



# Code of Corporate Governance

Policy Author:	Corporate Services Manager
Policy Owner (for updates):	Corporate Services Manager
Engagement and Consultation Groups:	Audit and Risk Committee / Board members
<b>Approval Record</b>	<b>Date</b>
Audit and Risk Committee	5 March 2024
Board	25 April 2024 tbc
Equality and Diversity Rapid Impact Assessment	Not applicable
<b>Version Control</b>	
Version Number	17
Date of Original Document	February 2004
Last Change and Approval Date	
Last Review Date	
Next Formal Review Date	April 2024
<b>Location and Access to Documents</b>	
Location of master document	Corporate Services folder – G:Drive
Location of backup document	Meetings folder – G:Drive
Location of E&D assessment	n/a
Access to document for staff	Blog and website
Access to document for public	website
<b>Post holder(s) names at last review</b>	
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Version 1.1

# CONTENTS PAGE

	<b>Page</b>
<b>Introduction</b>	<b>4</b>
<b>Section How business is organised</b>	
<b>A</b> This section explains how the business of Orkney NHS Board and its Committees is organised	<b>14</b>
<b>Section Members' Code of Conduct</b>	
<b>B</b> This section is for Members of Orkney NHS Board and its Committees and details how they should conduct themselves in undertaking their duties	<b>63</b>
<b>Section Standard of Business Conduct for NHS staff</b>	
<b>C</b> This section is for all staff to ensure they are aware of their duties in situations where there may be conflict between their private interests and their NHS duties	<b>84</b>
<b>Section The Fraud Standards</b>	
<b>D</b> This section explains how staff must deal with suspected fraud, theft, and corruption (including bribery) and Orkney NHS Board's response to a reported suspicion of fraud/theft and corruption	<b>99</b>
<b>Section Reservation of Powers and Delegation of Authority</b>	
<b>E</b> This section gives details and levels of delegation across all areas of our business	<b>119</b>
<b>Section Standing Financial Instructions</b>	
<b>F</b> This section explains how staff will control the financial affairs of NHS Orkney and ensure proper standards of financial conduct	<b>132</b>
<b>Annex 1</b> Sponsorship Policy	<b>199</b>
<b>Annex 2</b> Scheme of Delegated Finance Authority	<b>201</b>

# Introduction

Version 1.1

## 1 Code of Corporate Governance

The Code of Corporate Governance includes the following sections:

<b>Section A</b>	How Business is Organised
<b>Section B</b>	Members' Code of Conduct
<b>Section C</b>	Standards of Business Conduct for NHS staff
<b>Section D</b>	Fraud Standards
<b>Section E</b>	Reservation of Powers and Delegation of Authority
<b>Section F</b>	Standing Financial Instructions

It uses best practice in Corporate Governance, and guidance issued by the Scottish Government Health and Social Care Directorates and others.

The Board reviews and approves the Code of Corporate Governance each year. Sections A to E are Orkney NHS Board's Standing Orders. The Standing Orders are made in accordance with the The Health Boards (Membership and Procedure) (Scotland) Regulations 2001 (2001 No. 302), as amended up to and including The Health Boards (Membership and Procedure) (Scotland) Amendment Regulations 2016 (2016 No. 3).

Statutory provision, legal requirement, regulation, or direction by Scottish Ministers take precedence over the Code of Corporate Governance if there is any conflict.

## 2 Orkney NHS Board

Orkney NHS Board, 'The Board', means Orkney Health Board which is the legal name. It is a strategic body, accountable to the Scottish Government Health and Social Care Directorates and to Scottish Ministers for the functions and performance of NHS Orkney. It consists of the Chair, Non-Executive and Executive Members appointed by the Scottish Ministers to constitute Orkney Health Board under the terms of the National Health Services (Scotland) Act 1978 as amended.

The Board will not concern itself with day-to-day operational matters, except where they have an impact on the overall performance of the system.

The Board consists of the Chair, Non-Executive and Executive Members appointed by Scottish Ministers to constitute Orkney Health Board. (National Health Services (Scotland) Act 1978, as amended).

Remuneration will be paid as determined by Scottish Ministers to the Chair and other Non-Executive Board Members. Any member of the Board may, on reasonable cause shown, be suspended, or removed, or disqualified from membership of the Board in accordance with the Regulations identified in Section 1 above.

A member of the Board may resign office at any time by giving notice in writing to Scottish Ministers to that effect.

## 2.1 Overall Purpose

The Overall purpose of Orkney NHS Board is to ensure the efficient, effective and accountable governance of the NHS Orkney system, and to provide strategic leadership and direction for the system as a whole

## 2.2 Priority Areas

Our priority areas as defined in the NHS Orkney Plan on a Page are:

- Workforce
- Culture
- Quality and Safety
- Systems and Governance
- Sustainability

Each priority is underpinned by a set of actions at an organisational level which can be accessed at <https://www.ohb.scot.nhs.uk/plan-page>

## 2.3 Function

The Second edition of the NHS Scotland Blueprint for Good Governance (issued through [DL 2022 38](#) ) describes the functions of the Board as:

- Setting the direction, including clarifying priorities and defining change and transformational expectations.
- Holding the Executive Leadership Team to account by seeking assurance that the organisation is being effectively managed and change is being successfully delivered.
- Managing risks to the quality, delivery and sustainability of services.
- Engaging with key stakeholders, as and when appropriate
- Influencing the Board's and the wider organisational culture.

## 2.4 Members of Orkney NHS Board

There are 10 Non-Executive Members, which include the Chair of the Board and 3 stakeholder members representing the following:

- Area Clinical Forum
- Orkney Island Council
- Staff Side Employee Director

There are 5 Executive Members:

- Chief Executive
- Director of Nursing, Midwifery, Allied Health Professionals and Chief Officer Acute
- Director of Finance

- Director of Public Health
- Medical Director

In total, there are 15 members of Orkney NHS Board.

In attendance there will also be:

- Director of People and Culture
- Chief Officer, Integration Joint Board
- Corporate Governance Lead

## **2.5 Cooption/Attendance of Non-Board Members at Meetings of the Board**

The Board shall extend invitations to non-Board Members to participate in specific agenda items (with no voting rights) and to strengthen its governance arrangements regarding joint working.

## **2.6 Responsibilities of Members of the Board**

Membership of Orkney NHS Board carries with it a collective responsibility for the discharge of the functions in section 2.3.

All members are expected to bring an impartial judgement to bear on issues of strategy, performance management, key appointments, and accountability, upwards to Scottish Ministers and outwards to the local community.

The Orkney NHS Board is a strategic body, accountable to the Scottish Government Health and Social Care Directorates and to Scottish Ministers for the designated functions of the NHS Board and performance of the NHS Orkney system. All members of Orkney NHS Board share collective responsibility for the overall performance of the NHS Orkney system.

## **2.7 Corporate Governance**

Corporate Governance is the term used to describe our overall control system. It details how we direct and control our functions and how we relate to our communities. It covers the following dimensions:

- Community focus
- Health protection and improvement
- Service delivery arrangements
- Structures and processes
- Risk management and internal control; and
- Standards of conduct

Orkney NHS Board is responsible for:

- Giving leadership and strategic direction
- Putting in place controls to safeguard public resources

- Supervising the overall management of its activities; and
- Reporting on management and performance

The Senior Management Team is responsible for the operational delivery of services supporting health protection and improvement.

## **2.8 Conduct, Accountability, and Openness**

Members of Orkney NHS Board (Executive and Non-Executive) are required to comply with the Members' Code of Conduct and the Standards of Business Conduct for NHS staff.

Board Members and staff are expected to promote and support the principles in the Members' Code of Conduct and to promote by their personal conduct the key principles of:

- Leadership
- Duty
- Selflessness
- Integrity
- Objectivity
- Openness
- Accountability and stewardship
- Honesty
- Respect

## **2.9 Understanding our responsibilities arising from the Code of Corporate Governance**

It is the duty of the Chair and the Chief Executive to ensure that Board Members and staff understand their responsibilities. Board Members and Managers shall receive copies of the Code of Corporate Governance and the Corporate Services Manager will maintain a list of managers to whom the Code of Corporate Governance has been issued. Managers are responsible for ensuring their staff understand their own responsibilities.

The Code of Corporate Governance will also be published on the Board's website and intranet.

## **2.10 Orkney Health Board Endowment Fund**

The principles of this Code of Corporate Governance apply equally to Members of Orkney NHS Board who have distinct legal responsibilities as Corporate Trustees of the Endowment Fund.

## **2.11 Advisory and Other Committees**

The principles of this Code of Corporate Governance apply equally to all of NHS Orkney's Advisory Committee and all Committees and groups which report directly to an Orkney NHS Board Committee.



## 2.12 Review

The Board will keep the Code of Corporate Governance under review and undertake a comprehensive review at least every two years. The Board may, on its own or if directed by the Scottish Ministers, vary and revoke Standing Orders for the regulation of the procedure and business of the Board and of any Committee. The Audit and Risk Committee is responsible for advising the Board on these matters.

## 2.13 Feedback

NHS Orkney wishes to improve continuously and reviews the Code of Corporate Governance regularly. To ensure that this Code remains relevant, we would be happy to hear from you with regard to new operational procedures, changes to legislation, confusion regarding the interpretation of statements or any other matter concerning the Code. Comments and suggestions for improvement are welcomed and should be sent to:

Corporate Services Manager (01856)888910  
 NHS Orkney  
 The Balfour [Emma.west@nhs.scot](mailto:Emma.west@nhs.scot)  
 Foreland Road  
 Kirkwall  
 KW15 1NZ

## 2.14 Definitions

Any expression to which a meaning is given in the Health Service Acts, or in the Regulations or Orders made under the Acts, shall have the same meaning in this interpretation and in addition:

Definition	Meaning
<b>The Accountable Officer</b>	<p>Is the Chief Executive of NHS Orkney, who is personally answerable to the Scottish Parliament (in accordance with section 15 of the Public Finance and Accountability (Scotland) Act 2000, Annex 2: Memorandum to Accountable Officers for other Public Bodies) for the propriety and regularity of the public finances for NHS Orkney, ensuring they are used economical, efficiently and effectively.</p> <p>The Chief Executive of NHS Orkney is also accountable to the Board for clinical, staff and financial governance, including controls assurance and risk management.</p> <p>This is a legal appointment made by the Principal Accountable Officer of the Scottish Government.</p>

<b>Definition</b>	<b>Meaning</b>
<b>The Act</b>	The National Health Service (Scotland) Act 1978, as amended
<b>The 1960 Act</b>	The Public Bodies (Admission to Meetings) Act 1960, as amended
<b>The 2016 Regulations</b>	The Health Boards (Membership and Procedure) (Scotland) Amendment Regulations 2016
<b>Board Executive Member</b>	<p>Or 'Executive' means the Chief Executive, the Director of Finance, the Director of Nursing, Midwifery, Allied Health Professionals and Acute, the Director of Public Health, and the Medical Director.</p> <p>All other Members are Non-Executive Members</p>
<b>Budget</b>	Means Money proposed by the Board for the purpose of carrying out, for a specific period, any, or all of the functions of the Board
<b>Chair</b>	<p>The person appointed by the Scottish Ministers to lead the Board and to ensure that it successfully discharges its overall responsibility for the Board as a whole. The expression "the Chair of the Board" is deemed to include the Vice-Chair of the Board if the Chair is absent from the meeting or is otherwise unavailable.</p> <p>The Chair of a Committee is responsible for fulfilling the duties of a Chair in relation to that Committee only</p>
<b>Chief Executive</b>	Means the Chief Officer of Orkney NHS Board
<b>Committee</b>	Means a Committee established by the Board, and includes 'Sub-Committee'
<b>Committee Members</b>	Are people formally appointed or co-opted by the Board to sit on or to chair specific committees. All references to members of a committee are as 'committee member' and when the reference is to a member of the Board it is 'Board Member'
<b>Contract</b>	Includes any arrangement including an NHS contract
<b>Co-opted Member</b>	Is an individual, not being a Member of the Board, who is invited to attend Board meetings or appointed to serve on a committee of the Board
<b>Corporate Services Manager</b>	A senior administrative officer in a public organisation with a role like that of Company Secretary, who is responsible for ensuring procedures are followed in accordance with good governance

Definition	Meaning
<b>Director of Nursing and Acute</b>	Means the Director of Nursing, Midwifery, Allied Health Professionals and Acute
<b>Director of Finance</b>	The Chief Finance Officer of the Board
<b>Directors</b>	Means all direct reports to the Chief Executive
<b>Meeting</b>	Means a meeting of the Board or of any Committee
<b>Member</b>	A person appointed as a Member of the Board by Scottish Ministers, and who is not disqualified from membership. This definition includes the Chair and other Executive and Non-Executive Members. (Health Boards (Membership and Procedure) (Scotland) Amendment Regulations 2016)
<b>Motion</b>	Means a proposal
<b>Nominated Officer</b>	Means an officer charged with the responsibility for discharging specific tasks within the Code of Corporate Governance
<b>Non-Executive Member</b>	Any Member appointed to the Board in terms of the Health Boards (Membership and Procedure) (Scotland) Amendment Regulations 2016 and who is not listed under the definition of Executive Member above
<b>Responsible Officer</b>	Subject to the below regulations, every designated body must nominate or appoint a responsible officer  <a href="http://legislation.gov.uk">The Medical Profession (Responsible Officers) Regulations 2010 (legislation.gov.uk)</a>
<b>Officer</b>	An employee of NHS Orkney
<b>SFIs</b>	Standing Financial Instructions
<b>SOs</b>	Standing Orders
<b>The Code</b>	Code of Corporate Governance
<b>Vice-Chair</b>	The Non-Executive Member appointed by the Board to take on the Chair's duties if the Chair is absent for any reason
<b>Working day</b>	Any day between Monday and Friday inclusive, but not including, public holidays

## 2.15 The Seven Principles of Public Life

The Seven Principles of Public Life (also known as the Nolan Principles) apply to anyone who works as a public officeholder. All public officeholders are both servants of the public and stewards of public resources. You have a duty to uphold the law and act in accordance with the law and public trust placed in you.

[The Seven Principles of Public Life - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

- 1 Selflessness**  
Holders of public office should act solely in terms of the public interest
- 2 Integrity**  
Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships
- 3 Objectivity**  
Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias
- 4 Accountability**  
Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this
- 5 Openness**  
Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing
- 6 Honesty**  
Holders of public office should be truthful
- 7 Leadership**  
Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the

principles and be willing to challenge poor behaviour wherever it occurs

Version 17

SECTION

**A**

**How Business is  
Organised**

This section is for Members of Orkney NHS Board and details how they should conduct themselves in undertaking their duties.

# 1 How Board and Committee Meetings must be Organised

This section regulates how the meetings and proceedings of the Board and its Committees will be conducted and are referred to as 'Standing Orders'.

These Standing Orders for regulation of the conduct and proceedings of Orkney NHS Board, the common name for Orkney Health Board, and its Committees are made under the terms of The Health Boards (Membership and Procedure) (Scotland) Regulations 2001 (2001 No. 302), as amended up to and including The Health Boards (Membership and Procedure) (Scotland) Amendment Regulations 2016 (2016 No. 3).

## 1 Calling and Notice of Meetings

- 1.1 The Chair may call a meeting of the Board at any time and the Chair of a Committee may call a meeting of that Committee at any time or when required to do so by the Board.
- 1.2 Ordinary meetings of the Board or Committees shall be held in accordance with the timetable approved by the Board. The Board shall meet at least six times in the year and will annually approve a forward schedule of meeting dates
- 1.3 Meetings of the Board and its Committees may be conducted in any way in which each member is enabled to participate such as video conferencing, teleconferencing and hybrid meeting arrangements.
- 1.4 A Board meeting may be called if one third of the whole number of members signs a requisition for that purpose. The requisition must specify the business proposed to be transacted. The Chair is required to call a meeting within 7 days of receiving the requisition. If the Chair does not do so, or simply refuses to call a meeting, those members who presented the requisition may call a meeting by signing an instruction to approve the notice calling the meeting provided that no business shall be transacted at the meeting other than that specified in the requisition
- 1.5 Before each meeting of the Board, a notice of the meeting (in the form of an agenda), specifying the time, place and business proposed to be transacted at it and approved by the Chair, or by a member authorised by the Chair to approve on that person's behalf, shall be circulated to every member so as to be available to them at least three clear days before the meeting. The notice shall be distributed along with any papers for the meeting that are available at that point

- 1.6 Notification of the time and place of Board meetings shall be placed on [NHS Orkney's website](#),
- 1.7 Lack of service of the notice on any Member shall not affect the validity of a meeting.
- 1.8 Special meetings of Committees shall be held on the dates and times that the Chairs of those Committees determine.
- 1.9 It is within the discretion of the Chair of any Committee to cancel, advance or postpone an ordinary meeting if there is a good reason for doing so.
- 1.10 Four or more members of any Committee may, by notice in writing, request a special meeting to be called to consider the business specified in the notice. Such a meeting shall be held within fourteen days of receipt of the notice by the Corporate Services Manager or Lead Officer.
- 1.11 In the case of the Audit and Risk Committee a special meeting may be called by the Audit and Risk Committee Chair, the Chief Executive, and the Director of Finance.

## **2 Appointment of Chair of Orkney NHS Board**

- 2.1 The Scottish Ministers shall appoint the Chair of the Board.

The Scottish Ministers shall also appoint the members of the Board. The Scottish Ministers shall also attend to any issues relating to the resignation and removal, suspension and disqualification of members in line with the above regulations. Any member of the Board may on reasonable cause shown be suspended from the Board or disqualified for taking part in any business of the Board in specified circumstances.

## **3 Appointment of Vice-Chair of Orkney NHS Board**

- 3.1 The Chair shall nominate a candidate or candidates for vice-chair to the Cabinet Secretary. The candidate(s) must be a non-executive member of the Board. A member who is an employee of a Board is disqualified from being Vice-Chair. The Cabinet Secretary will in turn determine who to appoint based on evidence of effective performance and evidence that the member has the skills, knowledge and experience needed for the position. Following the decision, the Board shall appoint the member as Vice-Chair. Any person so appointed shall, so long as he or she remains a member of the Board, continue in office for such a period as the Board may decide.
- 3.2 The Vice-Chair may at any time resign from that office by giving notice in writing to the Chair. The process to appoint a replacement Vice-Chair is the process described at paragraph 3.1.



- 3.3 Where the Chair has died, ceased to hold office, or is unable for a sustained period of time to perform his or her duties due to illness, absence from Scotland or for any other reason, then the Board's Corporate Services Manager should refer this to the Scottish Government. The Cabinet Secretary will confirm which member may assume the role of interim chair in the period until the appointment of a new chair, or the return of the appointed chair. Where the Chair is absent for a short period due to leave (for whatever reason), the Vice-Chair shall assume the role of the Chair in the conduct of the business of the Board. In either of these circumstances references to the Chair shall, so long as there is no Chair able to perform the duties, be taken to include references to either the interim chair or the Vice-Chair. If the Vice-Chair has been appointed as the Interim Chair, then the process described at paragraph 3.1 will apply to replace the Vice-Chair.

#### **4 Duties of the Chair and Vice-Chair**

- 4.1 At every meeting of the Board the Chair shall preside. If the Chair is absent the Vice-Chair shall preside. If the Chair and Vice-Chair are both absent, the Members present shall elect a Non-Executive Member to act as Chair for that meeting. This cannot be an NHS Orkney employee.
- 4.2 If both the Chair and Vice-Chair (if any) of a Committee are absent from a meeting a member of the Committee chosen at the meeting by the other members shall act as Chair for that meeting.
- 4.3 It shall be the duty of the Chair:
- To ensure that Standing Orders are observed and to facilitate a culture of transparency, consensus, and compromise
  - To preserve order and ensure that any member wishing to speak is given due opportunity to do so and a fair hearing
  - To call members to speak according to the order in which they caught their eye
  - To decide all matters of order, competence, and relevance.
- 4.4 The Chief Executive or Corporate Services Manager shall draw the attention of the Chair to any apparent breach of the terms of these Standing Orders.
- 4.5 The decision of the Chair on all matters referred to in this Standing Order shall be final and shall not be open to question or discussion in any meeting of the Board.
- 4.6 Deference shall always be paid to the authority of the Chair. When the Chair commences speaking, they shall be heard without interruption.

## 5 Membership

### 5.1 Non-Executive Membership

Each Committee will have a minimum number of Non-Executive Members which includes those Non-Executive Members who are members due to the office they hold:

Audit and Risk	Four
Finance and Performance	Four
Joint Clinical and Care Governance	Three
Remuneration	Five
Staff Governance	Four

## 6 Quorum

6.1 The Board will be deemed to meet only when there are present, and entitled to vote, a quorum of at least one third of the whole number of members, including at least two members who are not employees of a Board. The quorum for committees will be set out in their terms of reference, however it can never be less than two Board members.

6.2 The quorum for Committees shall be as follows: -

One third of whole number of members including:

	<b>Quorum</b>
<b>Audit and Risk Committee</b>	Three Non-Executive Members, one of whom must be chair or vice-chair
<b>Finance and Performance Committee</b>	Three members including two Non-Executive Members, one of whom must be chair or vice-chair, and one executive member
<b>Joint Clinical and Care Governance Committee</b>	Four members including two Non-Executive Members, one of whom must be chair or vice-chair and two Orkney Islands Council voting members of the Integration Joint Board.

**Staff Governance Committee**

Four members including two Non-Executive Members, one of whom must be chair or vice-chair, one executive member and one lay representative from Union or Professional body

**Remuneration Committee**

Three Non-Executive Members, one of whom must be Chair or Vice-Chair

- 6.3 If a quorum is not present ten minutes after the time specified for the start of a meeting of the Board or Committees, the Chair will seek agreement to adjourn the meeting or reschedule.
- 6.4 If, during any meeting of the Board or of its Committees, a Member or Members are called away and the Chair finds that the meeting is no longer quorate, the meeting shall be suspended. If a quorum is not present at the end of ten minutes, the Chair will seek agreement to adjourn the meeting or reschedule.

