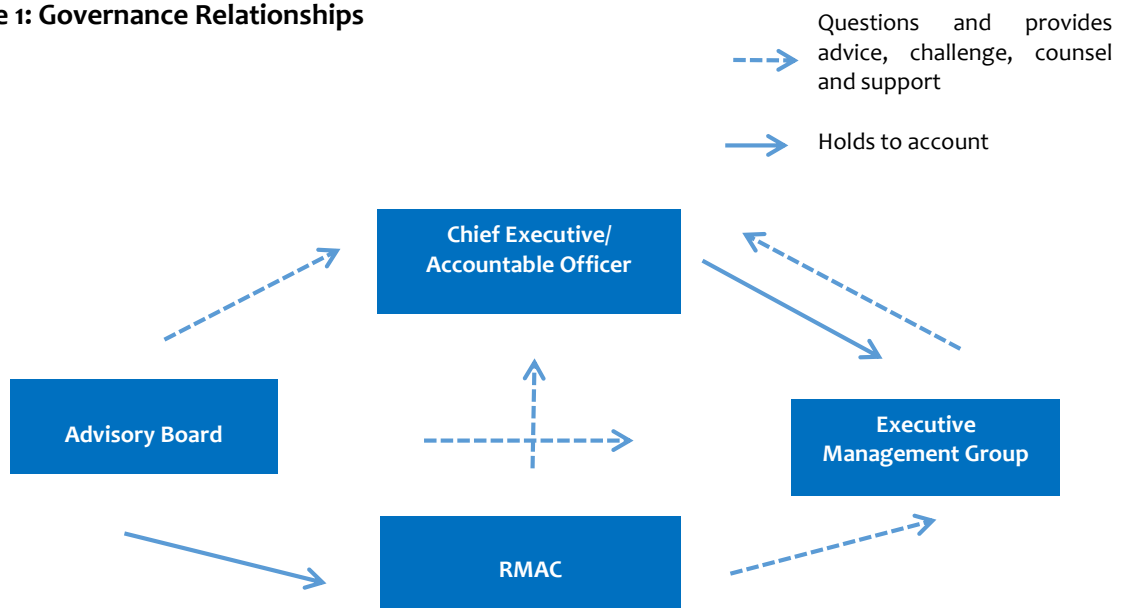
- A safe, challenging and well-informed forum to which the Chief Executive and senior staff can bring issues to help them reach informed, well-considered, well-rounded and defensible conclusions.
- An independent perspective on issues of strategy, performance and resources.
- Advice, challenge, counsel, question and support.

Non-Executive Directors encourage executive staff to consider the underlying reasoning, motivations, information, logic and principles underpinning their proposals and so assist in the robustness and transparency of decision-making.

2.4 Governance Groups

SPS is governed by a number of boards, groups and committees. Figure 1 below sets out the normal principal relationships - who provides advice to whom and who holds who to account.

Figure 1: Governance Relationships



3. Advisory Board

3.1 Role

The role of the Advisory Board is to undertake a supportive, advisory, questioning and enabling function. It supports the Chief Executive in the discharge of his or her role by providing a safe, challenging forum to bring issues to a well-informed group of Executive and Non-Executive Directors to help him or her reach defensible and well-informed decisions. The Advisory Board and Executive Management Group have no role in holding the Chief Executive to account for the Agency's performance and cannot issue directions to him or her.

3.2 Membership

- Chief Executive
- 3 Executive Directors
- 4 Non-Executive Directors
- Chair of the Risk Monitoring and Audit Committee¹ (in attendance)
- Head of Corporate Affairs (in attendance)
- Head of Financial Policy and Services (in attendance)
- Head of Legal Services and Executive Support (in attendance)
- Executive Personal Assistant (in attendance)

Other SPS staff or Scottish Government officials may be invited to assist with discussions on any particular matter.

3.3 Remit

The full remit of the Advisory Board is contained within the Terms of Reference and includes:

- Assisting SPS to deliver its functions in accordance with Scottish Ministers' policies and priorities.
- Contributing to the strategic leadership and strategy development of SPS, including the establishment of ambitious outcome focussed targets.
- Scrutinising and monitoring business and financial performance.
- Providing assurance on the reliability and integrity of the SPS risk framework.

3.4 Chair

The role of chairing the Advisory Board may not always fall to the Chief Executive. It may be appropriate in some circumstances to have that role performed by a Non-Executive Director. The Chair has additional responsibilities over and above those of Advisory Board members, particularly in relation to leadership and the conduct of business. The role of the Chair is to lead the Advisory Board ensuring that it has the ability to carry out functions effectively and in accordance with the Principles of Public Life.

¹ Audit Scotland's Review of SPS Governance Arrangements (February 2015) recommended that the RMAC should be chaired by a Non-Executive Director. SPS made Non-Executive Director appointments in 2015 as such there will be a period of transition to enable SPS to implement this recommendation. During this period, the current RMAC Chair will attend Advisory Board Meetings.

3.5 Meetings

The Advisory Board will meet at least 4 times per year, although the Chair, in discussion with the Chief Executive, may convene additional meetings as deemed necessary.

3.6 Sharing of Information

The minutes of the Advisory Board will be published on SPS' website.

3.7 Terms of Reference

The full Terms of Reference for the Advisory Board are set out in Annex A.

4. Risk Monitoring and Audit Committee

4.1 Role

The role of the Risk Monitoring and Audit Committee (RMAC) is to act as an independent scrutiny body, without executive powers, advising the Agency Accountable Officer (Chief Executive) and to support the Advisory Board in their responsibilities for issues of risk, control and governance and associated assurance through a process of constructive challenge.

4.2 Membership

Members of the RMAC are appointed by the Agency Accountable Officer in consultation with the RMAC Chair and may include both Independent RMAC members and Advisory Board Non-Executive Directors.

4.3 Remit

The full remit of the RMAC is contained within the Terms of Reference and includes:

- Considering and commenting on the suitability of audit plans and associated processes in relation to the published Risk Register of the organisation and considering and commenting on the resources allocated to the execution of these plans.
- Commissioning, receiving and reviewing regular internal performance reports, including the Annual Statement of Corporate Governance.
- Receiving and reviewing SPS' Annual Report and Accounts.

4.4 Meetings

The RMAC will meet at least five times per year although the Chair may convene additional meetings as deemed necessary. The Advisory Board or Accountable Officer may ask the RMAC to convene further meetings outwith the regular meeting cycle.

4.5 Sharing of Information

Please refer to the Terms of Reference for the RMAC.

4.6 Terms of Reference

The full Terms of Reference for the RMAC are set out in Annex B.

5. Executive Management Group

5.1 Role

The Executive Management Group gives collective consideration and leadership to the business of SPS, taking decisions and advising the Advisory Board and/or the Chief Executive as required.

5.2 Membership

- Chief Executive (Chair)
- 3 Executive Directors
- Head of Corporate Affairs
- Head of Financial Policy and Services
- Head of Legal Services and Executive Support

5.3 Remit

The full remit of the Executive Management Group is contained within the Terms of Reference and includes:

- Ensuring the delivery of SPS' functions in accordance with Ministers' policies and priorities.
- Developing the strategic direction of SPS and ensure delivery of its business and financial performance, including the achievement of the strategic objectives, priorities and targets agreed by the Advisory Board.

- Ensuring that SPS identifies, manages and monitors the main risks to the delivery of its business and that adequate assurance is provided to the Advisory Board and RMAC.
- Supporting the Advisory Board in the delivery of its remit through the provision of advice and information that enables debate and challenge.

5.4 Meetings

The Executive Management Group will meet at least once a month. The Chair may convene additional meetings as deemed necessary.

5.5 Sharing of Information

The Head of Corporate Affairs will publish an update following Executive Management Group Meetings on the Chief Executive's blog.

5.6 Terms of Reference

The full Terms of Reference for the Executive Management Group are set out in Annex C.

ADVISORY BOARD TERMS OF REFERENCE

Purpose

In line with the requirements of SPS' Framework Document, the Advisory Board exists to provide the Chief Executive and senior management team with support, advice and challenge. The SPS Advisory Board should take into account any relevant guidance issued by Scottish Ministers and ensure that SPS strategies and plans are aligned with the National Performance Framework.

The Advisory Board has, as a sub-committee, a Risk Monitoring and Audit Committee (RMAC) which also exists to support the Chief Executive as Accountable Officer in relation to issues of risk, control and governance and associated assurance.