**7 Human Rights**

- 7.1 If the Business before the Board or its Committees involves the determination of a person's individual civil rights and obligations, no members shall participate in the taking of a decision on an item of business unless they have been present during consideration of the whole item, including where the item of business was discussed at a previous meeting. (Article 6 of the European Convention of Human Rights)

**8 Order of Business**

- 8.1 For an ordinary meeting of the Board, the business will proceed in the order shown on the agenda, the Chair may change the running order if there are reasons to do so. No business shall be transacted at any meeting of the Board other than that specified in the notice of the meeting except on grounds of urgency.

**9 Order of Debate****9.1 Informal Committee Rules**

- 9.1.1 The Board or any Committee will routinely conduct its business under 'Informal Committee Rules' on the understanding that any one Board or

Committee member may at any time, without giving due reason, request that the Board or Committee move to the formal order of debate of motions as set out below (Formal Committee Rules 9.2).

- 9.1.2 All speakers will address the Chair and observe order. The Chair will have discretion to conduct the meeting, that is, limit the number of contributions any speaker makes, the amount of time for which they speak or to ask a speaker to sum up their contribution. At the conclusion of the discussions, the Chair will summarise the decisions of the Board or Committee. Orderly debate in the public domain is essential to project a professional approach to business.
- 9.1.3 If any point arises which is not provided for in the Board's Standing Orders, the Chair shall give a ruling on the point and their decision will be final.
- 9.1.4 The Chair will seek to establish a consensus. If a consensus is not emerging, the Chair will follow the procedure set out in Section 14 – Voting.
- 9.1.5 The Chair will have a casting vote in the event of an equality of votes.

## 9.2 Formal Committee Rules

- 9.2.1 Any Board or Committee Member wishing to speak shall indicate this by raised hand and, when called upon, shall address the Chair, and restrict their remarks to the matter being discussed by:
- Moving, seconding, or leading a motion or amendment
  - Moving or seconding a procedural motion
  - Asking a question
  - Making a point of clarification; or
  - Raising a point of order
- 9.2.2 There shall be no discussion on any motion or amendment except by the mover until such motion or amendment is seconded.
- 9.2.3 No Member shall speak more than once in a debate on any one motion and amendment unless raising a point of order, making a clarification, moving, or seconding a procedural motion. However, the mover of the substantive motion (or an amendment which has become the substantive motion) in any debate shall have a right of reply but shall not introduce any new matter.
- 9.2.4 After the mover of the substantive motion has commenced their reply, no Member shall speak except when raising a point of order or moving or seconding a procedural motion.
- 9.2.5 Any Member wishing to raise a point of order may do so by stating that they are raising a point of order immediately after it has arisen. Any Member then speaking will cease and the Chair shall call upon the Member

raising the point or order to state its substance. No other Member shall be entitled to speak to the point or order except with the consent of the Chair. The Chair shall give a ruling on the point of order, either immediately, or after such adjournment as they consider necessary. After this the Member who was previously speaking shall resume their speech, provided the ruling permits.

- 9.2.6 Any Member wishing to ask a question relating to the matter under consideration may do so at any time before the formal debate begins.

## 10 Motions and Amendments

- 10.1 When called to speak, the mover of any motion or amendment shall immediately state the exact terms of the motion or amendment before proceeding to speak in support of it. The mover shall also provide the terms in writing at the request of the Chair to the Corporate Services Manager before any vote is taken, except in the case of: -
- Motions or amendments to approve or disapprove without further qualification
  - Motions or amendments to remit for further consideration; or
  - Motions or amendments, the terms of which have been fully set out in a minute of a Committee or report by an Executive Member or other officer
- 10.2 Every amendment must be relevant to the motion to which it is moved. The Chair shall decide as to the relevancy and shall have the power, with the consent of the meeting, to conjoin motions or amendments which are consistent with each other.
- 10.3 All additions to, omissions from, or variations upon a motion shall be considered amendments to the motion and shall be disposed of accordingly.
- 10.4 A motion or amendment once moved and seconded shall not be withdrawn without the consent of the mover and seconder.
- 10.5 Where an amendment to a motion has been moved and seconded, no further amendment may be moved until the result of the vote arising from the first amendment has been announced.
- 10.6 If an amendment is rejected, a further amendment to the original motion may be moved. If an amendment is carried, it shall take the place of the original motion and any further amendment shall be moved against it.
- 10.7 A motion for the approval of a minute or a report of a Committee shall be considered as an original motion and any proposal involving alterations to or rejection of such minute shall be dealt with as an amendment.

- 10.8 The Chair of a Committee shall have the prior right to move the approval of the Minute of that Committee.
- 10.9 A motion or amendment moved but not seconded, or which has been ruled by the Chair to be incompetent, shall not be put to the meeting nor shall it be recorded in the minute, unless the mover immediately gives notice to the Corporate Services Manager or Committee Lead Officer requesting that it be so recorded.
- 10.10 A Member may request their dissent to be recorded in the minute in respect of a decision which they disagree and on which no vote has taken place.

## **11 Notice of Motions to be placed on an Agenda**

- 11.1 Notice of motions must be given in writing to the Corporate Services Manager no later than noon fourteen days before the meeting and must be signed by the proposing member and at least one other member.
- 11.2 A member may propose a motion which does not directly relate to an item of business under consideration at the meeting.
- 11.3 The terms of motions of which notice have been given shall appear as items of business for consideration at the next meeting.
- 11.4 If a member who has given notice of a motion is absent from the meeting when the motion is considered or, if present, fails to move it, any other member shall be entitled to move it, failing which the motion shall fall.

## **12 Questions**

- 12.1 A Board or Committee Member may put a question to the Chair relating to the functions of that Committee, irrespective of whether the subject matter of the question relates to the business which would otherwise fall to be discussed at that meeting, provided that notice has been given to the Corporate Services Manager ten working days prior to the meeting.
- 12.2 The original questioner may ask a supplementary question, limited to seeking clarity on any answer given.
- 12.3 Questions of which notice has been given in terms of 10.1 above, and the answers thereto, shall be recorded in the minute of the meeting only if the questioner so requests, but any supplementary questions and answers shall not be recorded.

### **13 Time Allowed for Speaking during Formal Debate**

- 13.1 The Chair is entitled to decide the time that members may be allowed to speak on any one issue.
- 13.2 As a guide, a member who is moving any motion or amendment shall not normally speak for more than five minutes. Other members shall not normally speak for more than three minutes, and the mover in exercising a right of reply shall not normally speak for more than three minutes.

### **14 Closure of Debate**

- 14.1 A motion that the debate be adjourned, or that a question be put, or that the meeting now pass to the next business may be made at any stage of the debate and such motion, if seconded, shall be the subject of a vote without further debate.
- 14.2 No motion in terms of 11.1 above may be made during a speech.

### **15 Voting**

- 15.1 The Board may reach consensus on an item of business without taking a formal vote, and this will be normally what happens where consensus has been reached

Where the Chair concludes that there is not a consensus on the Board's position on the item and/ or what it wishes to do, then the Chair will put the decision to a vote. If at least two Board members ask for a decision to be put to a vote, then the Chair will do so. Before putting any decision to vote, the Chair will summarise the outcome of the discussion and the proposal(s) for the members to vote on

- 15.2 Where a vote is taken, the decision shall be determined by a majority of votes of the members present and voting on the question. In the case of an equality of votes, the Chair shall have a second or casting vote. The Chair may determine the method for taking the vote, which may be by a show of hands, or by ballot, or any other method the Chair determines
- 15.3 The Chair may determine the method for taking the vote, which may be by a show of hands, or by ballot, or any other method the Chair determines

### **16 Voting in the case of Vacancies and Appointments**

- 16.1 In filling vacancies in the membership of any Committee and making appointments of Board Members to any other body, where more than one candidate has been nominated and seconded, members shall be entitled to

vote for up to as many candidates as there are places to be filled. Candidates shall be appointed in the order of number of votes received until all vacant places have been filled.

- 16.2 In the event of two or more candidates tying with the lowest number of votes to fill the last vacant place, a further vote shall be taken between or among those candidates. Each member shall have one vote.
- 16.3 In the event of a further tie, the appointment shall be determined by lot.

## **17 Adjournment and Duration of Meetings**

- 17.1 If it is necessary or expedient to do so for any reason (including disorderly conduct or other misbehaviour at a meeting), a meeting may be adjourned to another day, time, and place. A meeting of the Board, or of a committee of the Board, may be adjourned by the Chair until such day, time and place as the Chair may specify.
- 17.2 A motion for adjournment has precedence over all other motions and if moved and seconded, shall be put to the meeting without discussion or amendment.
- 17.3 If carried, the meeting shall be adjourned until the time and place specified in the motion. Unless the time and place are specified, the adjournment shall be until the next ordinary meeting of the Board or Committee.
- 17.4 Where a meeting is adjourned without a time for its resumption having been fixed, it shall be resumed at a time fixed by the Chair.
- 17.5 When an adjourned meeting is resumed, the proceedings shall be commenced at the point at which they were interrupted by the adjournment.
- 17.6 In case of disorder the Chair may adjourn the meeting to a time fixed then or decided afterwards. Vacating the Chair shall indicate that the meeting is adjourned.
- 17.7 Every meeting of the Board or its Committees shall last no longer than four hours.
- 17.8 It shall, however, be competent, before the expiry of the time limit, for any Member to move that the meeting be continued for such further period as is deemed appropriate.



## 18 Conflict of Interest

- 18.1 If a Board or Committee Member, or associate of theirs, has any interest, direct or indirect, in any contract or proposed contract or other matter, they shall disclose the fact, and shall not take part in the consideration and discussion of the contract, proposed contract, or other matter or vote on any question with respect to it.
- 18.2 The Scottish Ministers may, subject to such conditions as they may think fit to impose, remove any disability imposed by the 2016 Amendment Regulations in any case in which it appears to them in the interests of the health service that the disability should be removed.
- 18.3 Remuneration, compensation, or allowances payable to a Chair or other member shall not be treated as an interest by the 2016 Amendment Regulations. (Paragraphs 4, 5 or 14 of Schedule 1 of the Act).
- 18.4 A member or associate of theirs shall not be treated as having an interest in any contract, proposed contract or other matter if the interest is so remote or insignificant that they cannot reasonably be regarded as likely to affect any influence in the consideration or discussion of or in voting on, any question with respect to that contract or matter.
- 18.5 The 2016 Amendment Regulations apply to a Committee as they apply to the Board and apply to any member of any such Committee (whether or not they are also a Member of the Board) as they apply to a Member of the Board.
- 18.6 For the purposes of the 2016 Amendment Regulations, the word 'associate' has the meaning given by Section 229 of the Bankruptcy (Scotland) Act 2016.
- 18.7 You must consider whether you have an interest to declare in relation to any matter which is to be considered as soon as possible. You should consider whether agendas for meetings raise any issue of interest. Your declarations should be made as soon as practicable at a meeting where that interest arises. If you do identify the need for a declaration of interest only when a particular matter is being discussed, you must declare the interest as soon as you realise it is necessary.
- 18.8 The oral declaration of interest should identify the item of business to which it relates. The declaration should begin with the words "I declare an interest". The declaration must be sufficiently informative to enable those at the meeting to understand the nature of the interest but need not give a detailed description of the interest.

## **19 Reception of Deputations**

- 19.1 Every application for the reception of a deputation must be in writing, or e-mailed to the Corporate Services Manager or Committee Support Officer at least three clear working days prior to the date of the meeting at which the deputation wished to be received. The application must state the subject and the action which it proposes the Board or Committee should take.
- 19.2 The deputation shall consist of not more than ten people.
- 19.3 No more than two members of any deputation shall be permitted to address the meeting, and they may speak in total for no more than ten minutes.
- 19.4 Any member may put any relevant question to the deputation but shall not express any opinion on the subject matter until the deputation has withdrawn. If the subject matter relates to an item of business on the agenda, no debate or decision shall take place until the relevant minute or other item is considered in the order of business.

## **20 Receipt of Petitions**

- 20.1 Every petition shall be delivered to the Corporate Services Manager or Committee Lead Officer at least three clear working days before the meeting at which the subject matter may be considered. The Chair will be advised and will decide whether the contents of the petition should be discussed at the meeting or not.

## **21 Submission of Reports**

- 21.1 Reports shall be submitted by the Executive Members or other Senior Officers when requested or when, in the professional opinion of such an officer, a report is required to enable compliance with any statute, regulation or Ministerial Direction, or other rule of law, or where the demands of the service under their control require.
- 21.2 Any report to be submitted shall be provided to the Corporate Governance Team in the standard format no later than the deadline set out within the agreed timetable for the Board and Committee meetings (nine days prior to the meeting). The Director of Finance and Senior Leadership Team should be consulted on all proposals with significant financial implications. No paper with significant financial implications should be presented at a meeting when this has not been done. Any observations by those officers on matters within their professional remit shall be incorporated into the report.

- 21.3 Only those reports which require a decision to be taken by the Board or Committee to discharge its business or exercise its monitoring role, will normally be included on the agenda. It shall be delegated to the Corporate Services Manager or Committee Lead Officer in conjunction with the Chair of the Committee to make the final determination on whether or not an item of business should be included on an agenda.
- 21.4 All reports requiring decisions will be submitted in writing. Verbal reports will only be accepted in exceptional circumstances, and with the prior approval of the Chair of the Board or Committee.

## **22 Right to Attend Meetings and / or place Items on an Agenda**

- 22.1 Any Board or Committee Member shall be entitled to attend any meeting of any Committee, and shall, with the consent of the Committee, be entitled to speak but not to propose or second any motion or to vote. Executive Members cannot attend the Remuneration Committee when matters pertaining to their terms and conditions of service are being discussed and the Audit and Risk Committee when deemed necessary by the Chair of that Committee.
- 22.2 A Board Member, who is not a member of a particular Committee and wishes that Committee to consider an item of business which is within its remit, shall inform in writing the Lead Officer no later than the deadline set out within the agreed timetable for the Committee prior to the meeting of the issue to be discussed. The Lead Officer shall arrange for it to be placed on the agenda of the Committee. The Member shall be entitled to attend the meeting and speak in relation to the item but shall not be entitled to propose or second any motion or to vote.
- 22.3 Board or Committee Members who wish to raise any item of business which is within its remit shall inform in writing the Committee Lead Officer not later than the deadline set out within the agreed timetable for that Committee prior to the meeting the issue to be discussed. The Committee Lead Officer shall arrange for it to be placed on the agenda of the Committee.
- 22.4 The Chief Internal Auditor and External Auditor have a right of attendance at all Committees. The Chief Internal Auditor and External Auditor shall have the right of direct access to the Chairs of the Board and all Committees.
- 22.6 Those in attendance at public sessions of Board meetings including co-opted members, will not routinely attend sessions held in private. Those in attendance of private sessions will normally be:

- The Corporate Governance Lead or any member of the Corporate Governance Team who has been assigned to take a formal minute of the proceedings
- Named officers who have been closely involved in any items under consideration, where agreed by the Board Chairperson and Chief Executive

## **23 Alteration of Revocation of Previous Decision**

- 23.1 Subject to 23.2 below, a decision shall not be altered or revoked within a period of six months from the date of such decision being taken.
- 23.2 Where the Chair rules that a material change of circumstances has occurred to such extent that it is appropriate for the issue to be reconsidered, a decision may be altered or revoked within six months by a subsequent decision arising from:
- A recommendation to that effect, by an Executive Member or other officer in a formal report; or
  - A motion to that effect of which prior notice has been given in terms of 9.1
- 23.3 This does not apply to the progression of an issue on which a decision is required.

## **24 Suspension of Standing Orders**

- 24.1 So far as it is consistent with any statutory provisions, any one or more of the Standing Orders may be suspended at any meeting, but only as regards the business at such meeting, provided that two-thirds of the members present and voting so decide.

## **25 Admission of Public and Press**

- 25.1 Board meetings shall be held in public. Public notice of the time and place of the meeting shall be provided at least three clear days before the meeting is held. The notice and the meeting papers shall also be placed on the Board's website. The meeting papers will include the minutes of committee meetings which the relevant committee has approved. The exception is that the meeting papers will not include the minutes of the Remuneration Committee. Chairs Assurance Reports will inform the Board of Governance Committee business which has been discussed in committee meetings for which the final minutes are not yet available. For items of business which the Board will consider in private session, only the Board members will normally receive the meeting papers for those items, unless the person presiding agrees that others may receive them

- 25.2 The Board may exclude the public and press while considering any matter that is confidential. Exemptions included under: Freedom of Information (Scotland) Act 2002 (the Act) and Environmental Information (Scotland) Regulations 2004 (the Regulations)

A summary of the exemptions specified in the Act is contained at the end of this section at Paragraph 27 but should not be relied upon as a comprehensive application of the exemptions in restricting access to information.

For guidance on application of the Act and Regulations, please contact the Freedom of Information Officer ([ORK.FOIrequests@nhs.scot](mailto:ORK.FOIrequests@nhs.scot)).

More information can be found on NHS Orkney's website:  
<http://www.ohb.scot.nhs.uk/about-us/freedom-information>

- 25.3 The terms of any such resolution specifying the part of the proceedings to which it relates, and the categories of exempt information involved shall be specified in the minutes.
- 25.4 Members of the press admitted to meetings shall be permitted to make use of recording apparatus and use extracts from these recordings for reporting purposes.
- 25.5 Members of the public and press should leave when the meeting moves into reserved business (In Committee). It is at the discretion of the Chair of that meeting if NHS Orkney staff or co-opted members can remain.

## **26 Members' Code of Conduct**

- 26.1 All those who are appointed or co-opted as members of the Board must comply with the Members' Code of Conduct of Devolved Public Bodies Revised Edition 2022 as incorporated into the Code of Corporate Governance and approved by the Scottish Ministers. This also applies equally to all members of Committees whether they are employed by NHS Orkney or not when undertaking Committee business.
- 26.2 For the purposes of monitoring compliance with the Members' Code of Conduct, the Corporate Services Manager has been appointed as the designated monitoring officer.
- 26.3 Board and Committee Members having any doubts about the relevance of a particular interest should discuss the matter with the Corporate Services Manager.
- 26.4 Board and Committee Members should declare on appointment any material or relevant interest and such interests should be recorded in the Board and Committee minutes. Any changes should be declared and recorded when they occur. Interests will also be entered into a register that

is available to the public, details of which will be disclosed in the Board's Annual Report. The Register will be published on the Board's website.

## **27 Suspension of Members from Meetings**

- 27.1 If any Board or Committee Member disregards the authority of the Chairperson, obstructs the meeting or, in the opinion of the Chair, acts in an offensive manner at a meeting, the Chair may move that such Member be suspended for the remainder of the meeting. If seconded, such a motion shall be put to the vote immediately without discussion.
- 27.2 If such a motion is carried, the suspended Member shall leave the meeting room immediately. If the member fails to comply, the Chair may order the suspended member to be removed from the meeting.
- 27.3 A member who has been suspended in terms of this Standing Order shall not re-enter the meeting room except with the consent of the meeting.
- 27.4 In the event of a motion for suspension of a Member being defeated, the Chair may, if they think it appropriate to do so, adjourn the meeting as if a state of disorder had arisen.
- 27.5 The Scottish Ministers may by determination suspend a member from taking part in the business (including meetings) of a Board.

## **28 Minutes, Agendas and Papers**

- 28.1 The Corporate Services Manager is responsible for ensuring that minutes of the proceedings of a meeting of the Board or its Committees, including any decision or resolution made at that meeting, shall be drawn up. The minutes shall be submitted to the next meeting of the Board, or relevant Committee, for approval by Members as a record of the meeting subject to any amendments proposed by Members and shall be signed by the person presiding at that meeting.
- 28.2 The names of Members present at a meeting of the Board or of a Committee of the Board shall be recorded in the Minute, together with the apologies for absence from any Member. The names of other persons in attendance shall also be recorded.
- 28.3 The Freedom of Information (Scotland) Act 2002 gives the public a general right of access to all recorded information held. Therefore, when minutes of meetings are created, it should be assumed that what is recorded will be made available to the public.
- 28.4 The Minute of a meeting being held where authority or approval is being given by the committee and the Minutes are intended to act as a record of the business of the meeting, then the Minute should contain:

- A summary of the Committee's discussions
- A clear and unambiguous statement of all decisions taken
- If no decision is taken, a clear and unambiguous statement of where the matter is being referred or why the decision has been deferred
- Where options are presented, a summary of why options were either accepted or rejected
- Reference to any supporting documents relied upon
- Any other relevant points which influenced the decision or recommendation; and
- Any recommendations which require approval by a higher authority

28.5 The contents of a Minute will depend upon the purpose of the meeting.

If the meeting agrees actions, they will be recorded in an action log:

- A description of the task, including any phases and reporting requirements
- The person accepting responsibility to undertake the task; and
- The time limits associated with the task, its phases and agreed reporting

28.6 The business for inclusion on the Agenda will, when necessary, be divided into two sections: Open Business, where there would be no issue about the release of information and 'In Committee', where access is restricted to Board or Committee members and where information would not be routinely released.

## **29 Guide to Exemptions Under the Freedom of Information (Scotland) Act 2002**

29.1 All the exceptions operate in different ways, and when applying the individual exemptions, we may need to consider the following factors:

- The content of the information
- The effect that disclosure would have
- The source of the information; and
- The purpose for which the information was recorded

The Act also recognises that the disclosure of certain categories of information may, at the time of the request, be harmful to the wider public interest, for example:

- Where disclosure might be harmful to an important public interest, such as national security or international relations
- Where disclosure is prohibited by statute

- Where responding to the request might involve providing personal information; or
- Where disclosure might breach a duty of confidentiality

Because the Act strikes a balance between different and important issues, a decision to withhold or release information will require careful consideration. Access to information legislation is about providing the framework within which decisions can be made on where the balance of public interest lies on the release or withholding of information on a case by case basis. The Act contains several exemptions to the general right of access. The exemptions ensure that decisions to release or withhold information are taken with the interest of the public firmly to the fore.

There are two types of exemptions under the Freedom of Information (Scotland) Act 2002:

#### **Absolute Exemptions:**

If an absolute exemption applied, there is no obligation under the Act to consider the request for information further

#### **Qualified Exemptions:**

Are subject to the public interest test. Qualified exemptions do not justify withholding information unless, following a proper assessment, the balance of the public interest comes down against disclosure.

For further guidance contact the Freedom of Information Officer ([ORK.FOIrequests@nhs.scot](mailto:ORK.FOIrequests@nhs.scot))

<http://www.ohb.scot.nhs.uk/about-us/freedom-information>

## **30 Records Management**

Under the Freedom of Information (Scotland) Act 2002, NHS Orkney must have comprehensive records management systems and process in place. Separate guidance has been produced for records management in the Section 61 Code of Practice. This can be found on 'ORK NHS Orkney Policies' Teams channel.

- Information Governance Strategy
- Information Governance Policy
- Records Management Policy

The NHS Scotland Business classification scheme gives clear guidance on time limits for the retention of records and documents.



# 2 Committees

## 1 Establishing Committees

- 1.1 The Board shall create such Committees as are required by statute, guidance, regulation, and Ministerial direction and as are necessary for the economical efficient and effective governance of its business.
- 1.2 The Board shall delegate to such Committees those matters it considers appropriate. The matters delegated shall be set out in the Purpose and Remit of those Committees detailed in Paragraph 8, Purpose and Remits.
- 1.3 The Board may by resolution of a simple majority of the whole number of Members of the Board, present and voting, vary the number, constitution and functions of Committees at any meeting of which due notice has been given specifying the proposed variation.

## 2 Membership

- 2.1 The Board shall appoint the membership of Committees. By virtue of their appointment the Chair of the Board is an ex officio member of all Committees except the Audit and Risk Committee.
- 2.2 Any Committee shall include at least one Non-Executive Member of the Board, and may include persons, who are co-opted, and may consist wholly or partly of Members of the Board.
- 2.3 In determining the membership of Committees, the Board shall have due regard to its purpose, role and remit, and accountability requirements. Certain members may not be appointed to serve on a particular Committee because of their positions. Specific exclusions are:
  - Audit and Risk Committee – Chair of the Board together with any Executive Member or Officer
  - Remuneration Committee – any Executive Member or Officer
- 2.4 The Board has the power to vary the membership of Committees at any time, provided that:
  - In any case this is not contrary to statute, regulation, or Direction by Scottish Ministers
  - Each Member of the Board is afforded proper opportunity to serve on Committees
- 2.5 The Board shall appoint Chairs and Vice-Chairs of Committees who shall hold office for two years. In the case of Members of the Board, this shall be dependent upon their continuing membership of the Board.

- 2.6 The persons appointed as Chairs of Committees shall usually be Non-Executive Members of the Board and only in exceptional circumstances shall the Board appoint a Chair of a Committee who is not a Non-Executive Member for example a co-opted member. Such circumstances are to be recorded in the Minutes of the Board meeting making the appointment.
- 2.7 As a consequence of the personal development appraisal and review process, the Chair of the Board will decide, with the relevant Non-Executive Members, which of the Committees they will serve on as member of as Chair or Vice Chair.
- 2.8 Casual vacancies occurring in any Committee shall be filled as soon as may be by the Board after the vacancy takes place.

### **3 Functioning**

- 3.1 An Executive Member or another specified Lead Officer shall be appointed to support the functioning of each Committee.
- 3.2 Committees may seek the approval of the Board to appoint Sub-Committees for such purposes as may be necessary.
- 3.3 Where the functions of the Board are being carried out by Committees, the membership, including those co-opted members who are not members of the Board, is deemed to be acting on behalf of the Board.
- 3.4 During intervals between meetings of the Board or its Committees, the Chair of the Board or a Committee or in their absence, the Vice-Chair shall, in conjunction with the Chief Executive and the Lead Officer concerned, have powers to deal with matters of urgency which fall within the terms of reference of the Committee and require a decision which would normally be taken by the Committee. All decisions so taken should be reported to the next full meeting of the relevant Committee. It shall be for the Chair of the Committee, in consultation with the Chief Executive and Lead Officer concerned, to determine whether a matter is urgent in terms of this Standing Order.

### **4 Minutes**

- 4.1 The approved minute of each Committee of the Board shall be submitted as soon as is practicable to an ordinary meeting of the Board for information, and for the consideration of any recommendations having been made by the Committee concerned.
- 4.2 The Minute of each Committee shall also be submitted to the next meeting for approval as a correct record and signature by the Chair.

- 4.3 Minutes of the proceedings at a meeting of a Special Committee shall be made but these proceedings may be reported to the Board or to any Committee of the Board either by the Minutes or in a report from the Special Committee as may be considered appropriate.

## **5 Frequency**

- 5.1 The Committees of the Board shall meet no fewer than four times a year

## **6 Delegation**

- 6.1 Each Committee shall have delegated authority to determine any matter within its purpose and remit, except for any specific restrictions contained in Section E, paragraph items 1.2.1 to items 1.2.20.
- 6.2 Committees shall conduct their business within their purpose and remit, and in exercising their authority, shall do so in accordance with the following provisions. However, in relation to any matter either not specifically referred to in the purpose and remit, or in this Standing Order, it shall be competent for the Committee, whose remit the matter most closely resembles, to consider such matter and to make any appropriate recommendations to the Board.
- 6.3 Committees must conduct all business in accordance with NHS Orkney policies and the Code of Corporate Governance.
- 6.4 The Board may deal with any matter falling within the purpose and remit of any Committee without the requirement of receiving a report or Minute of that Committee referring to that matter.
- 6.5 The Board may at any time vary, add to, restrict or recall any reference or delegation to any Committee. Specific direction by the Board in relation to the remit of a Committee shall take precedence over the terms of any provision in the purpose and remit.
- 6.6 If a matter is of common or joint interest to several Committees, and is a delegated matter, no action shall be taken until all Committees have considered the matter.
- 6.7 In the event of a disagreement between Committees in respect of any such proposal or recommendation which falls within the delegated authority of one Committee, the decision of that Committee shall prevail. If the matter is referred but not delegated to any Committee, a report summarising the views of the various Committees shall be prepared by the appropriate officer and shall appear as an item of business on the agenda of the next convenient meeting of the Board.

## **7 Committees**

- A** Audit and Risk Committee
- B** Joint Clinical and Care Governance Committee
- C** Finance and Performance Committee
- D** Remuneration Committee
- E** Staff Governance Committee

Version 17

## **A Audit and Risk**

### **1 Purpose**

Orkney NHS Board has established the Audit and Risk Committee as a Committee of the Board to support the Board in its responsibilities for issues of risk, control and governance and associated assurance through a process of constructive challenge.

On behalf of NHS Orkney Board, The Audit and Risk Committee has a dual role of providing:

- An Audit Function: ensuring that the organisation operates effectively and meets statutory objectives.
- A Risk Assurance Function: ensuring that adequate structures are in place to undertake activities which underpin effective risk management.

### **2 Composition**

The Audit and Risk Committee shall consist of four Non-Executive Members, including the Employee Director, but not the Chair of the Board.

The Chair and Vice Chair of the Committee will be appointed by the NHS Board.

Ordinarily, the Audit and Risk Committee Chair cannot chair any other governance committee of the Board but can be a member of other governance committees.

Committee membership will be reviewed annually.

### **3 Attendance**

In addition, the Chief Executive (as Accountable Officer) and the Director of Finance of NHS Orkney should attend meetings of the Committee, together with other Executive Directors and senior staff as required.

The External Auditor and the Chief Internal Auditor shall also receive a standing invitation to attend.

### **4 Quorum**

The Committee will be quorate when there are three members present, one of whom must be the chair or vice-chair.

It will be expected that another non-executive Board Member will deputise for a member of the Committee at any meeting when required.

## 5 Meetings

The Audit and Risk Committee will meet at least four times per annum.

At least once a year and when deemed necessary by the Chairperson, meetings of the Committee shall be convened and attended exclusively by members of the Committee and/or the External Auditor or Internal Auditor.

Extraordinary meetings may be called by:

- Audit and Risk Committee Chairperson
- Chief Executive
- Director of Finance

The Audit and Risk Committee shall exclude all but members from extraordinary meetings of the Committee if it so decides.

## 6 Remit

The Audit and Risk Committee will advise the Board and Accountable Officer on:

- The strategic process for risk, control, and governance and the Governance Statement
- The accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, and management's letter of representation to the external auditors
- 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 / report
- The effectiveness of the internal control environment and risk management arrangements
- Assurances relating to the corporate governance requirements for the organisation
- Proposals for tendering for internal audit services
- Anti-fraud policies, whistle-blowing processes, and arrangements for special investigations, Vice Chair to lead on any whistle-blowing related items to mitigate any possible conflict of interest
- Assurances that structures are in place to undertake activities which underpin safe and effective information governance
- Links to Integration Joint Board Audit Committee around jointly commissioned audits, annual planning, etc.

The Audit and Risk Committee will also annually review its own effectiveness and report the results of that review to the Board.

## **7 Best Value**

The Committee is responsible for promoting the economical, efficient and effective use of resources by the organisation, on those areas within its remit, in accordance with the principles of Best Value. These are set out in the Scottish Public Finance Manual, along with a statutory duty under the Public Finance and Accountability (Scotland) Act 2000. The Committee will provide assurance to the Chief Executive, as Accountable Officer, that NHS Orkney has systems and processes in place to secure best value in these delegated areas, and this assurance will be included as an explicit statement in the Committee's Annual Report.

## **8 Authority**

The Committee is authorised by the Board to investigate any activity within its terms of reference, and in so doing, is authorised to seek any information it requires from any employee.

All Members and employees are directed to co-operate with any request made by the Committee.

To fulfill its remit, the Audit and Risk Committee may obtain whatever professional advice it requires and require Directors or other officers of NHS Orkney to attend meetings.

The External Auditor and Chief Internal Auditor shall have the right of direct access to the Chair of the Audit Committee.

The Audit and Risk Committee will require a statement from the Integration Joint Board on its governance and the preparedness of the Integration Joint Board accounts to allow NHS Orkney to prepare consolidated accounts.

## **9 Reporting Arrangements**

The Audit and Risk Committee reports to Orkney NHS Board.

Following a meeting of the Audit and Risk Committee the Chair will present at the next Orkney NHS Board meeting an update from the meeting and any approved minutes.

The Audit and Risk Committee should annually and within three months of the start of the financial year provide a work plan detailing the work to be taken forward by the Audit and Risk Committee.

The Audit and Risk Committee will produce an annual report for presentation to Orkney NHS Board. The Annual Report will describe the outcomes from the Committee during the year.

## **B Joint Clinical and Care Governance Committee**

### **1 Purpose**

The Joint Clinical and Care Governance Committee (JCCGC) ('the Committee') provides assurance through oversight of NHS Orkney and the Integrated Joint Board. The scope of the Committee's oversight fulfils the purposes of:

- the function of the Non-Executive members of NHS Orkney and advisors providing the Board of NHS Orkney with the assurance that robust clinical governance controls and management systems are in place and effective in NHS Orkney, in relation to delegated and non-delegated services it delivers.
- the function of providing the Integration Joint Board with assurance that robust clinical and care governance controls and management systems are in place and effective for the functions that NHS Orkney and Orkney Islands Council have delegated to it.
- the requirements set out in MEL (1998)75, MEL (2000)29 and HDL (2001)74 around the guidance on the implementation of Clinical Governance in the NHS in Scotland.

### **2 Composition**

The Joint Clinical and Care Governance Committee shall consist of:

- Three Non-Executive Members of NHS Orkney, one of whom must be the Area Clinical Forum Chair and one of whom must be a voting member of the Integration Joint Board.
- Three Orkney Islands Council voting members of the Integration Joint Board, excluding the Chair of the IJB when this is an Orkney Islands Council appointment, in which case a substitute will be appointed.
- A public representative.
- A third sector representative.

All members shall have authority to make decisions on recommendations and all decisions must be reached by consensus. In the absence of a



consensus, the status quo shall be maintained until a consensus is reached.

Views and engagement from unpaid carers would be positively encouraged where appropriate, in acknowledgement that there was not currently a carer representative on the committee.

Committee membership will be reviewed annually.

### **3 Chair and Vice Chairs**

The Chair and two Vice Chairs of the Committee will be jointly appointed by the NHS Board and the Integration Joint Board. The appointment of the Chair will be reviewed biennially in line with current legislation.

There will be two vice chairs, one from NHS Orkney and one Orkney Islands Council voting member of the Integration Joint Board.

In the absence of the Chair, either Vice Chair may Chair the meeting.

For items relating solely to non-delegated NHS functions, only the NHS Orkney Vice Chair may Chair that item.

### **4 Attendance**

In addition, there will be in attendance:

- Medical Director (lead officer for clinical governance)
- Director of Public Health
- Chief Executive, NHS Orkney
- Chief Officer, Integration Joint Board (lead officer for care governance and Chair of the Orkney Alcohol and Drugs Partnership)
- Director of Nursing, Midwifery, AHPs and Chief Officer Acute.
- Director of Pharmacy
- Chief Social Work Officer
- Head of Strategic Planning and Performance
- Head of Patient Safety, Quality and Risk
- Associate Medical Directors
- Associate and Interim Clinical Directors as indicated by the agenda

The Committee shall invite others to attend, as required, for specific agenda items.

Where an officer is unable to attend a particular meeting, a named representative shall attend in their place.

### **5 Quorum**

Meetings of the Committee will be quorate when at least four members are present and at least two of whom should be Non-Executive Members of NHS Orkney, one of whom must be the Chair or Vice Chair, and two Orkney Island Council voting members of the Integration Joint Board.

It will be expected that another Non-Executive Board Member or Integration Joint Board proxy Member will deputise for a member of the Committee at a meeting if required.

Meetings will not take place unless at least one Clinical Executive Director of NHS Orkney and the Chief Social Work Officer, or nominated depute, is present.

For the avoidance of doubt, advisors in attendance at the meeting, shall not count towards a quorum.

## **6 Meetings**

The Committee will meet at least quarterly.

The Chair may, at any time, convene additional meetings of the Committee.

A minimum of two development workshops/activities will be held each year. These may be attended by both members and advisors.

## **7 Conduct of Meetings**

A calendar of Committee meetings, for each year, shall be approved by the members and distributed to members.

The agenda and supporting papers shall be sent to members at least seven days before the date of the meeting.

Notice of each meeting will confirm the venue, time and date together with an agenda and shall be made available to each member of the committee.

All JCCGC meetings shall be minuted, including the names of all those present or absent. Administrative support shall be provided by NHS Orkney.

Draft minutes shall be circulated promptly to the Chair of the JCCGC, normally within 10 days.

The approved minutes of the JCCGC will be made publicly available.

A rolling work plan will be developed and maintained which will be reviewed and approved annually. The approved work plan will be

submitted to NHS Orkney's Audit and Risk Committee and the Performance and Audit Committee of the Integration Joint Board.

The JCCGC shall, at least once per year, review its own performance. This shall be by means of a Self-Evaluation Form which will be sent to all members in attendance at any meeting during the relevant year.

## 8 Remit

In Broad terms, the remit of JCCGC is to seek assurance that our Health and Social Care services across Orkney are person-centred, safe and effective and we take account of the population as a whole, in an integrated manner. The remit spans NHS Orkney, Orkney Island Council (Integration Joint Board-delegated), independent sector and third sector services.

### Person-Centred

To provide assurance regarding participation, patient and service users' rights and feedback:

- To provide assurance that there are effective systems and processes in place across NHS Orkney and in the functions delegated to the Integration Joint Board to support participation with patients, service users, carers and communities, to comply with participation standards and the Patient Rights (Scotland) Act 2011 generally and specifically within the context of service redesign.
- To monitor complaints response performance on behalf of the Board of NHS Orkney and the Integration Joint Board for functions delegated, and promote positive complaints handling including learning from complaints and feedback.
- To provide assurance that there are effective system and governance processes in place across all areas of patient and service user's rights, wellbeing and feedback.

### Safe (Clinical and Care Governance and Risk Management)

To provide assurance in respect of clinical and care governance and risk management arrangements by seeking assurance that there are adequate systems and processes in place to ensure that:

- Robust clinical and care control frameworks are in place for the effective management of clinical and care governance and risk management and that they are working effectively across the whole of NHS Orkney and the functions delegated to the Integration Joint Board.
- Public protection arrangements are in place in relation to the Integration Joint Board and NHS Orkney. To achieve this the Chief Officers Group will report annually on the work of the Public Protection Committee through the Public Protection Committee annual report on

child protection and the associated Improvement/ Business Plan produced by the Public Protection Committee.

- Progress on all joint public protection improvement plans are reported to each meeting of the Joint Clinical and Care Governance Committee including findings of learning reviews that have implications for health and social care delivery.
- Incident management and reporting is in place and lessons are learned from adverse events and near misses.
- Complaints are handled in accordance with national guidance and organisational procedures and lessons are learned from their investigation.
- Clinical and care standards and patient and service user safety are maintained and improved within the Board of NHS Orkney's and the Integration Joint Board annual plans and efficiency programmes.
- Whistleblowing concerns are handled in accordance with the National Whistleblowing Standards and that lessons are learned from their investigations in relation to both the NHS Orkney Integration Joint Board delegated service/s and non-delegated NHS Orkney services.

### **Effective (Clinical and Care Performance and Public Health Performance and Evaluation)**

To provide assurance that clinical and care effectiveness and quality improvement arrangements are in place:

- To ensure that recommendations from any inspections have appropriate action plans developed and are monitored and reported through an appropriate Committee.
- Where performance improvement is necessary within the non-delegated functions of NHS Orkney or the functions delegated to the Integration Joint Board, to seek assurance regarding the reliability of the improvement intervention.
- To ensure that clinical dashboards and other data and measurement systems underpin the delivery of care.
- To ensure that the healthcare and social care provided is informed by evidence based clinical and professional practice guidelines.
- To ensure that staff governance issues which impact on service delivery and quality of services are appropriately managed through clinical and care governance mechanisms

### **Population Health**

To provide assurance that all necessary systems and processes are in place that ensure staff engaging in population health-related activities incorporate the key components of population health governance, namely:

- Quality and clinical/professional effectiveness.
- Public information and involvement.
- Population health research.

- Risk management.
- Addressing and reducing health inequalities.

### **Social Work and Social Care**

To provide assurance in respect of social work and social care governance by seeking assurance that there are adequate systems and processes in place to ensure:

- Promotion of values and standards of professional practice, including all relevant National Standards and Guidance, and ensure local adherence with the Codes of Practice issued by the Scottish Social Services Council (SSSC) for social services workers and employers.
- That all social service workers' practice is in line with the SSSC's Code of Practice and that all registered workers meet the requirements of their regulatory body.
- Maintenance and development of high standards of practice and supervision in line with relevant guidance.
- Effective governance arrangements for the management of the complex balance of need, risk and civil liberties, in accordance with professional standards.
- The promotion of continuous improvement and the identification of areas for professional development, workforce planning and quality assurance of services.
- Consideration of requirements for significant case reviews and/or serious incident reviews to be undertaken into critical incidents either resulting in – or which may have resulted in – death or serious harm.
- That only registered social workers undertake those functions reserved in legislation or are accountable for those functions described in guidance.
- The application of evidence-informed good practice, including the development of person-centred services that are focussed on the needs of people who use services and carers.
- Care Home and Care at Home reporting.

## **9 Best Value**

The Committee is responsible for reviewing those aspects of Best Value delegated to it from Orkney NHS Board and Orkney Islands Council in line with Local Government in Scotland Act 2003 Best Value: Revised Statutory Guidance 2020. The key themes are:

- Vision and leadership.
- Governance and accountability.
- Effective use of resources.
- Partnerships and collaborative working.
- Working with communities.
- Sustainability.
- Fairness.

- Equality.

The Committee will put in place arrangements which will provide assurance to the Chief Executives (of NHS Orkney and of Orkney Islands Council), as accountable officers, that NHS Orkney and the Integration Joint Board have systems and processes in place to secure best value in these delegated areas. The assurance to the Chief Executives should be included as an explicit statement in the Committee's Annual Report.

## 10 Authority

The Committee is authorised by the Board of NHS Orkney and the Integration Joint Board to investigate any activity within its Terms of Reference and in doing so, is authorised to seek any information it requires from any employee through appropriate staff governance standards / policies held by NHS Orkney and Orkney Island Council.

The Committee may obtain whatever professional advice it requires, and require Directors or other officers of NHS Orkney, the Chief Officer of the Integration Joint Board or officers of Orkney Islands Council (in terms of the functions that are delegated by Orkney Islands Council to the Integration Joint Board) to attend whole or part of any meetings.

The External Auditors and Chief Internal Auditors shall have the right of direct access to the Chair of the Committee for audit purposes.

Authority to require information to be provided sufficient to satisfy the functions of assurance as set out above.

## 11 Reporting Arrangements

The Joint Clinical and Care Governance Committee reports to Orkney NHS Board and the Integration Joint Board within their defined functions.

The Chair of each meeting will be responsible for producing a Chair's Report, to be presented, along with the approved minute, to the next Board meeting of NHS Orkney and the next meeting of the Integration Joint Board immediately following the JCCGC. The Chair of the JCCGC will be appointed as a voting member of the Integration Joint Board by the Health Board.

The Joint Clinical and Care Governance Committee should annually and within three months of the start of the financial year provide a work plan detailing the work to be taken forward by the Joint Clinical and Care Governance Committee. This will be used to set agendas and monitored throughout the year.