The Chief Executive is accountable to the Scottish Ministers for the overall quality of SPS' work, including the quality of professional advice provided; for the day-to-day management of the Agency and for planning its future development. The Advisory Board's role is to support the Chief Executive in his duties by providing challenge and thereby helping to test the quality of this assurance.

The Advisory Board is a key part of the overall governance structure of the Agency as outlined in the SPS Corporate Governance Guide document.

Remit

The remit of the Advisory Board is to provide support, advice and challenge on:

1. The organisation's strategic aims, objectives and targets, including those relating to the needs of the prison population, and any steps required to deal with changes which are likely to impact on the strategic aims and objectives of the body or on the attainability of its targets.
2. The corporate and annual business plans and budgets.
3. The Annual Report and Accounts.

4. The efficient, economic and effective use of staff and other resources consistent with the principles of Best Value, including, where appropriate, participation in shared services arrangements.
5. The effectiveness of the arrangements that provide assurance on risk management, governance and internal control.
6. Scrutiny of the performance and financial information concerning the management and performance of SPS, including its strategic priorities being informed in a timely manner about any concerns regarding the activities of SPS.
7. Strategic corporate policies (HR, Health and Safety, Equalities etc).
8. Adherence to strict standards of financial propriety and compliance with financial requirements contained in the Framework Document and the Scottish Public Finance Manual.
9. Encouraging high standards of corporate governance at all times, including openness and transparency in decision-making in SPS.
10. Ensuring systems are in place to enable early notification to be provided to the Scottish Government about emerging issues which will impact on the operation or reputation of the SPS.

The Advisory Board should take into account any relevant guidance issued by Scottish Ministers and ensure that SPS strategies and plans are aligned with the National Performance Framework.

Membership

Membership of the Advisory Board will comprise:

- Chief Executive
- 3 Executive Directors
- 4 Non-Executive Directors
- Chair of the Risk Monitoring and Audit Committee² (in attendance)
- Head of Corporate Affairs (in attendance)
- Head of Financial Policy and Services (in attendance)
- Head of Legal Services and Executive Support (in attendance)
- Executive Personal Assistant (in attendance)

² Audit Scotland's Review of SPS Governance Arrangements (February 2015) recommended that the RMAC should be chaired by a Non-Executive Director. SPS made Non-Executive Director appointments in 2015 as such there will be a period of transition to enable SPS to implement this recommendation. During this period, the current RMAC Chair will attend Advisory Board Meetings.

Non-Executive Directors will be appointed for a term of 3 years, which can be extended for a further term of up to 3 years. The current Chair and Non-Executive members of the Advisory Board are as follows:

Name	Date of Appointment	Cessation of Appointment
Hugh Monro (Chair)	16.01.15 Appointed as Chair 01.06.16	16.01.18
Zoe van Zwanenberg (NED)	01.06.09	30.11.17
Alex McMillan (NED)	25.03.15	25.03.18
Susan Browell	21.01.15	21.01.18

SPS supports the Scottish Government belief that everyone has a right to equality of opportunity and should be able to fulfil his or her potential free from the barriers that limit aspiration. Accessibility to public appointments is a fundamental requirement and the public appointments process promotes, demonstrates and upholds equality of opportunity for all applicants.

Other SPS staff or Scottish Government officials may be invited to attend to assist with discussions on any particular matter.

The Director General (Learning and Justice) will be invited to attend a meeting of the Advisory Board on an annual basis.

Chair

The role of chairing the Advisory Board may not always fall to the Chief Executive. Adopting such an approach not only constitutes good governance, but it also affords the Chief Executive an opportunity to fully participate in Advisory Board meetings without the responsibilities associated with chairing proceedings. It may be appropriate in some circumstances to have that role performed by a Non-Executive Director.

The Chair has additional responsibilities over and above those of Advisory Board members, particularly in relation to leadership and the conduct of business. The role of the Chair is to lead the Advisory Board ensuring that it has the ability to carry out functions effectively and in accordance with the Principles of Public Life. The Chair will support the Chief Executive in ensuring that all Advisory Board members receive necessary induction, on-going training and development.

Meetings

The Advisory Board will meet at least 4 times a year. The Chair, in discussion with the Chief Executive, may convene additional meetings as deemed necessary.

A minimum of half of the Advisory Board members, including half of the Non-Executive Directors, must be present for a meeting to be quorate. In the absence of the Chair, one of the Executive Directors will assume that role for the duration of the meeting. The Chair will note details of any member who fails to attend 2 consecutive meetings.