The Joint Clinical and Care Governance Committee will produce an annual report for presentation to Orkney NHS Board and the Integration Joint Board. The Annual Report will describe the outcomes from the committee

during the year and provide assurance to the Audit and Risk Committee of Orkney NHS Board and the Audit and Performance Committee of the Integration Joint Board that the Committee has met its remit during the year.

The Committee will prepare an action log which will be monitored and updated at each meeting.

The Committee will review the Terms of Reference annually.

Version 17

## C Finance and Performance Committee

### 1 Purpose

The Finance and Performance Committee is a standing committee of the Board, which together with the Senior Leadership Team, Audit and Risk Committee, the Joint Clinical and Care Governance Committee and Staff Governance Committee forms the full governance framework for NHS Boards.

The Finance and Performance Committee is established by the Board to provide assurance across the healthcare system regarding finance and performance, ensure alignment across whole system planning and commissioning.

To provide assurance in respect of the safeguarding of public money and that resources are being used to secure best value, that appropriate arrangements are in place to deliver against organisational performance measures, to secure economy, efficiency, and effectiveness in the use of all resources, and provide assurance that the arrangements are working effectively.

### 2 Composition

The membership of the Committee shall consist of:

- Non-Executive Board Member Chairperson
- Local Authority Nominated Non-Executive Board Member
- Two other Non-Executive Board Members
- NHS Orkney Chief Executive
- NHS Orkney Director of Finance – Executive Lead and support to Finance and Performance Committee
- Chief Officer of the Integration Joint Board
- All Executive members of NHS Orkney (to be reviewed annually)

One Non-Executive Board Member should also be a member of the Integration Joint Board.

### 3 Attendance

In addition, there will be in attendance:

- Head of Finance
- Chief Finance Officer



- Head of Planning, Performance and Information
- Head of Improvement

Deputies should attend as appropriate, to ensure that business progresses in absence of one of the above attendees. The Chair and Corporate Governance Team should be notified of any deputy arrangements at the earliest opportunity.

The Committee shall invite others to attend, as required, for specific agenda items.

#### **4 Quorum**

Members of the Committee shall be quorate when there are three members present including at least two non-executive Board Members, one of whom must be Chair or Vice-Chair, and one Executive Member.

It will be expected that another Non-Executive Board Member will deputise for a member of the Committee at any meeting when required.

#### **5 Meetings**

The Committee will meet monthly.

Additional meetings may be arranged at the discretion of the Committee Chair after consulting with the NHS Board Chair and Chief Executive

#### **6 Remit**

The remit of the Finance and Performance is to scrutinise and provide assurance to the NHS Orkney Board on the following key areas for healthcare services:

- Financial Management
- Strategic Planning
- Performance Monitoring
- Risk Management
- Improvement Programmes (Financial, service, and digital)
- Digital

The Committee's remit includes those specific areas of NHS Orkney business outlined in the Scheme of Delegation. This includes the following responsibilities:

- Delivery of financial targets and efficiency programmes across all areas of service. This includes minimum 3% recurring savings, the path to financial balance and a stretch target of 6% savings.

7

- Monitoring progress towards the achievement of NHS Orkneys aims, corporate objectives and operational priorities as approved and allocated to the Committee by the Board
- Oversight and management of the specific corporate risks allocated to F&P by the Audit Committee relating to finance, planning, performance and property
- Monitoring and scrutinising key data and information as per the Boards Assurance Framework, and ensuring delivery against the Board's Corporate Strategy.

## Key Duties

### 7.1 Financial Management

- **Financial Planning** – approve the Boards three year Financial Plan and receive regular updates on its progress, advising the Board as appropriate. This includes approval of the NHS Orkney Property and Asset Management Strategy and the recommending approval of Capital Plans to the Board.
- **Annual Financial Plan** – approve the Boards Annual Financial Plan, advising the Board as appropriate
- **Financial Performance** – have oversight and received analysis of financial performance across the whole system, including the IJB hosted services. This analysis includes all financial resources delegated to NHS Orkney Directorates and the IJB, including the use of non-recurrent funds and reserves.
- **Cost Improvement Programme** – Regular assurance reports of the progress and delivery of the Board's CIP programme.
- **Improvement** – Oversight of an integrated improvement function that ensures any financial planning is aligned to service and digital improvement..

### 7.2 Property and Asset Management

- **Property and Asset Strategy** – ensure that the strategy reflects the Boards purpose, aims and corporate objectives and that the Boards property and assets are developed and maintained to meet the needs of 21<sup>st</sup> Century service models
- **New Developments** – oversee developments ensuring that they are supported by affordable and deliverable Business Cases with detailed project implementation plans that include milestones for timely delivery, on budget, and to agreed standards. This will include reviewing all Initial Agreements, Outline Business Cases and Full Business Cases and recommend to the Board as appropriate
- **Acquisitions and Disposals** – ensure that there is a robust approach to all major property and land issues and all acquisitions

and disposals are in line with the Property Transaction Handbook.

- **Capital Strategy** – review the Capital Plan and make recommendation to the Board regarding approval. Oversee the development of major schemes and approval of capital investment business cases. Monitor the implications of time slippage and/or cost overrun and will instruct and review the outcome of post project evaluation.
- **Continuous Improvement** – receive reports on relevant legislation and best practice including the Scottish Capital Investment Manual, Audit Reports and other Scottish Government Guidance.

### 7.3 Strategic Planning

- **NHS Orkneys Board's Strategic Plans** - ensure that strategic planning objectives are aligned with the NHS Board's overall purpose, aims, and corporate objectives and make recommendations to the NHS Board
- **Annual Delivery Plan** - ensure that the Annual Delivery Plan is fit to deliver key local and national operational priorities (including Regional Planning requirements), and make recommendations to the NHS Orkney Board
- **Integration Joint Boards' Strategic Plans** - ensure NHS Orkney input, at an appropriate level, to the draft IJB Strategic Plans and promote consistency and coherence across the system highlighting issues which may impact the delivery of NHS Orkney Board aims, corporate objectives and operational priorities
- **Strategic NHS Orkney wide Initiatives** - maintain oversight of progress with the implementation of Strategic initiatives (such as the Digital Strategy)
- **Sustainability** - oversight of Climate Change and Sustainability Governance, including the transition to a net-zero emissions service and delivery of targets against and monitor delivery of the Scottish Government targets
- **External Inquiries** - oversee the NHS Orkney inputs to inspections and external inquiries ensuring completeness and transparency

### 7.4 Performance Management

- **Performance Monitoring** - ensure assurance information flows are in place to support an active and collaborative governance approach to performance monitoring and reporting across the healthcare system to enable well-informed and evidence-based discussions to take place at the NHS Board and IJBs
- **Governance** - Utilise all assurance information available to the Finance and Performance Committee, provide assurance against the Commissioning Plan to the IJB.
- **Service Delivery** - review and approve the NHS Board's Performance Management Framework ensuring that it is aligned to the Board's Assurance Framework and provides assurance on the

effectiveness of the policies and systems in place to ensure progress on delivering the Board's purpose, aims, corporate objectives and operational priorities. This includes all healthcare services delivered by the NHS Orkney Directorates and IJB

- **Continuous Improvement** - ensure that the NHS Orkney Directorates and the IJB encourage a quality improvement culture that promotes innovation and sharing of best practice across the healthcare system
- **Business Continuity and Emergency Planning** - ensure robust arrangements are in place in relation to Business Continuity and Emergency Planning
- **Recovery Plans** – Where services are deviating from planned levels, the Finance and Performance Committee can request recovery plans be submitted and monitored by the Committee until performance recovers.

## 7.5 Risk Management

- **Governance Arrangements** - ensure appropriate governance arrangements are in place in respect of those corporate risks allocated to the Committee by the Audit and Risk Committee
- **Assurance** - review the appropriate risk registers to obtain assurance on risk identification, assessment and mitigation that is in line with the NHS Board's risk appetite, agreeing escalation as appropriate. This includes considering risks to service delivery on a whole system basis

## 7.6 Stakeholder Engagement

- **Integration Joint Boards** - ensure that collaborative governance is promoted through open exchanges of information on the challenges, opportunities and risks being identified and managed across the whole healthcare system. This includes performance against the Commissioning Plan. This involves oversight of the interdependencies between the work of the NHS Orkney Directorates and IJB and the relationship between health and social care service delivery
- **Scottish Government** - Provide scrutiny and assurance of the Boards financial and performance plans to effective governance of these plans, before submission to the Board for approval.

## 8 Best Value

The Committee is responsible for promoting the economical, efficient and effective use of resources by the organisation, on those areas within its remit, in accordance with the principles of Best Value. These are set out in the Scottish Public Finance Manual, along with a statutory duty under the Public Finance and Accountability (Scotland) Act 2000. The Committee will provide assurance to the Chief Executive, as Accountable Officer, that NHS Orkney has systems and processes in place to secure best value in

these delegated areas, and this assurance will be included as an explicit statement in the Committee's Annual Report.

## **9 Authority**

The Committee is a Standing Committee of the NHS Orkney Board.

## **10 Reporting Arrangements**

The Finance and Performance Committee reports to Orkney NHS Board.

The draft minute of the Finance and Performance Committee will be reviewed by the nominated Executive Lead prior to clearance by the Chair of the and distribution for ratification at the next Committee meeting. The ratified minutes of the Committee will be presented to the next NHS Board Meeting to ensure NHS Board members are aware of issues considered and decisions taken.

The NHS Orkney Board meeting will receive a Chairs Report, which summarises the key issues considered at the most recent meeting of the Committee.

The Chair of the Committee should raise any issues requiring cross committee input or assurance through the agreed reporting process.

The Finance and Performance Committee will produce an annual report for presentation to Orkney NHS Board. The Annual Report will describe the outcomes from the Committee during the year and provide assurance to the Board that the Committee has met its remit during the year.

## **11 Conduct of the Committee**

All members will have due regard to and operate within the NHS Board's Standing Orders, Standing Financial Instructions and the Code of Conduct for Members.

Papers will be submitted no later than 9 working days prior to the date of the meeting:

Apologies will be submitted no later than 3 working days prior to the date of the meeting, and if apologies are given, a relevant Deputy must attend and be prepared to respond to questions on behalf of the relevant member.

The Committee will participate in an annual review of the Committee's remit and membership, to be submitted to the NHS Board in June of each year, and more frequently if required by the NHS Board.

## D Remuneration Committee

### 1 Purpose

NHS Orkney is required to have a Remuneration Committee (herein referred to as the Committee) whose main function is to review the objectives and performance of executives and senior management cohorts, ensuring the application and implementation of fair and equitable pay systems on behalf of the Board as determined by Ministers and the Scottish Government.

In this regard, the Committee is a standing committee of the Board and will act with full authority in relation to the matters set out in its Role and Remit (detailed below). It will be required to provide assurance to the Board and Staff Governance Committee (see separate constitution) that systems and procedures are in place to do so, enabling the overarching staff governance responsibilities to be effectively discharged.

### 2 Composition

The Remuneration Committee shall consist of:

- The Chair of the Board
- Four other Non-Executive Members two of whom should, in normal circumstances, be the Employee Director and Chair of the Staff Governance Committee

Non-Executive Members cannot be members of this Committee if they are independent primary care contractors.

### 3 Attendance

In addition, there will be in attendance:

- Chief Executive
- Director of People and Culture

At the request of the Committee, other Senior Officers also may be invited to attend.

All members of the Remuneration Committee will require to be appropriately trained to carry out their role on the Committee.

No employee of the Board shall be present when any issue relating to their employment is being discussed.

## 4 Quorum

Meeting of the Remuneration Committee will be quorate when three non-executive members are present, one of whom must be the chair or vice-chair.

Any non-executive Board member, except if they are independent primary care contractors, with the agreement of the Chair may deputise for a member of the Committee at any meeting.

## 5 Meetings

The Committee will normally meet at least 4 times a year, with such other meetings as necessary to conduct the business of the Committee.

Remuneration issues may arise between meetings and will be brought to the attention of the Chair of the Remuneration Committee by the Chief Executive or the Director of People and Culture. The Chair may call a special meeting of the Remuneration Committee to address the issue or these may be considered virtually if appropriate.

## 6 Remit

The Remuneration Committee will oversee the remuneration arrangements for Executive Directors and others under the Executive Cohort and Senior Management Pay Systems of the Board and also to discharge specific responsibilities on behalf of the Board as an employing organisation.

Ensure that arrangements are in place to comply with NHS Orkney Performance Assessment Agreement with Scottish Government direction and guidance for determining the employment, remuneration, terms, and conditions of employment for Executive Directors, in particular:

- Approving the personal objectives of all Executive Directors in the context of NHS Orkney's Annual Operational Plan, Corporate Objectives, and other local, regional, and national policy
- Receiving formal reports on the operation of remuneration arrangements and the outcomes of the annual assessment of performance and remuneration for each of the Executive Directors
- Review and approve Executive Directors Job Descriptions prior to advertisement

Undertake reviews of aspects of remuneration and employment policy for Executive Directors (for example Relocation Policy) and, where necessary, other senior managers, for example special remuneration, when requested by NHS Orkney.

To have regular oversight of Senior Managers who fall into Pay Band 8C and 8D, or equivalent, in particular job descriptions, recruitment process

outcomes, objectives and personal development plans, to ensure alignment with the Corporate Strategy and objectives.

When appropriate, in accordance with procedures, consider any redundancy, early retiral or termination arrangement, including Employment Tribunal Settlements (approved by Scottish Government) in respect of all NHS Orkney Employees and, after due scrutiny, obtain a separate individual direction to make the actual payment. Other challenging cases, not involving Executive Directors, may be discussed by the Committee, with the approval of the Chair.

To oversee the arrangements for the payment of “Discretionary Points” to locally employed consultant staff, including making final decisions on awards and subsequent payment in individual cases based upon professional advice and in accordance with current guidance issued by the Scottish Government.

## **7 Best Value**

The Committee is responsible for promoting the economical, efficient and effective use of resources by the organisation, on those areas within its remit, in accordance with the principles of Best Value. These are set out in the Scottish Public Finance Manual, along with a statutory duty under the Public Finance and Accountability (Scotland) Act 2000. The Committee will provide assurance to the Chief Executive, as Accountable Officer, that NHS Orkney has systems and processes in place to secure best value in these delegated areas, and this assurance will be included as an explicit statement in the Committee’s Annual Report.

## **8 Confidentiality and Committee Decisions**

Decisions reached by the Committee will be by agreement and with all members agreeing to abide by such decisions (to the extent that they are in accordance with the constitution of the Committee). All Members will treat the business of the Committee as confidential. The Committee may in certain circumstances decide a voting approach is required with the Chair having a casting vote.

## **9 Minutes and Reports**

The minutes will record a clear summary of the discussions, demonstrating challenge where relevant, and decisions reached by the Committee. The full minutes will be circulated to Committee members and an Annual Report on Committee business will be submitted to the Board.

Cross Committee assurance will be provided/sought if required, through the Chair. This will **not** include the detail of confidential employment issues: these can only be considered by Non-Executive Board Members.



## 10 Authority

The Remuneration Committee is authorised by the Board to investigate any activity within its terms of reference, and in doing so, is authorised to seek any information it requires about any employee.

To fulfil its remit, the Remuneration Committee may seek additional professional advice, and it may require Directors or other officers of NHS Scotland to attend meetings, as necessary.

## 11 Reporting Arrangements

The Remuneration Committee is required to provide assurance that systems and procedures are in place to manage the responsibilities contained within its remit.

It will do this by providing an annual report of its work to the Board and Staff Governance Committee describing the outcomes from Remuneration Committee during the year and providing an annual assurance that systems and procedures are in place to manage the appraisal and pay arrangements for all Executive Directors and others as deemed appropriate so that overarching Staff Governance responsibilities can be discharged.

The Annual Report will be prepared as close as possible to the end of the financial year but in enough time to allow it to be considered by the Board. This is to ensure that the Board is in a position in its Annual Report to provide the annual assurance that systems and procedures are in place to manage the pay arrangements for all staff employed in NHS Orkney.

The annual report will also be provided to the Staff Governance Committee for assurance that that systems and process are in place to manage the issues set out in MEL(1993)114 and subsequent amendments.

## E Staff Governance Committee

### 1 Purpose

The role of this committee is to support and maintain a culture within the health system where the delivery of the highest possible standard of staff management is understood to be the responsibility of everyone working within the system and is built upon partnership and collaboration. It will ensure that robust arrangements to implement the Staff Governance Standard are in place and monitored.

The NHS Reform (Scotland) Act 2004 requires the Board to put, and keep, in place arrangements for the purpose of:

- (a) Improving the management of the officers employed by it
- (b) Monitoring such management; and
- (c) Workforce planning

It further requires all NHS Scotland employers to ensure the fair and effective management of staff.

NHS Scotland recognises the importance of Staff Governance as a feature of high performance which ensures that all staff have a positive employment experience. Standards have been agreed and set down for NHS organisations which state that staff should be:

- Well informed
- Appropriately trained and developed
- Involved in decisions which affect them
- Treated fairly and consistently, with dignity and respect, in an environment where diversity is valued and
- Provided with a continuously improving and safe working environment, promoting the health and wellbeing of staff, patients and the wider community

The role of the Staff Governance Committee is to advise the Board on these responsibilities by:

- Ensuring scrutiny of performance against the individual elements of the Staff Governance Standards
- Ensuring effective workforce planning arrangements are in place
- Reviewing and signing off data collected during annual Staff Governance monitoring
- Reviewing and monitoring Staff Experience Engagement Index Data and improvement plans.
- Seeking assurance from data and information provided in reports to the Committee.

## 2 Composition

Four Non-Executive Members, including Employee Director, plus two lay representatives from Trade Unions and professional organisations nominated by the Area Partnership Forum.

## 3 Attendance

In addition, there will be in attendance:

- Chief Executive
- Director of People and Culture - Lead for Committee
- Director of Nursing, Midwifery, Allied Health Professionals and Acute
- Health and Safety Lead
- Head of People and Culture
- Director of Medical Education
- JLNC Chair

Others will also be invited to attend for specific agenda items as required, including:

- Talent and Culture Manager
- Human Resources Manager
- Local Human Resources Staff as required for specific agenda items
- Deputy Medical Director as required by the agenda
- Other colleagues as required by the agenda

## 4 Quorum

Meetings of the Committee will be quorate when two non-executive Board members, and one lay representative from union and/or professional body or deputy are present.

Meetings will not take place unless at least one Executive Director of NHS Orkney is present. For the avoidance of doubt, advisors in attendance at the meeting, shall not count towards a quorum.

It will be expected that another non-executive Board Member or lay representative will deputise for a member of the Committee at any meeting when required.

## 5 Meetings

The Committee will meet at least quarterly

Extraordinary meetings may be called by:

- The Staff Governance Committee Chairperson
- NHS Orkney Chief Executive

## 6 Remit

The Staff Governance Committee shall have accountability to the Board for:

- The local delivery of the Staff Governance Action Plan
- Overseeing the structures and processes which ensure that delivery against the Standard are being achieved and taking assurance around implementation
- Monitoring and evaluating strategies and implementation plans relating to people management
- Support policy amendment, funding bids, or resource submissions to achieve the Staff Governance Standards
- Note or approve workforce policies progressed under the Once for Scotland agenda and/or following consultation through the Joint Staff Negotiating Committee and Partnership Forum
- Review and approve workforce plans and workforce projections ensuring that appropriate processes have been followed
- Monitor the progress of the Area Partnership Forum through joint Chair reports to each Committee and an annual Report to the Board
- Seek assurance on the timely submission of all Staff Governance information required for providing national monitoring arrangements
- Provide Staff Governance information for the governance statement through the Staff Governance Committee Annual Report
- Review corporate risks relating to staff and workforce issues; and seek assurance that risks are minimised/mitigated
- Seek assurance that the Whistle Blowing Standards have a supported infrastructure, monitoring and reporting framework is in place to ensure that staff can safely raise concerns. Ensure that the Board is complying with the legislation included in the Public Services Reform (the Scottish Public Services Ombudsman) (Healthcare Whistleblowing) Order 2020 (SSI 2220/5)
- Review performance, effectiveness, and Terms of Reference of the Committee on an annual basis
- Receive regular updates on implementation of the Health and Care (Staffing) (Scotland) Act 2019
- Receive assurance with regards to volunteer programmes for directly and indirectly engaged volunteers.
- To monitor all aspects of staff induction and development and received assurance that these are being appropriately managed and progressed.
- To consider significant and/or strategic matters in relation to Occupational Health, Safety and Wellbeing

## 7 Best Value

The Committee is responsible for promoting the economical, efficient and effective use of resources by the organisation, on those areas within its remit, in accordance with the principles of Best Value. These are set out in the Scottish Public Finance Manual, along with a statutory duty under the Public Finance and Accountability (Scotland) Act 2000. The Committee will provide assurance to the Chief Executive, as Accountable Officer, that NHS Orkney has systems and processes in place to secure best value in these delegated areas, and this assurance will be included as an explicit statement in the Committee's Annual Report.

## 8 Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference, and in so doing, is authorised to seek any information it requires from any employee.

In order to fulfill its remit, the Staff Governance Committee may obtain whatever professional advice it requires and require Directors or other officers of NHS Orkney to attend meetings.

The External Auditor and Chief Internal Auditor shall have the right of direct access to the Chair of the Staff Governance Committee.

## 9 Reporting Arrangements

The Staff Governance Committee reports to Orkney NHS Board. Following a meeting of the Staff Governance Committee the Chair will present at the next Orkney NHS Board meeting an update from the meeting and any approved minutes.

The Staff Governance Committee should annually and within three months of the start of the financial year provide a work plan detailing the work to be taken forward by the Staff Committee.

The Staff Governance Committee will produce an annual report for presentation to the Audit and Risk Committee and Orkney NHS Board. The Annual Report will describe the outcomes from the Committee during the year and provide an assurance to the Audit and Risk Committee that the committee has met its remit during the year.

The Staff Governance Committee will submit the Self-Assessment Monitoring Return to the Scottish Government by the required deadline.

The Chair of the Committee should raise any issues requiring cross committee input or assurance through the agreed reporting process.

The Staff Governance Committee will receive the Remuneration Committee Annual Report for assurance while remaining a substantive standing Committee of the Board itself, to enable the Committee to provide overall assurance that systems and procedures are in place to manage the issues set out in MEL (1993)114.

Version 17

SECTION

**B**

**Members Code of  
Conduct**

This section is for Members of Orkney NHS Board and details how they should conduct themselves in undertaking their duties.

# 1 Introduction to the Code of Conduct

The Scottish public has a high expectation of those who serve on the boards of public bodies and the way in which they should conduct themselves in undertaking their duties. You must meet those expectations by ensuring that your conduct is above reproach.

The Ethical Standards in Public Life etc. (Scotland) Act 2000, “the Act”, provides for Codes of Conduct for local authority councillors and members of relevant public bodies; imposes on councils and relevant public bodies a duty to help their members to comply with the relevant code; and establishes a Standards Commission for Scotland, “The Standards Commission” to oversee the new framework and deal with alleged breaches of the codes.

The Act requires the Scottish Ministers to lay before Parliament a Code of Conduct for Councillors and a Model Code for Members of Devolved Public Bodies. The Model Code for members was first introduced in 2002 and has now been revised in June 20223 following consultation and the approval of the Scottish Parliament. These revisions take into account the changes which, where appropriate, are consistent with the revised Councillors’ Code and highlights the need for board members to take personal responsibility for their behaviour.

As a member of Orkney NHS Board “the Board”, it is your responsibility to make sure that you are familiar with, and that your actions comply with, the provisions of this Code of Conduct which has now been made by the Board.

## 1 Appointments to the Boards of Public Bodies

- 1.1 The Chair may call a meeting of the Board at any time and the Chair of a Committee may call a meeting of that Committee at any time or when required to do so by the Board.
- 1.2 Public bodies in Scotland are required to deliver effective services to meet the needs of an increasingly diverse population. In addition, the Scottish Government’s equality outcome on public appointments is to ensure that Ministerial appointments are more diverse than at present. To meet both aims, a board should ideally be drawn from varied backgrounds with a wide spectrum of characteristics, knowledge and experience. It is crucial to the success of public bodies that they attract the best people for the job and therefore it is essential that a board’s appointments process should encourage as many suitable people to apply for positions and be free from unnecessary barriers. You should



therefore be aware of the varied roles and functions of the Board on which you serve and of wider diversity and equality issues. You should also take steps to familiarise yourself with the appointment process that

Orkney NHS Board will have agreed with the Scottish Government's Public Appointment Centre of Expertise.

- 1.3 You should also familiarise yourself with how the board's policy operates in relation to succession planning, which should ensure public bodies have a strategy to make sure they have the staff in place with the skills, knowledge and experience necessary to fulfil their role economically, efficiently and effectively.

### **3 Guidance on the Code of Conduct**

- 3.1 You must observe the rules of conduct contained in this Code. It is your personal responsibility to comply with these and review regularly, and at least annually, your personal circumstances with this in mind, particularly when your circumstances change. You must not at any time advocate or encourage any action contrary to the Code of Conduct.
- 3.2 The Code has been developed in line with the key principles listed in Section 2 and provides additional information on how the principles should be interpreted and applied in practice. The Standards Commission may also issue guidance. No Code can provide for all circumstances and if you are uncertain about how the rules apply, you should seek advice from Orkney NHS Board. You may also choose to consult your own legal advisers and, on detailed financial and commercial matters, seek advice from other relevant professionals.
- 3.3 You should familiarise yourself with the Scottish Government publication "[On Board: a guide for members of statutory boards - gov.scot](http://www.gov.scot) ([www.gov.scot](http://www.gov.scot)) This publication will provide you with information to help you in your role as a member of a public body in Scotland and can be viewed on the Scottish Government website.

### **4 Enforcement**

- 4.1 Part 2 of the Ethical Standards in Public Life etc. (Scotland) Act 2000 sets out the provisions for dealing with alleged breaches of this Code of Conduct and where appropriate the sanctions that will be applied if the Standards Commission finds that there has been a breach of the Code. Those sanctions are outlined in **Annex 1**.

## 2 Key Principles of the Code of Conduct

The general principles upon which this Code is based should be used for guidance and interpretation only.

These general principles are:

### 1 Duty

- 1.1 You have a duty to uphold the law and act in accordance with the law and the public trust placed in you. You have a duty to act in the interests of Orkney NHS Board of which you are a member and in accordance with the core functions and duties of the board.

### 2 Selflessness

- 2.1 You have a duty to take decisions solely in terms of public interest. You must not act to gain financial or other material benefit for yourself, family, or friends.

### 3 Integrity

- 3.1 You must not place yourself under any financial, or other, obligation to any individual or organisation that might reasonably be thought to influence you in the performance of your duties.

### 4 Objectivity

- 4.1 You must make decisions solely on merit and in a way that is consistent with the functions of Orkney NHS Board when carrying out public business including making appointments, awarding contracts or recommending individuals for rewards and benefits.

### 5 Accountability and Stewardship

- 5.1 You are accountable for your decisions and actions to the public. You have a duty to consider issues on their merits, taking account of the views of others and must ensure that Orkney NHS Board uses its resources prudently and in accordance with the law.

## **6 Openness**

- 6.1 You have a duty to be as open as possible about your decisions and actions, giving reasons for your decisions and restricting information only when the wider public interest clearly demands.

## **7 Honesty**

- 7.1 You have a duty to act honestly. You must declare any private interests relating to your public duties and take steps to resolve any conflicts arising in a way that protects the public interest.

## **8 Leadership**

- 8.1 You have a duty to promote and support these principles by leadership and example, and to maintain and strengthen the public's trust and confidence in the integrity of Orkney NHS Board and its members in conducting public business.

## **9 Respect**

- 9.1 You must respect fellow members of the Board and employees of Orkney NHS Board and the role they play, treating them with courtesy always. Similarly, you must respect members of the public when performing duties as a member of Orkney NHS Board.
- 9.2 You should apply the principles of this Code to your dealings with fellow members of Orkney NHS Board, its employees, and other stakeholders. Similarly, you should also observe the principles of this Code in dealings with the public when performing duties as a member of Orkney NHS Board.

# 3 General Conduct

The rules of good conduct in this section must be observed in all situations where you act as a member of Orkney NHS Board.

## 1 Conduct at Meetings

- 1.1 You must respect the Chair, your colleagues, and employees of Orkney NHS Board in meetings. You must comply with rulings from the Chair in the conduct of the business of these meetings.

## 2 Relationship with Board Members and Employees of the Public Body (including those employed by contractors providing services)

- 2.1 You will treat everyone with courtesy and respect. This includes in person, in writing, at meetings, when online and when using social media

It is expected that fellow board members and employees will show you the same consideration in return. It is good practice for employers to provide examples of what is unacceptable behaviour in their organisation. Public bodies should promote a safe, healthy, and fair working environment for all. As a board member you should be familiar with the policies of Orkney NHS Board in relation to bullying and harassment in the workplace and also lead by exemplar behavior.

## 3 Remuneration, Allowances and Expenses

- 3.1 You must comply with any rules of Orkney NHS Board regarding remuneration, allowances, and expenses.

## 4 Gifts and Hospitality

- 4.1 You must not accept any offer by way of gift or hospitality which could give rise to real or substantive personal gain or a reasonable suspicion of influence on your part to show favour, or disadvantage, to any individual or organisation. You should also consider whether there may be any reasonable perception that any gift received by your spouse or cohabitee or by any company in which you have a controlling interest, or by a partnership of which you are a partner, can or would influence your judgement. The term "gift" includes benefits such as relief from

indebtedness, loan concessions or provision of services at a cost below that generally charged to members of the public.

- 4.2 You must never ask for or seek any gifts or hospitality.
- 4.3 You are personally responsible for all decisions connected with the offer or acceptance of gifts or hospitality offered to you and for avoiding the risk of damage to public confidence in Orkney NHS Board. As a general guide, it is usually appropriate to refuse offers except:
- (a) Isolated gifts of a trivial character, the value of which must not exceed £50
  - (b) Normal hospitality associated with your duties and which would reasonably be regarded as appropriate; or
  - (c) Gifts received on behalf of Orkney NHS Board
- 4.4 You must not accept any offer of a gift or hospitality from any individual or organisation which stands to gain or benefit from a decision Orkney NHS Board may be involved in determining, or who is seeking to do business with the Board, and which a person might reasonably consider could have a bearing on your judgement. If you are making a visit in your capacity as a member of Orkney NHS Board then, as a general rule, you should ensure that the Board pays for the cost of the visit.
- 4.5 You must not accept repeated hospitality or repeated gifts from the same source.
- 4.6 Members of Orkney NHS Board should familiarise themselves with the terms of the [Bribery Act 2010](#) which provides for offences of bribing another person and offences relating to being bribed.

## 5 Confidentiality Requirements

- 5.1 There may be times when you will be required to treat discussions, documents or other information relating to the work of Orkney NHS Board in a confidential manner. You will often receive information of a private nature which is not yet public, or which perhaps would not be intended to be public. You must always respect the confidential nature of such information and comply with the requirement to keep such information private.
- 5.2 It is unacceptable to disclose any information to which you have privileged access, for example derived from a confidential document, either orally or in writing. In the case of other documents and information, you are requested to exercise your judgement as to what should or should not be made available to outside bodies or individuals. In any event, such information should never be used for the purposes of personal or financial gain or for political purposes or used in such a way as to bring Orkney NHS Board into disrepute.

## **6 Use of Public Body Facilities**

- 6.1 Members of Orkney NHS Board must not misuse facilities, equipment, stationery, telephony, computer, information technology equipment and services, or use them for party political or campaigning activities. Use of such equipment and services, etc. must be in accordance with the Board's policy and rules on their usage. Care must also be exercised when using social media networks not to compromise your position as a member of Orkney NHS Board.

## **7 Appointment to Partner Organisations**

- 7.1 You may be appointed, or nominated by Orkney NHS Board, as a member of another body or organisation. If so, you are bound by the rules of conduct of these organisations and should observe the rules of this Code in carrying out the duties of that body.
- 7.2 Members who become director or trustee (or equivalent) of a company or a charity, will be responsible for identifying, and taking advice on, any conflicts of interest that may arise between the company or charity and my public body

# 4

## Registration of Interests

The following paragraphs set out the kinds of interests, financial and otherwise which you must register. These are called 'Registerable Interests'. You must, at all times, ensure that these interests are registered, when you are appointed and whenever your circumstances change in such a way as to require change or an addition to your entry in the Orkney NHS Board Register. It is your duty to ensure any changes in circumstances are reported within one month of them changing.

The Regulations<sup>1</sup> as amended describe the detail and timescale for registering interests. It is your personal responsibility to comply with these regulations and you should review regularly and at least once a year your personal circumstances. **Annex 2** contains key definitions and explanatory notes to help you decide what is required when registering your interests under any category. The interests which require to be registered are those set out in the following paragraphs and relate to you. It is not necessary to register the interests of your spouse or cohabitee.

### 1 Category One: Remuneration

- 1.1 You have a Registerable Interest where you receive, or expect to receive, remuneration by virtue of being:
- Employed
  - Self-employed
  - The holder of an office
  - A director of an undertaking
  - A partner in a firm
  - Appointed or nominated by my public body to another body; or
  - engage in a trade, profession or vocation or any other work
- 1.2 In relation to 1.1 above, the amount of remuneration does not require to be registered and remuneration received as a board member of NHS Orkney does not have to be registered.
- 1.3 If a position is not remunerated it does not need to be registered under this category. However, unremunerated directorships may need to be registered under category two, 'Other Roles'.

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<sup>1</sup> SSI - The Ethical Standards in Public Life etc. (Scotland) Act 2000 (Register of Interests) Regulations 2003 Number 135, as amended.

- 1.4 If you receive any allowances in relation to membership of any organisation, the fact that you receive such an allowance must be registered.
- 1.5 When registering employment as an employee you must give the full name of the employer, the nature of its business, and the nature of the post held in the organisation.
- 1.6 When registering self-employment, you must provide the name and give details of the nature of the business. When registering an interest in a partnership, you must give the name of the partnership and the nature of its business.
- 1.7 Where you undertake a trade, profession or vocation, or any other work, the detail to be given is the nature of the work and its regularity. For example, if you write for a newspaper, you must give the name of the publication, and the frequency of articles for which you are paid.
- 1.8 When registering a directorship, it is necessary to provide the registered name of the undertaking in which the directorship is held and the nature of its business.
- 1.9 Registration of a pension is not required as this falls outside the scope of the category.

## **2 Category Two: Other Roles**

- 2.1 You must register any unremunerated directorships where the body in question is a subsidiary or parent of an undertaking in which you hold a remunerated directorship.
- 2.2 You must register the name and registered number of the subsidiary or parent company or other undertaking and the nature of its business, and its relationship to the company or other undertaking in which you are a director and from which you receive remuneration.
- 2.3 The situations to which the above paragraphs apply are as follows:
  - You are a director of a board of an undertaking and receive remuneration declared under category one – and
  - You are a director of a parent or subsidiary undertaking but do not received remuneration in that capacity

## **3 Category Three: Contracts**

- 3.1 You have a registerable interest where you (or a firm in which you are a partner, or an undertaking in which you are a director or in which you



have shares of a value as described in paragraph 5.1 below) have made a contract with Orkney NHS Board of which you are a member:

- (a) Under which goods or services are to be provided, or works are to be executed; and
- (b) Which has not been fully discharged

3.2 You must register a description of the contract, including its duration, but excluding the value.

#### **4 Category Four: Election Expenses**

4.1 If you have been elected to a public body, you will register a description of, and statement of, any assistance towards election expenses relating to election to a public body.

#### **5 Category Five: Houses, Land and Buildings**

5.1 You have a registerable interest where you own or have any other right or interest in houses, land and buildings, which may be significant to, of relevance to, or bear upon, the work and operation of Orkney NHS Board.

5.2 The test to be applied when considering appropriateness of registration is to ask whether a member of the public acting reasonably might consider any interests in houses, land and buildings could potentially affect your responsibilities to Orkney NHS Board and to the public, or could influence your actions, speeches or decision-making.

#### **6 Category Six: Interest in Shares and Securities:**

6.1 You have a registerable interest where:

- (i) you own or have an interest in more than 1% of the issued share capital of the company or other body; or
- (ii) Where, at the relevant date, the market value of any shares and securities (in any one specific company or body) that you own or have an interest in is greater than £25,000

#### **7 Category Seven: Gifts and Hospitality:**

7.1 I understand the requirements regarding gifts and hospitality. As I will not accept any gifts or hospitality, other than under the limited circumstances allowed, I understand there is no longer the need to register any.

## **8 Category Eight: Non–Financial Interests**

- 8.1 I may also have other interests and I understand it is equally important that relevant interests such as membership or holding office in other public bodies, companies, clubs, societies and organisations such as trades unions and voluntary organisations, are registered and described. In this context, I understand non-financial interests are those which members of the public with knowledge of the relevant facts might reasonably think could influence my actions, speeches, votes or decision-making in my public body (this includes its Committees and memberships of other organisations to which I have been appointed or nominated by my public body).

## **9 Category Nine: Close Family Members**

- 9.1 I will register the interests of any close family member who has transactions with my public body or is likely to have transactions or do business with it.

Version 17

# 5 Declaration of Interests

## 1 General

- 1.1 The key principles of the Code, especially those in relation to integrity, honesty, and openness, are given further practical effect by the requirement for you to declare certain interests in proceedings of Orkney NHS Board. Together with the rules on registration of interests, this ensures transparency of your interests which might influence, or be thought to influence, your actions.
- 1.2 Public bodies inevitably have dealings with a wide variety of organisations and individuals and this Code indicates the circumstances in which a business or personal interest must be declared. Public confidence in Orkney NHS Board and its members depends on it being clearly understood that decisions are taken in the public interest and not for any other reason.
- 1.3 In considering whether to make a declaration in any proceedings, you must consider not only whether you will be influenced but whether anybody else would think that you might be influenced by the interest. You must, however, always comply with the **objective test** (“the objective test”) which is whether a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as so significant that it is likely to prejudice your discussion or decision making in your role as a member of Orkney NHS Board.
- 1.4 If you feel that, in the context of the matter being considered, your involvement is neither capable of being viewed as more significant than that of an ordinary member of the public, nor likely to be perceived by the public as wrong, you may continue to attend the meeting and participate in both discussion and voting. The relevant interest must however be declared. It is your responsibility to judge whether an interest is sufficiently relevant to proceedings to require a declaration and you are advised to err on the side of caution. If a board member is unsure as to whether a conflict of interest exists, they should seek advice from the Board chair.
- 1.5 As a member of Orkney NHS Board, you might serve on other bodies. In relation to service on the boards and management committees of limited liability companies, public bodies, societies and other organisations, you must decide, in the circumstances surrounding any matter, whether to declare an interest. Only if you believe that, in the circumstances, the nature of the interest is so remote or without significance, should it not be declared. You must always remember the public interest points towards transparency and a possible divergence of interest between Orkney NHS Board and another body. Keep particularly in mind the advice in paragraph 3.15 of this Code about your legal responsibilities to any limited company of which you are a director.

## 2 Interests which Require Declaration

- 2.1 Interests which require to be declared if known to you may be financial or non-financial. They may or may not cover interests which are registerable under the terms of this Code. Most of the interests to be declared will be your personal interests but, on occasion, you will have to consider whether the interests of other persons require you to make a declaration. The paragraphs which follow deal with (a) your financial interests (b) your non-financial interests and (c) the interests, financial and non-financial, of other persons.
- 2.2 You will also have other private and personal interests and may serve, or be associated with, bodies, societies and organisations as a result of your private and personal interests and not because of your role as a member of Orkney NHS Board. In the context of any matter you will need to decide whether to declare an interest. You should declare an interest unless you believe that, in the circumstances, the interest is too remote or without significance. In reaching a view on whether the objective test applies to the interest, you should consider whether your interest (whether taking the form of association or the holding of office) would be seen by a member of the public acting reasonably in a different light because it is the interest of a person who is a member of Orkney NHS Board as opposed to the interest of an ordinary member of the public.

## 3 Your Financial Interests

- 3.1 You must declare, if it is known to you, any financial interest (including any financial interest which is registerable under any of the categories prescribed in Section 4 of this Code). If, under category one (or category seven in respect of non-financial interests) of section 4 of this Code, you have registered an interest:
- a) As an employee of the Board; or
  - b) As a Councillor or a Member of another Devolved Public Body where the council or other devolved public body has nominated or appointed you as a Member of the Board

You are not required, for that reason alone, to declare that interest.

- 3.2 There is no need to declare an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.
- 3.3 You must withdraw from the meeting room until discussion of the relevant item where you have a declarable interest is concluded. There is no need to withdraw in the case of an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

## 4 Your Non-Financial Interests

- 4.1 You must declare, if it is known to you, any non-financial interest if:
- (a) That interest has been registered under category seven (Non-Financial Interests) of Section 4 of the Code; or
  - (b) That interest would fall within the terms of the objective test.
- 4.2 There is no need to declare an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.
- 4.3 You must withdraw from the meeting room until discussion of the relevant item where you have a declarable interest is concluded. There is no need to withdraw in the case of an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

## 5 The Financial Interests of Other Persons

- 5.1 You must declare if it is known to you any financial interest of:
- (a) a spouse, a civil partner, or a cohabitee
  - (b) a close relative, close friend, or close associate
  - (c) an employer or a partner in a firm
  - (d) a body (or subsidiary or parent of a body) of which you are a remunerated member or director
  - (e) a person from whom you have received a registerable gift or registerable hospitality
  - (f) a person from whom you have received registerable expenses.
- 5.2 There is no need to declare an interest if it is so remote or insignificant that it could not reasonably be taken to fall within the objective test.
- 5.3 You must withdraw from the meeting room until discussion of and voting on the relevant item where you have a declarable interest is concluded. There is no need to withdraw in the case of an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.
- 5.4 This Code does not attempt the task of defining “relative” or “friend” or “associate”. Not only is such a task fraught with difficulty but is also unlikely that such definitions would reflect the intention of this part of the Code. The key principle is the need for transparency in regard to any interest which might (regardless of the precise description of relationship) be objectively regarded by a member of the public, acting reasonably, as potentially affecting your responsibilities as a member of Orkney NHS Board and, as such, would be covered by the objective test.

## 6 The Non-Financial Interests of Other Persons

- 6.1 You must declare if it is known to you any non-financial interest of:
- a) a spouse, a civil partner, or a cohabitee
  - b) a close relative, close friend, or close associate
  - c) an employer or a partner in a firm
  - d) a body (or subsidiary or parent of a body) of which you are a remunerated member or director
  - e) a person from whom you have received a registerable gift or registerable hospitality
  - f) a person from whom you have received registerable election expenses.
- 6.2 There is no need to declare the interest if it is so remote or insignificant that it could not reasonably be taken to fall within the objective test.
- 6.3 There is only a need to withdraw from the meeting if the interest is clear and substantial.

## 7 Making a Declaration

- 7.1 You must consider at the earliest stage possible whether you have an interest to declare in relation to any matter which is to be considered. You should consider whether agendas for meetings raise any issue of declaration of interest. Your declaration of interest must be made as soon as practicable at a meeting where that interest arises. If you do identify the need for a declaration of interest only when a particular matter is being discussed, you must declare the interest as soon as you realise it is necessary.
- 7.2 The oral statement of declaration of interest should identify the item or items of business to which it relates. The statement should begin with the words "I declare an interest". The statement must be sufficiently informative to enable those at the meeting to understand the nature of your interest but need not give a detailed description of the interest.