Secretariat for the Advisory Board will be provided by the Office of the Chief Executive. Papers for meetings should be circulated to members at least one week prior to the meeting date. All papers submitted for consideration by the Advisory Board will follow a set format and will be marked with the appropriate confidentiality restrictions.

An Advisory Board annual business calendar is set out below. It suggests points for consideration by the Advisory Board for each meeting. The calendar is neither exhaustive nor restrictive, it acts as a prompt.

Performance Review

The Chair will conduct an annual review of the performance of the Advisory Board. In addition, the Chair will support the Chief Executive in ensuring that that Non-Executive Directors receive annual appraisal and feedback on their contribution. Executive Directors' performance as Advisory Board members will be assessed as part of their ongoing performance appraisal with the Chief Executive.

Sharing of Information

Minutes of the Advisory Board will be published on SPS' website.

Review

The Terms of Reference of the Advisory Board will be reviewed annually.

SPS Advisory Board Annual Business Calendar³

Agenda Item	April No Meeting	May	June No Meeting	July	August No Meeting	September	October No Meeting	November	December No Meeting	January	February No Meeting	March
Budget Setting												X
Financial Update/Budget Monitoring		X		X		X		X		X		X
Annual Delivery Plan (Setting Annual Objectives)										X		
Performance Monitoring		X		X				X				X
Annual Report and Accounts				X								
Governance Statement				X								
Risk Register/Appetite						X						X
RMAC Chair Annual Report		X										
RMAC Update Report								X				
Annual Audit and Assurance Plan												X
Private Sector Contract Reports		X						X				
Staff Survey Results										X		
Prisoner Survey Results										X		
Healthcare of Prisoners						X						
People Metrics		X				X				X		
Change Portfolio		X						X				
Annual Board Self Appraisal						X						

³ This is an indicative calendar. The live calendar is available on the Advisory Board SharePoint site.

RISK MONITORING AND AUDIT COMMITTEE TERMS OF REFERENCE

Role of the Risk Monitoring and Audit Committee

1. The role of the Risk Monitoring and Audit Committee (RMAC) is to act as an independent scrutiny body, without executive powers, advising the Agency Accountable Officer (Chief Executive) and to support the Advisory Board in their responsibilities for issues of risk, control and governance and associated assurance through a process of constructive challenge.
2. In carrying out its role, the RMAC will consider and comment on the suitability of audit plans and associated processes in relation to the published Risk Register of the organisation, consider and comment on the resources allocated to the execution of that plan, including the skills and competences of the audit team.
3. In order to carry out its role effectively, the RMAC will commission, receive and review regular internal performance reports, including the Annual Statement of Corporate Governance. The RMAC will receive and review SPS' Annual Report and Accounts.

Authority

4. The Accountable Officer has the authority to appoint and remove the Chair of the RMAC.
5. The Chair of the RMAC may if he/she deems it appropriate, appoint a deputy to act in his or her absence.
6. The Accountable Officer will, in discussion with the Chair, make arrangements to provide suitable administrative support through the Offices of the Chief Executive for the RMAC.
7. The RMAC, through the Chair, will review all aspects of SPS' performance that fall within these Terms of Reference, as set out in paragraphs 1-3 above and may, having secured the agreement of the Accountable Officer for the required budget, seek to obtain legal or other professional advice in connection with the furtherance of its role.

Membership and Attendees

8. Members of the RMAC are appointed by the Agency Accountable Officer in consultation with the RMAC Chair and may include both Independent RMAC members and SPS Board Non-Executive Directors. Current Chair and Members of RMAC are:

Name	Date of Appointment	Cessation of Appointment
John Graham (Chair)	12.03.14	11.03.17
Zoe van Zwanenberg (NED)	01.06.09	30.11.17
Alex McMillan (NED)	25.03.15	25.03.18
Gavin Scott (Independent)	21.01.15	21.01.18

9. The Agency Accountable Officer, along with members of the Executive Management Group, may attend RMAC meetings, but are not members of the Committee. Attendance should normally be dictated by the subject matters under consideration and review.
10. The SPS Head of Audit and Assurance will, at the discretion of the RMAC Chair, be invited to attend meetings, as will representatives of the SPS external auditors. The representative for external auditors should, in normal circumstances, be the relevant Assistant Director with responsibility for overseeing the audit performance of SPS, as appointed by the Auditor General for Scotland.
11. The composition of the RMAC membership will be reviewed at least annually by the Agency Accountable Officer, in consultation with the Chair.
12. Members of the RMAC should undergo formal induction training in the role and responsibilities of the RMAC members.
13. Duration of individual membership of the RMAC will be at the discretion of the Agency Accountable Officer, but normally for a period of 3 years.
14. Conflict of Interest Declarations will be required from members prior to appointment and at the start of all formal business thereafter.