## 8 Frequent Declarations of Interest

- 8.1 Public confidence in a public body is damaged by perception that decisions taken by that body are substantially influenced by factors other than the public interest. If you would have to declare interests frequently at meetings in respect of your role as a board member you should not accept a role or appointment with that attendant consequence. If members are frequently declaring interests at meetings, then they should consider whether they can carry out their role effectively and discuss with their chair. Similarly, if any appointment or nomination to another body

would give rise to objective concern because of your existing personal involvement or affiliations, you should not accept the appointment or nomination.

## **9 Dispensations**

- 9.1 In some very limited circumstances dispensations can be granted by the Standards Commission in relation to the existence of financial and non-financial interests which would otherwise prohibit you from taking part and voting on matters coming before Orkney NHS Board and its committees.
- 9.2 Applications for dispensations will be considered by the Standards Commission and should be made as soon as possible in order to allow proper consideration of the application in advance of meetings where dispensation is sought. You should not take part in the consideration of the matter in question until the application has been granted.

# **6 Lobbying and Access to Members of Public Bodies**

## **1 Introduction**

- 1.1 For Orkney NHS Board to fulfil its commitment to being open and accessible, it needs to encourage participation by organisations and individuals in the decision-making process. Clearly however, the desire to involve the public and other interest groups in the decision-making process must take account of the need to ensure transparency and probity in the way in which Orkney NHS Board conducts its business.
- 1.2 You will need to be able to consider evidence and arguments advanced by a wide range of organisations and individuals to perform your duties effectively. Some of these organisations and individuals will make their views known directly to individual members. The rules in this Code set out how you should conduct yourself in your contacts with those who would seek to influence you. They are designed to encourage proper interaction between members of public bodies, those they represent and interest groups.

## **2 Rules and Guidance**

- 2.1 You must not, in relation to contact with any person or organisation who lobbies, do anything which contravenes this Code or any other relevant rule of Orkney NHS Board or any statutory provision.

- 2.2 You must not, in relation to contact with any person or organisation who lobbies, act in any way which could bring discredit upon Orkney NHS Board.
- 2.3 The public must be assured that no person or organisation will gain better access to or treatment by you because of employing a company or individual to lobby on a fee basis on their behalf. You must not, therefore, offer or accord any preferential access or treatment to those lobbying on a fee basis on behalf of clients compared with that which you accord any other person or organisation who lobbies or approaches you. Nor should those lobbying on a fee basis on behalf of clients be given to understand that preferential access or treatment, compared to that accorded to any other person or organisation, might be forthcoming from another member of Orkney NHS Board.
- 2.4 Before taking any action as a result of being lobbied, you should seek to satisfy yourself about the identity of the person or organisation who is lobbying and the motive for lobbying. You may choose to act in response to a person or organisation lobbying on a fee basis on behalf of clients but it is important that you know the basis on which you are being lobbied in order to ensure that any action taken in connection with the lobbyist complies with the standards set out in this Code and the [Lobbying \(Scotland\) Act 2016](#).
- 2.5 You should not accept any paid work:
- a) Which would involve you lobbying on behalf of any person or organisation or any clients of a person or organisation
  - b) To provide services as a strategist, adviser, or consultant, for example, advising on how to influence Orkney NHS Board and its members. This does not prohibit you from being remunerated for activity which may arise because of, or relate to, membership of Orkney NHS Board, such as journalism, or broadcasting, or involvement in representative or presentational work, such as participation in delegations, conferences or other events
- 2.6 If you have concerns about the approach or methods used by any person or organisation in their contacts with you, you must seek the guidance of Orkney NHS Board.



## Annex A

### Sanctions Available to The Standards Commission for Breach of The Code:

The sanctions that can be imposed following a finding of a breach of the Code are as follows:

- **Censure:** A censure is a formal record of the Standards Commission's severe and public disapproval of the member concerned.
- **Suspension:** This can be a full or partial suspension (for up to one year). A full suspension means that the member is suspended from attending all meetings of the public body. Partial suspension means that the member is suspended from attending some of the meetings of the public body. The Commission can direct that any remuneration or allowance the member receives as a result of their membership of the public body be reduced or not paid during a period of suspension.
- **Disqualification:** Disqualification means that the member is removed from membership of the body and disqualified (for a period not exceeding five years), from membership of the body. Where a member is also a member of another devolved public body (as defined in the Act), the Commission may also remove or disqualify that person in respect of that membership. Full details of the sanctions are set out in section 19 of the Act.

## Annex B

### Definitions

A full list of definitions used in the code can be found at Annex B [Model Code of Conduct | The Standards Commission for Scotland \(standardscommissionscotland.org.uk\)](#)

Version 17

## Annex C

# Bribery Act 2010 – NHS Orkney’s Aims and Objectives

The Bribery Act 2010 (“The Act”) has brought further obligations on NHS Orkney, its Non-Executive Members of the Board, and its staff.

NHS Orkney does not tolerate any form of bribery, whether direct or indirect, by, or of, its staff, agents or external consultants or any persons or entities acting for it or on its behalf. This includes Non-Executive Members of the Board, and any other co-opted members of committees or sub-committees of the Board.

The Board is committed to implementing and enforcing effective systems throughout NHS Orkney to prevent, monitor and eliminate bribery within NHS Orkney, in accordance with the Bribery Act 2010, and to the rigorous investigation of any such cases.

NHS Orkney will not conduct business with service providers, agents or representatives that do not support its anti-bribery statement and it reserves the right to terminate its contractual arrangements with any third parties acting for, or on behalf of, NHS Orkney with immediate effect where there is evidence that they have committed acts of bribery.

The success of NHS Orkney’s anti-bribery measures depends on all employees, Non-Executive Members of the Board and those acting for NHS Orkney, playing their part in helping to detect and eradicate bribery. Therefore all employees, Non-Executive Members of the Board and others acting for or on behalf of NHS Orkney are encouraged to report any suspected bribery in accordance with bribery in accordance with The Fraud Standards, Section D, of the Code of Corporate Governance.

[Bribery Act 2010 \(legislation.gov.uk\)](http://legislation.gov.uk)

SECTION

**C**

**Standards of  
Business Conduct  
for NHS Staff**

This section is for all staff to ensure they are aware of their duties in situations where there may be conflict between their private interests and their NHS duties.

# 1 Standards of Business Conduct for NHS Staff

## 1 Introduction

- 1.1 This section of NHS Orkney's Code of Corporate Governance provides instructions on those issues or matters which staff are most likely to encounter in carrying out their day to day duties. This is not exhaustive and is supplementary to (and therefore should be read in conjunction with) the Standards of Business Conduct for NHS Staff (NHS Circular [MEL \(1994\) 48](#)) and [A Common Understanding 2012: Working Together for Patients](#).
- 1.2 The Standards of Business Conduct for NHS Staff will be incorporated into the contract of employment for each member of staff.
- 1.3 Guidance regarding accepted practice in NHS Orkney is detailed in these Standards; however, professionally registered staff should also ensure that they do not breach the requirements in respect of their Professional Codes of Conduct.

## 2 The Bribery Act 2010 - NHS Orkney's Aims and Objectives

- 2.1 The [Bribery Act 2010](#) ("The Act") has brought further obligations on NHS Orkney, its Non-Executive Members and its staff.
- 2.2 NHS Orkney does not tolerate any form of bribery, whether direct or indirect, by, or of, its staff, agents or external consultants or any persons or entities acting for it or on its behalf. This includes Non-Executive Members, and any other co-opted members of committees or sub-committees of the Board.
- 2.3 The Board is committed to implementing and enforcing effective systems throughout NHS Orkney to prevent, monitor and eliminate bribery within NHS Orkney, in accordance with the [Bribery Act 2010](#), and to the rigorous investigation of any such cases.
- 2.4 NHS Orkney will not conduct business with service providers, agents or representatives that do not support its anti-bribery statement and it reserves the right to terminate its contractual arrangements with any third parties acting for, or on behalf of, NHS Orkney with immediate effect where there is evidence that they have committed acts of bribery.
- 2.5 The success of NHS Orkney's anti-bribery measures depends on all employees, Non-Executive Members and those acting for NHS Orkney, playing their part in helping to detect and eradicate bribery. Therefore all

employees, Non-Executive Members and others acting for or on behalf of NHS Orkney are encouraged to report any suspected bribery in accordance with bribery in accordance with The Fraud Standards, Section D, of the Code of Corporate Governance.

### 3 The Bribery Act 2010 – Key Points

- 3.1 The [Bribery Act 2010](#) is one a strict piece of legislation and makes it a criminal offence for any individual (employee, contractor, agent) associated with NHS Orkney, to give, promise or offer a bribe, and to request, agree to receive or accept a bribe (sections 1, 2 and 6 offences). This can be punishable by imprisonment of up to ten years.
- 3.2 In addition, the Act introduces a corporate offence (Section 7 offence) which means that NHS Orkney can be exposed to criminal liability, punishable by an unlimited fee, if it fails to prevent bribery by not having adequate preventative procedures in place that are robust, up-to-date and effective. The corporate offence is not a stand-alone offence and will follow from a bribery/corruption offence committed by an individual associated with NHS Orkney, in the course of their work. NHS Orkney takes its legal responsibilities very seriously.
- 3.3 If a bribery offence is proved to have been committed by an outside body corporate with the consent or connivance of a Director or Senior Officer of NHS Orkney, under the Act, the Director or Senior Officer would be guilty of an offence (section 14 offences) as well as the body corporate which paid the bribe.
- 3.4 Whilst the exact definition of bribery and corruption is a statutory matter, the following working definitions are given together with some examples:

Bribery is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage.

Corruption relates to a lack of integrity or honesty, including the misuse of trust for dishonest gain. It can be broadly defined as the offering or acceptance of inducements, gifts, favours, payments or benefits in kind which may influence the action of any person. Corruption does not always result in a loss. The corrupt person may not benefit directly; however, they may be unreasonably using their position to give some advantage to another.

Examples of bribery:

#### Offering a Bribe

A bribe would occur if:

- A payment was made to influence an individual who was responsible

for making decision on whether NHS Orkney should be selected as the preferred bidder for the provision of services in a procurement process.

- A member of staff conducted private meetings, other than on NHS premises, with a public contractor hoping to tender an NHS Orkney contract, each time accepting hospitality far in excess of that deemed appropriate within the Standards of Business Conduct for NHS Orkney and without guidance being sought in advance from the line manager or Corporate Services Manager, or subsequently being declared.

#### Receiving a Bribe

A bribe would occur if:

- A patient offered a member of NHS Orkney staff a payment (or other incentive) to speed up, beyond usual timeframe, the provision of a particular aspect of their care.
- A pharmaceutical company offered a member of NHS Orkney staff a payment (or other incentive such as a generous gift or lavish hospitality) in order to influence their decision making in the selection of a pharmaceutical product to appear on NHS Orkney's drug formulary.

- 3.5 The success of NHS Orkney's anti-bribery measures depends on all employees, and those acting for NHS Orkney, playing their part in helping to detect and eradicate bribery. Therefore, all employees and others acting for or on behalf of NHS Orkney are encouraged to report any suspected bribery in accordance with following The Fraud Standards, Section D, of the Code of Corporate Governance.

## **4 Responsibilities of Staff**

- 4.1 NHS Orkney is committed to maintaining strict ethical standards and integrity in the conduct of its business activities. All NHS Orkney staff and individuals acting on NHS Orkney's behalf, are responsible for conducting NHS Orkney's business professionally, with honesty, integrity and maintaining the organisation's reputation and free from bribery.
- 4.2 Staff must ensure that they do not place themselves in a position which risks, or appears to risk, conflict between their private interests and their NHS duties such as, for example, abusing their present position to obtain preferential rates for personal gain or to benefit family members or associates.

This primary responsibility applies to **all NHS staff**, but is of particular relevance to those who commit NHS resources directly (e.g. by the

ordering of goods) or those who do so indirectly (e.g. by the prescribing of medicines).

- 4.3 The NHS must be impartial and honest in the conduct of its business and its employees should remain beyond suspicion.
- 4.4 Staff need to be aware that a breach of the provisions of the Bribery Act renders them liable to prosecution and may lead to potential disciplinary action and the loss of their employment and superannuation rights.
- 4.5 This Code reflects the minimum Standards of Business Conduct expected from all NHS staff. Any breaches of the Code may lead to disciplinary action.

***N.B: If you are in any doubt at all as to what you can or cannot do, you should seek advice from your Line manager / Head of Department / Director of Finance or Corporate Services Manager.***

## **5 Key Principles of Business Conduct**

- 5.1 The Standards of Business Conduct for NHS Staff [[MEL \(1994\) 48](#)] provide instructions to staff in maintaining strict ethical standards in the conduct of NHS business. All staff are therefore required to adhere to the Standards of Business Conduct for NHS Staff.
- 5.2 Public Service values must be at the heart of the NHS Board's activities. High standards of corporate and personal conduct, based on the recognition that patients come first, are mandatory. The NHS Board is a publicly funded body, accountable to Scottish Ministers and through them to the Scottish Parliament for the services and for the economical, efficient, and effective use of resources placed at the Board's disposal.
- 5.3 By staff following these principles, the Board should be able to demonstrate that it adheres to the three essential public sector values.

### **Accountability:**

Everything done by those who work in the organisation must be able to stand these tests of parliamentary scrutiny, public judgements on propriety, and meet professional codes of conduct.

### **Probity:**

Absolute honesty and integrity should be exercised in dealing with NHS patients, staff, assets, suppliers and customers.



**Openness:**

The organisation's activities should be sufficiently public and transparent to promote confidence between the organisation and its patients, staff and public.

**6 Acceptance of Gifts, Hospitality and Prizes****6.1 Gifts**

6.1.1 The Standards of Business Conduct state that any money, gift or consideration received by an employee in public service from a person or organisation holding or seeking to obtain a contract will be deemed by the courts to have been received corruptly unless the employee proves the contrary.

6.1.2 Staff should therefore be very cautious if faced with the offer of a gift. Casual gifts offered by contractors or others excluding patients, relatives, or carers (for example, at the festive season) may not be in any way connected with the performance of duties to constitute an offence. Such gifts should nevertheless be declined. Items of low intrinsic value e.g. boxes of biscuits, chocolates or flowers from patients, relatives, or carers can be accepted. Any gifts of money should be handled in accordance with the Endowment Fund Charter.

Where an unsolicited or inappropriate gift is received and the individual is unable to return it or the donor refuses to accept its return, they should report the circumstances to the Corporate Services Manager who will determine if the gift can be accepted and this should be recorded in the Register of Gifts.

Financial donations to a department fund, which are to be used for the purposes of NHS Orkney must be administered through Orkney Health Board Endowment Fund and handled in accordance with the Endowment Fund Charter.

The Corporate Services Manager should maintain a register to record gifts reported by staff. It is the responsibility of the recipients of such gifts to report all such items received to the Corporate Services Manager for recording who will provide the registration form. This register will be published on the NHS Orkney website.

**6.2 Hospitality**

6.2.1 Standards of Business Conduct state that hospitality may be acceptable provided it is normal and reasonable in the circumstances e.g. lunches during a working visit. Any hospitality accepted should be similar in scale to that which the NHS as an employer would be likely to offer and must not exceed £25. All other offers of hospitality should be declined.

- 6.2.2 Staff should seek guidance from their Line Manager prior to accepting any such hospitality. In cases of doubt, advice should be sought from the Corporate Services Manager.
- 6.2.3 It may not always be clear whether an individual is being invited to an event involving the provision of hospitality (eg formal dinner) in a personal/private capacity or as a consequence of the position which they hold in NHS Orkney.
- I If the invitation is the result of the individual's position with NHS Orkney, only hospitality which is modest and normal and reasonable in the circumstances should be accepted. If the nature of the event dictates a level of hospitality which exceeds this, then the individual should ensure that his/her Head of Department/Director is fully aware of the circumstances. An example of such an event might be an awards ceremony involving a formal dinner. If the Head of Department/Director grants approval to attend, the individual should declare his/her attendance for registration in the Register of Hospitality held by the Corporate Services Manager.
  - II If the individual is invited to an event in a private capacity (e.g. as result of his/her qualification or membership of a professional body), they are at liberty to accept or decline the invitation without referring to his/her Line Manager. The following matters should however be considered before an invitation to an individual in a private capacity is accepted.
    - The individual should not do or say anything at the event that could be construed as representing the views and/or policies of NHS Orkney
    - If the body issuing the invitation has (or is likely to have, or is seeking to have) commercial or other financial dealings with NHS Orkney, then it could be difficult for an individual to demonstrate that his/her attendance was in a private and not an official capacity. Attendance could create a perception that the individual's independence had been compromised, especially where the scale of hospitality is lavish. Individuals should therefore exercise caution before accepting invitations from such bodies and must seek approval from their Line Manager.
  - III Where suppliers of clinical products offer hospitality, it should only be accepted if it complies with the guidance in the Sponsorship Policy.
  - IV The Corporate Services Manager should maintain a register to record hospitality reported by staff. It is the responsibility of the recipients of such hospitality to report all such items received to the

Corporate Services Manager for recording in NHS Orkney's Register of Hospitality. The form in Annex 2 should be used for this purpose. This register will be published on the NHS Orkney website.

### 6.3 Competitions / Prizes

Individuals should not enter competitions including free draws organised by bodies who have or are seeking to have financial dealings with NHS Orkney. Potential suppliers may use this as a means of giving money or gifts to individuals with NHS Orkney to influence the outcome of business decisions. If in doubt, contact the Corporate Services Manager.

## 7 Register of Staff Interests

7.1 To avoid conflicts of interest and to maintain openness and accountability, employees are required to register all interests that may have any relevance to their duties/responsibilities. These include any financial interest in a business or any other activity or pursuit that may compete for an NHS contract to supply either goods or services to the NHS or in any other way could be perceived to conflict with the interests of NHS Orkney. The test to be applied when considering appropriateness of registration of an interest is to ask whether a member of the public acting reasonably might consider the interest could potentially affect the individual's responsibilities to the organisation and/or influence their actions. If in doubt the individual should register the interest or seek further guidance from the Corporate Services Manager.

7.2 Interests that it may be appropriate to register, include:

- (i) Other employments including self-employment
- (ii) Directorships including Non-Executive Directorships held in private companies or public limited companies (whether remunerated or not)
- (iii) Ownership of, or an interest in, private companies, partnerships, businesses, or consultancies
- (iv) Shareholdings in organisations likely or possibly seeking to do business with the NHS (the value of the shareholdings need not be declared)
- (v) Ownership of or interest in land or buildings which may be significant to, of relevance to, or bear upon the work of NHS Orkney.
- (vi) Any position of authority held in another public body, trade union, charity or voluntary body.
- (vii) Any connection with a voluntary or other body contracting for NHS services.
- (viii) Any involvement in joint working arrangements with Clinical (or other) Suppliers.

This list is not exhaustive and should not preclude the registration of other forms of interest where these may give rise to a potential conflict of interest upon the work of NHS Orkney. Any interests of spouses, partner or civil partner, close relative or associate, or persons living with the individual as part of a family unit, will also require registration if a conflict of interests exists.

- 7.3 The completed register of interests' form should be returned to the Board Secretary. The Register of Staff Interests will be retained for a period of five years.
- 7.4 It is the responsibility of everyone to declare any relevant interest to the Chair of any Committee/decision making group of which they are a Member so that the Chair is aware of any conflict which may arise.

## **8 Purchase of Goods and Services**

- 8.1 NHS Orkney has a procurement function under the direction of the Director of Finance to purchase the goods and services required for the functioning of NHS Orkney. Except for staff who have delegated authority to purchase goods and services, no other member of staff is authorised to make a commitment to a third party for the purchase of goods or services. The Procurement Officer should be contacted for advice on all aspects of the purchase of goods and services.
- 8.2 All staff who are in contact with suppliers and contractors (including external consultants), and in particular those who are authorised to sign Purchase Orders, or place contracts for goods, materials or services are expected to adhere to Section 13 of NHS Orkney's Standing Financial Instructions (SFIs).
- 8.3 Fair and open competition between prospective contractors or suppliers for NHS contracts is a requirement of SFIs and of EC Directives on Public Purchasing for Works and Supplies. This means that:
- No private or public company, firm or voluntary organisation which may bid for NHS business should be given any advantage over its competitors, such as advance notice of NHS requirements. This applies to all potential contractors whether there is a relationship between them and the NHS employer, such as a long-running series of previous contracts
  - Each new contract should be awarded solely on merit in accordance with the SFIs
- 8.4 SFIs describe the process to be followed to purchase goods and services. Key points to note are:
- (i) SFIs define the limits above which competitive quotations and

- competitive tenders must be obtained and describe the process which should be followed to achieve fair and open competition
- (ii) No organisation should be given unfair advantage in the competitive process, e.g. by receiving advance notice of NHS Orkney's requirements
- 8.5 No special favour should be shown to current or former employees or their close relatives or associates in awarding contracts to private or other businesses run by them or employing them in a senior or managerial capacity.
- 8.6 Contracts must be won in fair competition against other tenders and scrupulous care must be taken to ensure that the selection process is conducted impartially, and that staff who are known to have a relevant interest play no part in the selection.
- 8.7 All invitations to potential contractors to tender for NHS business should include a notice warning the tenderer of the consequences of engaging in any corrupt practices involving NHS Orkney's employees and that facilitation payments are prohibited in line with the Bribery Act 2010.

## **9 Purchase, Sale and Lease of Property**

- 9.1 Scottish Government have issued a strict set of rules governing all types of property transactions and these rules require that, each year, all NHS Orkney's property transactions are subject to scrutiny by the Audit Committee. The results of this scrutiny are reported to Scottish Government. Failure to comply with the rules governing property transactions could be viewed as a serious disciplinary matter.
- 9.2 Where it is necessary to acquire, dispose of or lease property land and/or buildings, the proposed transaction should be referred to the Head of Finance in the first instance, who is responsible for property matters, including the conduct of all property transactions.
- 9.3 Authority to sign off property transactions is limited to officers to whom authority has been formally and specifically delegated by Scottish Ministers. These officers are:
- Chief Executive
  - Director of Finance
- 9.4 No other member of staff is authorised to make any commitment in respect of the acquisition or disposal of property or interest in property, e.g. leases.