Meetings

15. A quorum shall consist of 3 RMAC members, one of whom must be the appointed Chair or nominated deputy.
16. The Committee will meet at least 5 times each year (normally September, November, February, May and June). Depending on need, the Chair may convene additional meetings as necessary.
17. Papers for Committee meetings will be circulated to members one calendar week prior to the meeting date.
18. All RMAC meetings will be minuted with a 'draft for comment' to be circulated to members for review within 2 calendar weeks from the date of the meeting. RMAC members should make every endeavour to respond to the 'draft for comment' within one calendar week; a 'draft for clearance' thereafter to be produced within one calendar week and submitted to the Chair. Once cleared by the Chair, the final minute to be published within 3 working days.
19. The Audit Committee may ask any or all of those who normally attend but are not members, to withdraw to facilitate frank and open discussions on any particular matter.
20. The Advisory Board or Accountable Officer may ask the RMAC to convene further meetings out with the regular cycle.
21. The Head of Internal Audit and representative of external audit will have free and confidential access to the Chair.

Access

22. It is expected that the RMAC Chair will meet on a regular basis with the external audit engagement lead and similarly, with the SPS Agency Accountable Officer and Head of Audit and Assurance. If the Committee judges it necessary, the Chair should have the opportunity to make an oral report to the Advisory Board and to submit a report to the Learning and Justice Audit Committee.

Reporting

23. The Chair of the RMAC will provide regular (after each meeting), update reports to the SPS Advisory Board.

24. The Chair of the RMAC will provide the Agency Accountable Officer and the Advisory Board with an Annual Report, summarising his/her observations and conclusions from the totality of the work undertaken by the RMAC during the period. The report will be timed to support the compilation and finalisation of the SPS Annual Report and Accounts and the associated Corporate Governance Statement. This report should be copied to the members of the Advisory Board and the Chair of the Learning and Justice Committee with a copy being sent in advance of this action, to the Director General (Learning and Justice).

Responsibilities

25. The Committee will advise the Advisory Board on:

- The effectiveness of the strategic processes for risk, control and governance, and the Governance Statement.
- The effectiveness of the control environment.
- The planned activity and results of both internal and external audit.
- The adequacy of management response to issues identified by audit activity including external audit's management letter.
- Assurances relating to the corporate governance requirements for the organisation and any aspects of corporate governance which are not compliant or effective.
- Anti-fraud policies, whistleblowing processes and arrangements for special investigations.
- The appropriateness of the accounting policies and the processes to review the accounts prior to submission for audit.
- The Annual Report and Accounts of SPS and the management letter from the external auditors.
- The Chair of the RMAC will also arrange for a review, at least annually, of the RMAC's effectiveness and report the results of that review to the SPS Advisory Board.

Information Requirements

26. The Risk Monitoring and Audit Committee will be provided with:

- Minutes of the previous meeting (at every meeting).
- A report summarising any significant changes to the organisation's Corporate Risk Register and progress in managing major risks; (at every meeting).
- At certain pre-determined meetings, a report from the Head of Audit and Assurance summarising the work performed, key issues emerging from internal audit work, management response to audit recommendations, any resource issues affecting the delivery of internal audit objectives and any major changes to the agreed Annual Audit Plan (twice yearly).
- A progress report on the Action Log (at every meeting).
- A progress report from the external audit representative, summarising work done and emerging findings.
- An annual update (June meeting) from the Fraud Response Group.
- An in-depth report on the plans for managing one of the key current risks (at every meeting).
- A report on recent developments in financial management.

27. As and when appropriate, the Committee will also be provided with:

- The Terms of Reference for Audit and Assurance.
- The Internal Audit Strategy.
- The Audit Needs Assessment.
- The Audit and Assurance 3 Year Strategy Plan.
- The draft Annual Audit and Assurance Plan.
- The Head of Audit and Assurance Annual Opinion and Report.
- The draft accounts of the organisation.
- Reports on Executive Directors' Statements of Assurance.