## **10 Benefits Accruing from Official Expenditure**

- 10.1 The underlying principal is to obtain best value from public expenditure and decisions should not be determined by private/personal benefit.
- 10.2 Staff should not use their official position for personal gain or to benefit their family and friends.
- 10.3 Employees should not seek or accept preferential rates or benefits in kind for private transactions carried out with companies with which they have had or may have official dealings on behalf of NHS Orkney. This does not apply to concessionary agreements negotiated on behalf of NHS staff.

## **11 Free Samples**

- 11.1 Free samples should not be accepted.

## **12 Outside Interests and Secondary Employment**

- 12.1 Outside interests include directorships, ownership, part-ownership or material shareholdings in companies, business, or consultancies likely to seek to do business with the NHS. These should be declared to the individual's line manager, as should the interests of a spouse/partner or close relative.
- 12.2 In principle, staff can accept additional employment out with NHS Orkney in their own time. It is also possible that a conflict of interest may arise because of an employee accepting an outside post that is with a company that does business, or is in competition with, the NHS. Where there is any doubt, the employee must seek advice from their manager before accepting any outside post. Additional employment must have no adverse effect on the work of NHS Orkney or their own performance. The resources of NHS Orkney cannot be used in external employment.

## **13 Acceptances of Fees**

- 13.1 Where staff are offered fees by outside agencies, including a clinical supplier, for undertaking work or engagements (e.g. radio or TV interviews, lectures, consultancy advice, membership of an advisory board, etc.) within their normal working hours, or draw on his/her official experience, the employee's Line Manager must be informed and his/her written approval obtained before any commitment is given by the employee. Directors must obtain written approval from the Chief Executive and the Chief Executive must obtain written approval from the Chair of NHS Orkney before committing to such work.

An assurance will be required that:

- (i) The individual concerned is not making use of his/her NHS employment to further his/her private interests
- (ii) Any outside work does not interfere with the performance of his/her NHS duties
- (iii) Any outside work will not damage NHS Orkney's reputation

13.2 If the work carried out is part of the employee's normal duties, or could reasonably be regarded as falling within the normal duties of the post, then any fee due is the property of NHS Orkney and it should be NHS Orkney (and not the individual) that issues any invoice required to obtain payment. The individual must not issue requests for payment in his/her own name. The individual must pass the relevant details to the Director of Finance.

13.3 Employees should not commit to any work which attracts a fee until they have obtained the required written approval as described in paragraph 12.1. It is possible that an individual may undertake work and not expect a fee but then receive an unsolicited payment after the work in question has been completed. The principle set out in paragraph 12.2 applies where an unsolicited payment is received.

13.4 It is also possible that an individual may be offered payment in kind, e.g. book tokens. The principle is that these should be refused.

13.5 A gift offered in respect of work undertaken as part of the individual's normal duties should be declined.

## **14 Contact with the Media**

14.1 To achieve consistency and appropriateness of sometimes sensitive public messages, only authorised staff may speak to the media. Should you be contacted by the press you should refer to the office of the Chief Executive.

14.2 Staff must not invite journalists, photographers or camera crews onto any NHS Orkney's premises without the prior agreement of the Chief Executive.

14.3 Where an individual exercises the right in a private capacity to publish an article, give an interview or otherwise participate in a media event or debate in a public forum (including the internet), they should make it clear that they are acting in a private capacity and any opinions expressed are not those of NHS Orkney. This should be agreed in principle with your line manager.

## 15 Conduct During Elections

### 15.1 General Principles

Scottish Government issue regular guidance to health bodies about their roles and conduct during election campaigns. The following general principals are set out:

- (i) There should be even-handedness in meeting information requests from candidates from different political parties. Such requests should be handled in accordance with the principals laid down in the election guidance and the [Freedom of Information \(Scotland\) Act 2002](#)
- (ii) Care should be taken over the timing of announcements of decisions made by NHS Orkney to avoid accusations of political controversy or partisanship. In some cases, it may be better to defer an announcement until after the election, but this would have to be balanced against any implication that the deferral itself could influence the outcome of the election. Each case should be considered on its merits and any cases of doubt should be referred to Scottish Government for advice
- (iii) Existing advertising campaigns should be closed and there should be a general presumption against undertaking new campaigns unless agreement has been reached in advance with Scottish Government
- (iv) In carrying out day to day work and corporate activities, care should be taken to do nothing which could be construed as politically motivated or as taking a political stance

Public resources must not be used for party political purposes.

### 15.2 Freedom of Information (Scotland) Act 2002

[The Freedom of Information \(Scotland\) Act 2002](#), (FOISA) remains in full force during the election period. FOISA requests should continue to be dealt with in accordance with normal procedures. Scottish Government should be consulted in advance or responding to requests which are thought likely to impact on the election campaign in any way.

## 16 Intellectual Property Rights

If an employee invents a new technology, for instance, a device or diagnostic, or otherwise creates intellectual property (IP) as part of the normal duties of their employment, the patent rights in the invention belong to the employer ([Patents Act 1977](#)). Although legally the employee is not automatically entitled to any royalty or reward derived from such an invention, they would expect to be acknowledged as the inventor in any



patent application. The Director of Finance should see that this effected. Full guidance is available in circulars MEL(1998) 23 and MEL (2004) 9.

## **17 Sponsorship**

- 17.1 Acceptance by staff of commercial sponsorship for attendance at relevant conferences and courses is acceptable but only where the employee seeks permission in advance from the relevant Director, and the employer is satisfied that the acceptance will not compromise purchasing decisions in any way.
- 17.2 On occasions when NHS employers consider it necessary for staff advising on the purchasing of equipment to expect to see such equipment in operation in other parts of the country (or exceptionally overseas) the employer will meet the cost to avoid putting in jeopardy the integrity of subsequent purchasing decisions.
- 17.3 Companies may offer to sponsor wholly or partially a post. The employer will not enter such an arrangement unless it is made abundantly clear to the company concerned that sponsorship would have no effect on the purchasing decision within NHS Orkney. Where the sponsorship is accepted, the Director of Finance will be fully involved and will establish monitoring arrangements to ensure that purchasing decisions are not being influenced by the sponsorship agreement.
- 17.4 Under no circumstances should any employee agree to deals where sponsorship is linked to the purchase of a particular product or to supply from sources.

## **18 Remedies**

- 18.1 Managers or staff who fail to comply with the guidance detailed in this code could be subject, following full investigation, to disciplinary action up to and including dismissal. If through their actions or omissions managers or staff are found to be in contravention of either this guidance or their legal responsibilities then NHS Orkney reserves the right to take legal action, if necessary. Where staff suspect, or are aware of non-compliance with this code, they should report any such instances to their line manager or the Director of Finance.

## **19 Communications**

- 19.1 This code is applicable to every NHS Orkney employee and therefore it is imperative that all staff are informed of its contents. Each manager within NHS Orkney will receive a copy of the code and will confirm their receipt

and understanding of the code in writing as well as confirming that they have a permanent record of formally informing their staff.

## **20 Contact for further Guidance**

- 20.1 The Corporate Services Manager will provide advice and guidance on the Standards of Business Conduct for NHS staff and its interpretation.

## **21 Review Process**

The Standards of Business Conduct for NHS Staff will be reviewed annually.

Version 1.1

SECTION

**D**

**The Fraud  
Standards**

This section explains how staff must deal with suspected fraud / bribery / corruption or theft and NHS Orkney's intended response to a reported suspicion of fraud / bribery / corruption or theft.

# 1 Fraud Policy

## 1 Introduction

- 1.1 NHS Orkney is committed to maintaining strict ethical standards and integrity in the conduct of its business activities. All NHS Orkney staff and individuals acting on NHS Orkney's behalf are responsible for conducting NHS Orkney's business professionally, with honesty, integrity and maintaining the organisation's reputation and free from bribery.
- 1.2 One of the basic principles of public sector organisations is the proper use of public funds. It is therefore important that all those who work in the public sector are aware of the risk of and the means of enforcing the rules against fraud/theft and other illegal acts involving corruption, dishonesty or damage to property.

## 2 The Bribery Act 2010 – Key Points

- 2.1 The Bribery Act 2010 ("The Act") came into effect on 1 July 2011, aiming to tackle bribery and corruption in both the private and public sectors.
- 2.2 The Act is one of the strictest pieces of legislation on bribery and makes it a criminal offence for any individual (employee, contractor, agent) associated with NHS Orkney, to give, promise or offer a bribe, and to request, agree to receive or accept a bribe (sections 1, 2 and 6 offences), and this can be punishable for an individual by imprisonment of up to ten years.
- 2.3 In addition, the Act introduces a corporate offence (section 7 offence) which means that NHS Orkney can be exposed to criminal liability, punishable by an unlimited fine, if it fails to prevent bribery by not having adequate preventative procedures in place that are robust, up to date and effective. The corporate offence is not a stand-alone offence and will follow from a bribery/corruption offence committed by an individual associated with NHS Orkney, in the course of their work. NHS Orkney therefore takes its legal responsibilities very seriously.
- 2.4 If a bribery offence is proved to have been committed by an outside body corporate with the consent or connivance of a director or senior officer of NHS Orkney, under the Act, the director or senior officer would be guilty of an offence (section 14 offence) as well as the body corporate which paid the bribe.

## 3 The Bribery Act 2010 – NHS Orkney's Aims and Objectives

- 3.1 NHS Orkney welcomes the Act and is keen to ensure compliance with the Act's standards.

- 3.2 NHS Orkney does not tolerate any form of bribery, whether direct or indirect, by its staff, agents or external consultants or any persons or entities acting for it or on its behalf.
- 3.3 NHS Orkney will not conduct business with service providers, agents or representatives that do not support its anti-bribery statement and it reserves the right to terminate its contractual arrangements with any third parties acting for or on behalf of NHS Orkney with immediate effect, where there is evidence that they have committed acts of bribery.
- 3.4 The success of NHS Orkney's anti-bribery measures depends on all employees, and those acting for NHS Orkney, playing their part in helping to detect and eradicate bribery. Therefore, all employees and others acting for or on behalf of NHS Orkney are encouraged to report any suspected bribery for following the guidance below.

## **4 National Fraud Initiative**

- 4.1 NHS Orkney is required by law to protect the public funds it administers. It may share information provided to it with other bodies responsible for auditing or administering public funds, in order to prevent and detect fraud.

## **5 Guidance to Staff on Fraud / Bribery / Corruption / Theft**

- 5.1 This guidance is not intended solely for staff. It is also intended for anyone acting on the Board's behalf including Non-Executive Directors of the Board (see section B, Members Code of Conduct, paragraph 1.7) contractors, agents etc. Reference to 'staff' in this section will also mean all of these.
- 5.2 The Fraud Policy relates to all forms of fraud, bribery, corruption, or theft and is intended to provide guidance to employees on the action, which should be taken when any of these are suspected. Such occurrences may involve employees of NHS Orkney, suppliers/contractors or any third party. This document sets out the Board's policy and response plan for detected or suspected fraud, bribery, corruption, or theft. It is not the purpose of this document to provide direction on the prevention of fraud.
- 5.3 Whilst the exact definition of fraud, bribery, corruption, or theft is a statutory matter, the following working definitions are given for guidance:
- Fraud broadly covers deliberate material misstatement, falsifying records, making, or accepting improper payments or acting in a manner not in the best interest of the Board for the purposes of personal gain
  - Bribery is an inducement or reward offered, promised, or provided to gain any commercial, contractual, regulatory or personal advantage

- Corruption relates to a lack of integrity or honesty, including the use of trust for dishonest gain. It can be broadly defined as the offering or acceptance of inducements, gifts, favours, and payments or benefits in kind which may influence the action of any person. Corruption does not always result in a loss. The corrupt person may not benefit directly; however, they may be unreasonably using their position to give some advantage to another
- Theft is removing property belonging to NHS Orkney, its staff or patients with the intention of permanently depriving the owner of its use, without their consent

For simplicity, this document will refer to all such offences as “fraud”, except where the context indicates otherwise.

- 5.4 NHS Orkney already has procedures in place, which reduce the likelihood of fraud occurring. These are included within the Code of Corporate Governance (i.e. Standards of Business Conduct, Standing Orders, Standing Financial Instructions), accounting procedures, systems of internal control and a system of risk assessment. The Board has a payment verification system which concentrates on Family Health Service expenditure.
- 5.5 It is the responsibility of NHS Orkney and its management to maintain adequate and effective internal controls, which deter and facilitate detection of any fraud. The role of Internal Audit is to evaluate these systems of control. It is not the responsibility of Internal Audit to detect fraud, but rather to identify weaknesses in systems that could potentially give rise to error or fraud.

## **6 Collaborating to Combat Fraud**

- 6.1 NHS Orkney will work closely with other organisations, including Counter Fraud Services, the Central Legal Office, Audit Scotland, the Cabinet Office, Department for Work and Pensions, the Home Office, Councils, the Police and the Procurator Fiscal/Crown Office to combat fraud.
- 6.2 NHS Orkney will agree formal partnership agreements with other investigative bodies e.g. Counter Fraud Services and, where appropriate, engage in joint investigations and prosecutions.
- 6.3 The Cabinet Office on behalf of Audit Scotland assists appointed auditors by conducting a National Fraud Initiative which is a data matching exercise. Data matching involves comparing computer records held by one body against other computer records held by the same or another body. This is usually personal information. Computerised data matching allows potentially fraudulent claims and payments to be identified. Where a match is found it indicates that there may be an inconsistency which requires further investigation. No assumption can be made as to whether there is

fraud, error or other explanation until an investigation is carried out. The exercise can also help bodies to ensure that their records are up to date.

- 6.4 Audit Scotland currently requires NHS Orkney to participate in a statutory data matching exercise under its powers in Part 2A of the Public Finance and Accountability (Scotland) Act 2000 to assist in the prevention and detection of fraud. We are required to provide sets of data to the Cabinet Office on behalf of Audit Scotland for matching for each exercise, and these are set out in Audit Scotland's instructions for Participants. It does not require the consent of the individuals concerned under the Data Protection Act 1998.
- 6.5 Data matching in Scotland is subject to a Code of Data Matching Practice, and information on Audit Scotland's legal powers and the reasons why it matches information, is provided in the full text Privacy Notice.

## 7 Public service values

- 7.1 The expectation of high standards of corporate and personal conduct, based on the recognition that patients come first, has been a requirement throughout the NHS since its inception. MEL (1994) 80, "Corporate Governance in the NHS", issued in August 1994, sets out the following public service values:

**Accountability:** Everything done by those who work in the organisation must be able to stand the test of parliamentary scrutiny, public judgements on propriety and professional codes of conduct.

**Probity:** Absolute honesty and integrity should be exercised in dealing with NHS patients, assets, staff, suppliers, and customers.

**Openness:** The organisation's activities should be sufficiently public and transparent to promote confidence between the organisation and its patients, staff, and the public.

- 7.2 All those who work in the organisation should be aware of, and act in accordance with, the above values. In addition, NHS Orkney will expect and encourage a culture of openness between NHS bodies and the sharing of information in relation to any fraud.

## 8 NHS Orkney policy and public interest disclosure act

- 8.1 NHS Orkney is committed to maintaining an honest, open and well-intentioned atmosphere within the service. It is committed to the deterrence, detection, and investigation of any fraud within NHS Orkney.

- 8.2 NHS Orkney encourages anyone having reasonable suspicion of fraud to report the incident. It is NHS Orkney's policy that no staff member will suffer in any way because of reporting any reasonably held suspicions. For these purposes "reasonably held suspicions" shall mean any suspicions other than those which are groundless and/or raised maliciously.
- 8.3 In addition, the Public Interest Disclosure Act protects workers who legitimately report wrongdoing by employers or colleagues. The disclosure must be made in good faith and workers must have reasonable grounds to believe that criminal offences such as fraud or theft have occurred or are likely to occur. The disclosure must not be made for personal gain.

## 9 Instructions to staff

- 9.1 Staff who suspect improper practices or criminal offences are occurring relating to fraud, theft, bribery or corruption, should normally report these to the Fraud Liaison Officer (FLO) via their line manager, but may report directly where the line manager or Head of Department is unavailable or where this would delay reporting. If the suspected improper practice involves the Head of Department, the report should be made to a more senior officer or the nominated officer as described in 10.4 below. Managers receiving notice of such offences must report them to the nominated officer.
- 9.2 It should be noted that staff who wish to raise concerns about unprofessional behaviour or decisions, where fraud, theft, bribery or corruption are not suspected, should do so by following the guidance contained in the NHS Orkney 'Whistleblowing' policy. Following investigation of the complaint if improper practices or criminal offences are suspected, the matter should be referred by the investigating officer, to the Fraud Liaison Officer. Any further action taken will follow the guidance contained within 'The Fraud Standards'.
- 9.3 Confidentiality must be maintained relating to the source of such reports.
- 9.4 Further choices for staff are:  
You may use the Counter Fraud Service (CFS) Fraud Hot Line which is 0800 151628 or report your suspicions (anonymously, if desired) through the CFS Website on [www.cfs.scot.nhs.uk](http://www.cfs.scot.nhs.uk)
- 9.5 It should be added that under no circumstances should a member of staff speak or write to representatives of the press, TV, radio, other third parties or use blogs or twitter to publicise details about a suspected fraud/theft. Care needs to be taken that nothing is done which could give rise to an action for slander or libel.
- 9.6 Please be aware that time may be of the utmost importance to ensure that NHS Orkney does not continue to suffer a loss.



## 10 Roles and responsibilities

10.1 Responsibility for receiving information relating to suspected frauds and for co-ordinating NHS Orkney's response to the National Fraud Initiative has been delegated to the Fraud Liaison Officer (FLO). This individual is responsible for informing third parties such as Counter Fraud Services, the Cabinet Office on behalf of Audit Scotland, Internal and External Audit or the Police when appropriate. The FLO, shall inform and consult the Chief Executive, the Chair of the Board and the Audit and Risk Committee Chair in cases where the loss may be above the delegated limit or where the incident may lead to adverse publicity. The contact name and address of the FLO, is as follows:

Keren Somerville  
Head of Finance  
The Balfour  
Foreland Road  
Kirkwall  
KW15 1NZ  
Email: keren.somerville@nhs.scot

10.2 Where a fraud is suspected within the service, including the Family Health Services, i.e. independent contractors providing Medical, Dental, Ophthalmic or Pharmaceutical Services, the FLO will make an initial assessment and, where appropriate, advise Counter Fraud Services (CFS) at the NHS National Services Scotland.

10.3 The People and Culture Manager, or nominated deputy, shall advise those involved in the investigation on matters of employment law and other procedural matters, such as disciplinary and complaints procedures.

10.4 Where the incident is thought to be subject to either local or national controversy and publicity then the Board and the Scottish Government Health Directorates should be notified before the information is subjected to publicity.

10.5 It is the responsibility of NHS Orkney's senior officers to ensure that their staff are aware of the above requirements and that appropriate reporting arrangements are implemented.

10.6 It is the responsibility of all staff to protect the assets of NHS Orkney. Assets include information and goodwill as well as property.

10.7 It shall be necessary to categorise the irregularity prior to determining the appropriate course of action. Two main categories exist:

- Theft, burglary, and isolated opportunist offences; and
- Fraud, bribery, corruption, and other financial irregularities

The former will be dealt with directly by the Police whilst the latter may require disclosure under the SGHD NHS Circular No. HDL (2002)23 – Financial Control: Procedure where Criminal Offences are suspected.

- 10.8 Responsibility for ensuring that recommendations from Counter Fraud Services investigation reports and from data matching exercises conducted under the National Fraud Initiative have been implemented and steps taken to ensure full compliance, has been delegated to the Counter Fraud Champion (CFC).

The contact name and address of the CFC, is as follows:

Mark Doyle  
Director of Finance  
The Balfour  
Foreland Road  
Kirkwall  
KW15 1NZ  
Email: [mark.doyle@nhs.scot](mailto:mark.doyle@nhs.scot)

## 11 Contact points

Relevant contact points, are as follows:

**Director of Finance and Deputy Fraud Liaison Officer**

Mark Doyle  
The Balfour  
Foreland Road  
Kirkwall  
KW15 1NZ  
Email: [mark.doyle@nhs.scot](mailto:mark.doyle@nhs.scot)

**Accountable Officer for Controlled Drugs:**

Wendy Lycett  
Interim Director of Pharmacy  
The Balfour  
Foreland Road  
Kirkwall  
KW15 1NZ  
Email: [wendy.lycett2@nhs.scot](mailto:wendy.lycett2@nhs.scot)

**Chief Audit Executive:**

David Eardley  
Azets  
Exchange Place 3  
Semple Street  
Edinburgh  
EH3 8BL  
Email: [david.eardley@azets.co.uk](mailto:david.eardley@azets.co.uk)

**Counter Fraud Services:** [www.cfs.scot.nhs.uk](http://www.cfs.scot.nhs.uk)

**National Fraud Initiative:** [The National Fraud Initiative in Scotland 2022 | Audit Scotland \(audit-scotland.gov.uk\)](#)

Version 17

# 2 Response Plan

## 1 Introduction

- 1.1 The following sections describe NHS Orkney's intended response to a reported suspicion of fraud / bribery / corruption or theft. It is intended to provide procedures, which allow for evidence gathering and collation in a manner that will facilitate informed initial decision, while ensuring that evidence gathered will be admissible in any future criminal or civil action. Each situation is different; therefore, the guidance will need to be considered carefully in relation to the actual circumstances of each case before action is taken.