- Reports from external audit.
- The draft Governance Statement.
- Reports on any changes to accounting policies.
- Relevant reports on fraud or attempted fraud within the organisation.
- Annual Report on losses and special payments.
- Annual Reports on investigation into gross misconduct.
- Annual Report on the work of the Conduct Investigation Unit.
- Chair of RMAC - Draft Annual Report to the Board.
- Annual Report on SPS Performance Management.
- Annual Report on SPS Communications Strategy.
- Reports from management on responses to external audit recommendations.
- Reports on quality assurance of the Internal Audit function.
- Reports on cooperation between Internal and external audit.

Communications

28. SPS should take steps to ensure that Committee members, particularly those who are not members of the Advisory Board, can keep up to date with developments in the Agency's work and deepen their understanding of the context in which it is operating.

Committee Effectiveness

29. Annually, the Chair will arrange for members to assess their individual and collective performance against the relevant template set out in the Audit Committee Handbook and against the 4 agreed "Acid Tests". This performance review will be supported by SPS' Head of Audit and Assurance.

30. The Accountable Officer will annually conduct a performance review of all Non-Executive Directors and Independent Members of the RMAC.

Review

31. The Terms of Reference of the RMAC will be reviewed annually.

Date of Review: January 2016

To Follow

Appendix A: Suggested Core Annual Programme of Business for RMAC

Appendix B: Key Lines of Enquiry for RMAC

Appendix C: RMAC Competency Framework

SUGGESTED CORE ANNUAL PROGRAMME OF BUSINESS FOR RMAC

Additional Meeting (September)

- Annual Review of RMAC Effectiveness
- Annual Review of Appropriateness of "Acid Tests"
- Annual Review of RMAC Terms of Reference
- Annual Review of Skills Required by RMAC Members
- Review of Future Strategic Direction of RMAC

Autumn Meeting (November/December)

- Report on Executive Directors' Interim Statements of Assurance
- Review of SPS Budgetary Control Process for Coming Financial Year
- SPS Assurance Plan: Progress Report
- Update on External Audit Approach
- Review Progress and Performance of Risk Management
- "In-Depth " Review of One Corporate Risk

Winter Meeting (February/March)

- SPS Assurance Plan - Progress Report
- SPS Annual Assurance Plan for Coming Year
- External Audit annual Audit Plan
- Review Progress and Performance of Risk Management
- "In-Depth" Review of One Corporate Risk

Spring Meeting (May)

- Assurance Plan and Head of Audit Opinion to Accountable Officer
- Report on Executive Directors' Statements of Assurance
- Annual Review of SPS Performance Management Systems
- Annual Review of SPS Governance
- Draft Governance Statement
- Annual Report on Losses and Special Payments
- Review Progress and Performance Relating to Risk Management
- "In-Depth" Review of One Corporate Risk

Summer Meeting (June)

- Draft Annual Report and Accounts
- External Audit draft Annual Report to Board and ISA 260
- Annual Report CIU and Investigations into Gross Misconduct
- Annual Report Fraud Response Group
- RMAC Chair's Annual Report

- Annual Report on Information Security
- Review of Current Communications Strategy and Future Plans
- Review of Performance of External Auditors
- Annual report from Head of Financial Policy and Services

The Head of Financial Policy and Services will provide a Financial Update at every meeting.

KEY LINES OF ENQUIRY FOR THE RMAC

This list of questions is not intended to be exhaustive or restrictive but is intended as a prompt to help the RMAC ensure their work is comprehensive:

On the strategic process for risk, control and governance, how do we know:

- That the risk management culture is appropriate?
- That there is a comprehensive process for identifying and evaluating risk and for deciding what levels of risk are tolerable?
- That the Corporate Risk Register reflects the risks facing the organisation?
- That appropriate ownership of risk is in place?
- That management has an appropriate view of how effective internal control is?
- That risk management is carried out in a way that really benefits the business?
- That the business as a whole, and parts thereof, are aware of the importance of risk management and of the organisation's risk priorities?
- That the system of internal control will provide indicators of things going wrong?
- That the annual Governance Statement and Statements of Assurance is/are meaningful and what is the underpinning evidence?
- That the Governance Statement/Statements of Assurance appropriately disclose(s) action to deal with material problems?

On risk management processes, how do we know:

- How Executive Directors and senior management support and promote risk management?
- How well members of staff are equipped and supported to manage risk well?
- That there is a clear risk strategy and policies?
- That there are effective arrangements for managing risks with partners?
- That SPS processes incorporate effective risk management?

- If risks are handled well?
- If risk management contributes to achieving outcomes?

On the planned activity and results of both internal and external audit, how do we know:

- That the periodic Audit and Assurance work plan will achieve the objectives of the Internal Audit Strategy and in particular, is it adequate to facilitate a positive, reasonable assurance.
- The Internal Audit strategy is appropriate for delivery of a positive, reasonable assurance on the whole of risk, control and governance.
- That Audit and Assurance has appropriate resources, including skills, to deliver its objectives?
- That Audit and Assurance recommendations agreed by management are actually implemented?
- That any issues arising from line management not accepting Audit and Assurance recommendations are appropriately escalated for consideration?
- That the quality of Internal Audit work is adequate?
- That there is appropriate co-operation between Audit and Assurance and the External Auditor.

On the accounting policies and the Annual Report and Accounts of SPS, how do we know:

- That there is an appropriate anti-fraud policy in place and losses are suitably recorded?
- That suitable processes are in place to ensure accurate financial records are in place?
- That suitable processes are in place to ensure fraud is guarded against and regularity and propriety is achieved?
- That financial control, including the structure of delegations, enables the organisation to achieve its objectives with good value for money?
- If there are any issues likely to lead to qualification of the accounts?
- That issues raised by the external auditor / the Auditor General for Scotland are given appropriate attention?

- The accounting policies adopted are compliant with relevant requirements (FReM)?
- Proper procedures are in place to provide assurance due process is followed in preparation of the annual accounts, review of accounts and annual report?
- How the treatment of new or novel accounting issues have been handled?
- Appropriate action is taken if the accounts have been qualified?

On the adequacy of management response to issues identified by audit activity, how do we know:

- That the implementation of recommendations is monitored and followed up?
- That there are suitable resolution procedures in place for cases when management reject audit recommendations which the Auditor stands by as being important?

On assurances relating to the corporate governance requirements for the organisation, how do we know:

- That the range of assurances available is sufficient to facilitate the drafting of a meaningful Governance Statement?
- The Governance Statement realistically reflects the assurances on which it is premised.
- That those producing the assurance understand fully the scope of the assurance they are being asked to provide and the purpose to which it will be put?
- What mechanisms are in place to ensure that assurances are reliable?
- That assurances are "positively" stated (i.e. premised on sufficient relevant evidence to support them)?
- That the assurances draw appropriate attention to material weaknesses or losses which should be addressed?

On the work of the RMAC itself, how do we know:

- That we are being effective in achieving our Terms of Reference and adding value to corporate governance and control systems of the organisation?
- That we have the appropriate skills mix?

- That we have an appropriate level of understanding of the purpose and work of the organisation?
- That we have sufficient time to give proper consideration to our business?
- That our individual members are avoiding any conflicts of interest?
- What impact are we having on the organisation as a whole?

AUDIT COMMITTEE COMPETENCY FRAMEWORK

All Members of the Audit Committee should have, or acquire as soon as possible after appointment:

- Understanding of the mission/objectives of the organisation and current significant issues for the organisation.
- Understanding of the organisation's structure, including key relationships.
- Understanding of the organisation's culture.
- Understanding of the relevant legislation or other rules governing the organisation.
- Broad understanding of the governance environment.
- Understanding of the accountability structure and current major initiatives.

The Audit Committee should corporately possess:

- Knowledge, skills, experience in accounting, risk management, audit and technical or specialist issues pertinent to the organisation's business.
- Experience of managing similar sized organisations.
- Understanding of the wider relevant environments in which the organisation operates.
- An understanding of public sector finance.
- Capacity to absorb a fair degree of detail.
- Capacity to evaluate the audit process.

EXECUTIVE MANAGEMENT GROUP TERMS OF REFERENCE

Purpose

The Executive Management Group (EMG) is the corporate body responsible for giving collective consideration and leadership to the business of SPS, taking decisions and advising the Advisory Board and/or the Chief Executive as required. It focuses on those matters which require strategic collective oversight rather than matters that are decided by individual Executive Directors or are agreed on a one to one basis with the Chief Executive.

The EMG supports, and is accountable to, the Chief Executive in taking well-informed, evidence-based, decisions with regard to the setting of strategic direction, policies and organisational performance, including promoting and supporting a climate of ambition delivering added value across the strategic priorities.

The EMG is a key part of the overall governance structure of the Agency as outlined in the SPS Corporate Governance Guide document.

The Advisory Board will provide appropriate support and challenge to the EMG in reviewing the work and performance of SPS and planning for future development. The EMG in return will provide advice on the role and direction of the Agency to the Advisory Board.

Remit

The remit of the EMG is to consider:

1. Development of the organisation's strategic aims, objectives and targets, including those relating to the needs of the prison population, and any steps required to deal with changes which are likely to impact on the strategic aims and objectives of the body.
2. Development and review of the corporate and annual business plans and budgets.

3. Oversight of the production of the Annual Report and Accounts.
4. The efficient, economic and effective use of staff and other resources consistent with the principles of Best Value, including, where appropriate, participation in shared services arrangements.
5. The effectiveness of the arrangements that provide assurance on risk management, governance and internal control.
6. Delivery of the performance and financial aims, objectives and targets of SPS, ensuring the Advisory Board is notified in a timely manner of any issues that are likely to impede that delivery.
7. The development and application of strategic corporate policies (HR, Health and Safety, Equalities etc).
8. Adherence to strict standards of financial propriety and compliance with the Framework Document and the Scottish Public Finance Manual.
9. The application of high standards of corporate governance within SPS.
10. Early identification of emerging issues which may impact on the reputation or operation of SPS.

The EMG should take into account any relevant guidance issued by Scottish Government and ensure that SPS strategies and plans are aligned with the National Performance Framework.

Membership

Membership of the EMG will comprise:

- Chief Executive (Chair)
- 3 Executive Directors
- Head of Corporate Affairs
- Head of Financial Policy and Services
- Head of Legal Services and Executive Support

SPS values very highly the benefits of having different points of view and experiences on the EMG. Accordingly, the process for recruiting EMG members will promote demonstrate and uphold equality of opportunity for all applicants.

Chair

The EMG will be chaired by the Chief Executive. In the absence of the Chair, one of the Executive Directors will assume that role for the duration of the meeting.

Meetings

The EMG will meet at least once a month. The Chair may convene additional meetings as deemed necessary.

To ensure the meeting remains quorate, in the event of EMG members being unable to attend a meeting they should nominate a substitute to attend, having agreed the substitute with the Chief Executive in advance.

Secretariat for EMG will be provided by the Office of the Chief Executive. Papers and an agenda for meetings should be circulated to members at least one week prior to the meeting date. All papers submitted for consideration by the EMG will follow a set format and will be marked with the appropriate confidentiality restrictions. Progress on key issues raised at meetings will be monitored and recorded.

An EMG annual business calendar is set out below. It suggests points for consideration by the EMG for each meeting. The calendar is neither exhaustive nor restrictive, it acts as a prompt.

Sharing of Information

The Head of Corporate Affairs will publish an update following Executive Management Group Meetings on the Chief Executive's blog.

Review

The Terms of Reference of the EMG will be reviewed annually.

SPS Executive Management Group Annual Business Calendar⁴

Agenda Item	April	May	June	July	August	September	October	November	December	January	February	March
Action Log	X	X	X	X	X	X	X	X	X	x	X	X
Core Business												
Budget Setting											X	
Financial Planning/ Budget Monitoring				X				X				
Annual Delivery Plan (Setting Annual Objectives)									X			
Performance Monitoring		X	X				X	X			X	
Annual Report and Accounts			X									
Governance Statement			X									
Risk Register/Appetite	X			X			X			X		
Annual Audit and Assurance Plan											X	
Private Sector Contract Reports	X						X					
Staff Survey Results									X			
Prisoner Survey Results									X			
Healthcare of Prisoners					X							
People Metrics	X				X				X			
Change Portfolio	X						X					
Non-Core Business												
Operations												
Strategy and Innovation												
Corporate Services												
Office of the Chief Executive												
Any Other Business												

⁴ This is an indicative calendar. The live calendar is available on the Executive Management Group SharePoint site.