## 2 Reporting Fraud

- 2.1 A "nominated officer" will be appointed as the main point of contact for the reporting of any suspicion of fraud, corruption, bribery, or theft. For NHS Orkney, this officer is the FLO (see 11.1). In the absence of the FLO, the Deputy will deal with the issue. For incidents involving any Executive Directors, the nominated officer shall be the Board's Chair, contacted through the FLO.
- 2.2 The Fraud Liaison Officer shall be trained in the handling of concerns raised by staff. Any requests for anonymity shall be accepted and should not prejudice the investigation of any allegations. Confidentiality should always be observed.
- 2.3 All reported suspicions must be investigated as a matter of priority to prevent any further potential loss to NHS Orkney.
- 2.4 The Fraud Liaison Officer shall maintain a log of any reported suspicions. The log will document with reasons the decision to take further action or to take no further action. The log will also record any actions taken and conclusions reached. This log will be maintained and will be made available for review by Internal Audit.
- 2.5 The Fraud Liaison Officer should consider the need to inform the Orkney NHS Board, the Chief Internal Auditor, External Audit, the Police and Counter Fraud Services, of the reported incident. In doing so, he/she should take cognisance of the following guidance:
- Inform and consult the Director of Finance and the Chief Executive at the first opportunity, in all cases where the loss may exceed the delegated limit (or such lower limit as NHS Orkney may determine) or where the incident may lead to adverse publicity
  - It is the duty of the Director of Finance to notify the Chief Executive and Chair immediately of all losses where fraud/theft is suspected.

- Counter Fraud Services should normally be informed immediately in all but the most trivial cases
- If fraud, bribery, or corruption is suspected, it is essential that there is the earliest possible consultation with Counter Fraud Services. In any event, Counter Fraud Services should be contacted before any overt action is taken which may alert suspects and precipitate the destruction or removal of evidence. This includes taking action to stop a loss or tighten controls
- If a criminal act of fraud, bribery or corruption is suspected, it is essential that there is the earliest possible consultation with the Police. In any event the Police should be contacted before any overt action is taken which may alert suspects and precipitate the destruction or removal of evidence. This includes taking action to stop a loss or tighten controls
- At the stage of contacting the Police, the Fraud Liaison Officer should contact the Head of People and Culture to consider whether/when to initiate suspension of the employee pending an enquiry.

2.6 All such contact should be formally recorded in the Log.

### **3 Managing the investigation**

3.1 The Director of Finance will appoint a manager to oversee the investigation. Normally, the manager will be an employee from Counter Fraud Services. The circumstances of each case will dictate who will be involved and when.

3.2 The manager overseeing the investigation (referred to hereafter as the “investigation manager”) should initially:

- Initiate a Diary of Events to record the progress of the investigation
- If possible, determine the nature of the investigation i.e. whether fraud or another criminal offence. In practice it may not be obvious if a criminal event is believed to have occurred. If this is established the Police, External Audit and the Chief Executive should be informed if this has not already been done.

3.3 If after initial Counter Fraud Services (CFS) enquiries it is determined that there are to be no criminal proceedings, then a NHS Orkney internal investigation may be more appropriate. In this instance, all information/evidence gathered by CFS will be passed to NHS Orkney. The internal investigation will then be taken forward in line with Employment law, PIN guidelines and relevant Workforce policies such as the Management of Employee Conduct, as appropriate.

3.4 The formal internal investigation to determine and report upon the facts, should establish:

- The extent and scope of any potential loss

- If any disciplinary action is needed
  - The criminal or non-criminal nature of the offence, if not yet established
  - What can be done to recover losses; and
  - What may need to be done to improve internal controls to prevent recurrence
- 3.5 This report will normally take the form of an Internal Audit Report to NHS Orkney's Audit and Risk Committee.
- 3.6 Where the report confirms a criminal act and notification to the Police has not yet been made, it should now be made.
- 3.7 Where recovery of a loss to NHS Orkney is likely to require a civil action, arising from any act (criminal or non-criminal), it will be necessary to seek legal advice through the Central Legal Office, which provides legal advice and services to NHS Scotland.
- 3.8 This report should form the basis of any internal disciplinary action taken. The conduct of internal disciplinary action will be assigned to the Head of People and Culture or delegated officer within the Directorate, who shall gather such evidence, as necessary.

## **4 Disciplinary/dismissal procedures**

- 4.1 Consideration should be made in conjunction with CFS/CFC/FLO on whether/when to suspend the employee(s) who are subject to any investigation, pending the results of the investigation. This should be carried out in line with NHS Orkney's Employee Conduct Policy.
- 4.2 The disciplinary procedures of NHS Orkney must be followed in any disciplinary action taken by NHS Orkney toward an employee (including dismissal). This may involve the investigation manager recommending a disciplinary hearing to consider the facts, consideration of the results of the investigation and making further recommendations on appropriate action to the employee's line manager.

Where the fraud involves a Family Health Services Practitioner, the Board should pass the matter over to the relevant professional body for action.

## **5 Gathering evidence**

- 5.1 This policy cannot cover all the complexities of gathering evidence. Each case must be treated according to the circumstances of the case taking professional advice, as necessary.

- 5.2 If a witness to the event is prepared to give a written statement, it is best practice for an experienced member of staff, preferably from the People and Culture Department, to take a chronological record using the witness's own words. The witness should sign the statement only if satisfied that it is a true record of his or her own words.
- 5.3 At all stages of the investigation, any discussions or interviews should be documented and where feasible agreed with the interviewee.
- 5.4 Physical evidence should be identified and gathered (impounded) in a secure place at the earliest opportunity. An inventory should be drawn up by the investigating officer and held with the evidence. Wherever possible, replacement or new document etc. should be put into use to prevent access to the evidence. If evidence consists of several items, for example several documents, each one should be tagged with a reference number corresponding to the written record.

## **6 Interview procedures**

- 6.1 Interviews with suspects should be avoided until the formal disciplinary hearing. The investigating officer should, wherever possible, gather documentary and third-party evidence for the purposes of his report. If, however, an employee insists on making a statement it must be signed and dated and should include the following:

"I make this statement of my own free will; I understand that I need not say anything unless I wish to do so and that what I say may be given in evidence".

- 6.2 Informal contact with the Police should be made at an early stage in the investigation to ensure that no actions are taken which could prejudice any future criminal case through the admissibility of evidence, etc.

## **7 Disclosure of loss from fraud**

- 7.1 Guidance on the referring of losses and special payments is provided in CEL44 (2008). A copy of the Fraud report, in an appropriate format, must be submitted to the Scottish Government Health Directorates. External Audit should be notified of any loss as part of their statutory duties. Scottish Financial Return (SFR) 18.0 on Losses and Compensation Payments, is submitted annually to the Audit Committee and will include all losses with appropriate description within the standard categories specified by the Scottish Government Health Directorates.
- 7.2 Management must take account of the permitted limits on writing off losses for "Category 3 Boards", as outlined in circular CEL44 (2008).

## 8 Police Involvement

- 8.1 It shall normally be the policy of NHS Orkney that, wherever a criminal act is suspected, the matter will be notified to the Police, as follows:
- During normal working hours, it will be the decision of the Director of Finance as to the stage that the Police are contacted. If the Director of Finance is unavailable, this decision will be delegated to the Fraud Liaison Officer
  - Out with normal working hours, the manager on duty in the area where a criminal act is suspected, may contact the Police and is duty bound to report the matter to the Director of Finance at the earliest possible time
- 8.2 The Fraud Liaison Officer and investigating manager should informally notify the Police of potential criminal acts, to seek advice on the handling of each investigation at an early stage in the investigation.
- 8.3 Formal notification of a suspected criminal act will normally follow completion of the investigating manager's report and formal disciplinary action. It is important that the internal report is carried out in a timely manner to avoid delaying the Police investigation.

## 9 Press Release

- 9.1 To avoid potentially damaging publicity to the NHS and/or the suspect, NHS Orkney should prepare at an early stage, a Press release, giving the facts of any suspected occurrence and any actions taken to date, e.g. suspension. The Central Legal Office and the Police should agree the release where applicable.

## 10 Resourcing the investigation

- 10.1 The Director of Finance will determine the type and level of resource to be used in investigating suspected fraud. The choices available will include:
- Internal staff from within NHS Orkney
    - People and Culture
    - Internal Audit
    - External Audit
    - Counter Fraud Services (CFS)
    - Specialist Consultant
    - Police
- 10.2 In deciding, the Director Finance, should consider independence, knowledge of the organisation, cost, availability and the need for a speedy investigation. Any decision must be shown in the Log held by the Fraud



Liaison Officer. A decision to take “No action” will not normally be an acceptable option unless exceptional circumstances apply.

- 10.3 In any case involving a suspected criminal act, it is anticipated that Counter Fraud Services involvement will be in addition to NHS Orkney resources. In any case involving other suspected criminal acts, it is anticipated that Police involvement will be in addition to NHS Orkney resources.

## **11 The law and its remedies**

### **11.1 Criminal Law**

The Board shall refer all incidences of suspected fraud/criminal acts to Counter Fraud Services or the Police for decision by the Procurator Fiscal as to any prosecution.

### **11.2 Civil Law**

The Board shall refer all incidences of loss through proven fraud/criminal act to the Central Legal Office for opinion, as to potential recovery of loss via Civil Law action.

Annex 1 to this policy gives guidance to staff on the action which should be taken in all cases where misappropriation of medicines is suspected.

**ANNEX 1****Misappropriation of Medicines****1 Background and purpose**

- 1.1 Probity is one of the three public service values, which underpin the work of the NHS. There is a requirement for absolute honesty when dealing with the assets of the NHS. Medicines are one such asset.

Medicines are widely used throughout the NHS in the treatment of patients. Healthcare staff, who have access to medicines, are given access for the purpose of patient care in accordance with their individual professional role. Most healthcare staff discharge this responsibility without incident.

However, the opportunity to abuse this privilege is omnipresent and experience confirms that individual staff have removed medicines that belong to the NHS, or to patients, for their own personal use. While not a common occurrence, the increasing problem of drug misuse and dependence within the wider population, increases the risk of this occurring.

- 1.2 The purpose of this annex is to ensure that all healthcare staff understand the implications associated with the misappropriation of medicines for personal use, or for other purposes.

**2 Scope**

- 2.1 All staff including all Healthcare Practitioners employed by NHS Orkney (includes doctors, nurses, pharmacists, other healthcare staff and all support staff).

- 2.2 Includes all medicines:

- medicines stored in pharmacy departments
- medicines stored in wards and departments
- medicines belonging to patients
- medicines being processed for destruction

The fraudulent use of prescriptions and other controlled stationery is also covered.

- 2.3 While the policy does not directly apply to staff employed within the independent contracted services, the principles associated with the high level of honesty required by staff, who have access to medicines, and other NHS resources, are equally applicable.

### **3 Policy statement**

- 3.1 Medicines belong to the NHS or named patients and misappropriation, for personal or other purposes, is theft.
- 3.2 Theft of medicines constitutes gross misconduct and will be managed according to the employee conduct policy of NHS Orkney.
- 3.3 Where misappropriation of medicines is proven the police and the relevant professional organisation will be informed.
- 3.4 Theft of medicines is a serious criminal offence under the Medicine Act 1968, the Misuse of Drugs Act 1971 and other legislation.

### **4 Responsibilities**

- 4.1 The Accountable Officer for Controlled Drugs (CDs) is responsible for ensuring the safe management and use of CDs, including the assessment and investigation of concerns. The UK Health Act 2006 and the Controlled Drugs (Supervision of Management and Use) Regulations 2013 set out Accountable Officers responsibilities. In NHS Orkney, the Director of Pharmacy has been appointed as the Accountable Officer for CDs.
- 4.2 The Director of Pharmacy is responsible for ensuring that systems are in place to ensure the security of medicines across NHS Orkney.
- 4.3 The local Head of Pharmacy is responsible for ensuring the security of medicines within a designated pharmacy department.
- 4.4 The Appointed Nurse in Charge is responsible for ensuring that the systems in place to ensure the security of medicines within a ward / department are followed. The Appointed Nurse in Charge may decide to delegate some of the duties, but the responsibility always remains with the Appointed Nurse in Charge.

Where there is no nurse in the area, the recognised manager will take responsibility.

- 4.5 The Fraud Liaison Officer (FLO) is responsible for developing links with NHS Scotland Counter Fraud Services. Working with the Director of Pharmacy, the FLO will support and review the development of systems to minimise the likelihood of fraud associated with medicines.

### **5 Guidance regarding misappropriation of medicines**

- 5.1 Medicines most vulnerable to misappropriation are those with addictive properties or those with a street value.

- 5.2 Misappropriation is most frequently associated with opiate containing analgesics and sedatives that are not subject to the full controls defined within the Misuse of Drugs Act 1971 for example benzodiazepines
- 5.3 The increased security of medicines subject to the Misuse of Drugs Act 1971, (register requirements, more secure storage, and daily stock reconciliation) make the misappropriation of fully controlled drugs difficult, but not impossible.

## **6 Where misappropriation of medicines is suspected**

- 6.1 Where staff suspect that medicines are being misappropriated, they should raise the matter, in confidence, with the responsible officer in their area. The responsible officer should seek advice from their senior pharmacist.
- 6.2 Where staff suspect the responsible officer may be involved, they should report any concerns to a more senior officer.
- 6.3 The Senior Pharmacist must report all cases of suspected misappropriation of controlled drugs (Schedule 1 – 5) to the Accountable Officer. The Head of Pharmacy should be notified about suspected misappropriation of all other medicines.
- 6.4 Where there is no dedicated senior pharmacist or where the pharmacist may be involved, staff should report concerns directly to the Accountable Officer for Controlled Drugs or Head of Pharmacy.
- 6.5 The Accountable Officer for Controlled Drugs/Head of Pharmacy will liaise with the FLO and agree a course of action commensurate with the circumstances presented, which may include referring the matter to Counter Fraud Services.
- 6.6 The Accountable Officer or Head of Pharmacy will advise other officers of the NHS Board, as appropriate.

## **7 Incident Review**

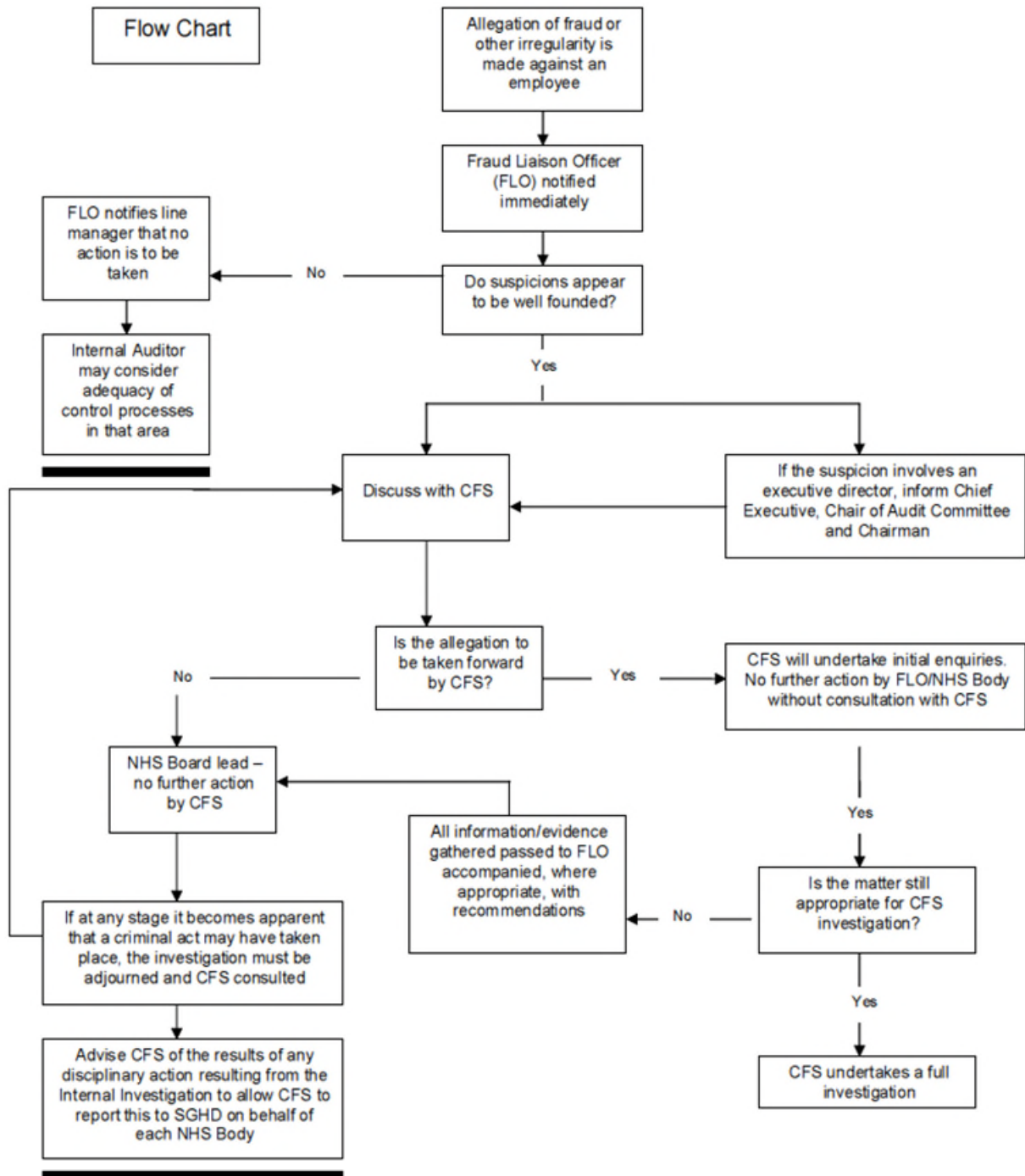
- 7.1 The Accountable Officer for Controlled Drugs/Head of Pharmacy and FLO will agree a course of action, which may include the setting up of an incident review panel.
- 7.2 Incident review panels will be small and normally comprise of a Senior Pharmacist, the Responsible Officer and a more Senior Manager in the area under consideration. Where appropriate the panel will include a nomination from People and Culture. The People and Culture representative will advise regarding staff governance and ensure that all employee conduct policies are applied fairly and equitably.

7.3 The outcome of the review panel will be documented.

Version 17

ANNEX 2

Procedures for Dealing with Allegations of Fraud/Bribery/Corruption/Other Irregularities



**SECTION**

**E**

**Reservation of  
Powers and  
Delegation of  
Authority**

This section gives details and levels of delegation across all areas of our business.

# 1 Schedule of Matters Reserved for Board Agreement

## 1 Background

- 1.1 Under the proposals contained in the NHS Circular HDL (2003) 11 'Working Towards Single System Working', Orkney NHS Board will retain its focus as a board of governance, delivering a corporate approach to collective decision making based on the principles of partnership working and devolution of powers. Local leadership will be supported by delegating financial and management responsibility as far as is possible consistent with the Board's own responsibility for governance.

Orkney NHS Board has a corporate responsibility for ensuring that arrangements are in place for the conduct of its affairs, including compliance with applicable guidance and legislation, and ensuring that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Board has an ongoing responsibility to ensure that it monitors the adequacy and effectiveness of these arrangements in practice.

The Board is required to ensure that it conducts a review of its systems of internal control, including in particular its arrangements for risk management, at least annually, and to report publicly on its compliance with the principles of corporate governance codes.

## 2 Matters Reserved for Board Agreement

- 2.1 The Scottish Government retains the authority to approve certain items of business. There are other items of the business which can only be approved at an NHS Board meeting, due to either Scottish Government directions or a Board decision in the interests of good governance practice.

The following matters shall be reserved for agreement by the Board: -

- a) Standing Orders
- b) The establishment and terms of reference of all its committees, and appointment of committee members
- c) Organisational Values
- d) The strategies for all the functions that it has planning responsibility for, subject to any provisions for major service change which require Ministerial approval.
- e) The Annual Operational Plan for submission to the Scottish Government for its approval. (Note: The Board should consider the draft for submission in private session. Once the



- Scottish Government has approved the Annual Operational Plan, the Board should receive it at a public Board meeting.)
- f) Corporate objectives or corporate plans which have been created to implement its agreed strategies.
  - g) Risk Management Policy.
  - h) Financial plan for the forthcoming year, and the opening revenue and capital budgets.
  - i) Standing Financial Instructions and a Scheme of Delegation.
  - j) Annual accounts and report. (Note: Note: This must be considered when the Board meets in private session. In order to respect Parliamentary Privilege, the Board cannot publish the annual accounts or any information drawn from it before the accounts are laid before the Scottish Parliament. Similarly the Board cannot publish the report of the external auditors of their annual accounts in this period.)
  - k) Any business case item that is beyond the scope of its delegated financial authority before it is presented to the Scottish Government for approval. The Board shall comply with the [Scottish Capital Investment Manual](#).
  - l) The Board shall approve the content, format, and frequency of performance reporting to the Board.
  - m) The appointment of the Board's chief internal auditor. (Note: This applies either when the proposed chief internal auditor will be an employee of the Board, or when the chief internal auditor is engaged through a contract with an external provider. The audit committee should advise the Board on the appointment, and the Board may delegate to the audit committee oversight of the process which leads to a recommendation for appointment.)

## 2 Schedule of Matters Delegated to Board Executive Directors

### 1 Interpretation

- 1.1 Any reference to a statutory or other provision shall be interpreted as a reference as amended from time to time by any subsequent legislation.

Any power delegated to a Chief Officer in terms of this scheme may be exercised by such officer or officers as the chief officer may authorise.

### 2 Chief Executive

#### 2.1 General Provisions

In the context of the Board's principal role to protect and improve the health of Orkney residents, the Chief Executive, as Accountable Officer, shall have delegated authority and responsibility to secure the economical, efficient and effective operation and management of NHS Orkney and to safeguard its assets in accordance with:

- The statutory requirements and responsibilities laid upon the Chief Executive as Accountable Officer for NHS Orkney
- Direction from the Scottish Government Health and Social Care Directorates
- Current policies and decisions made by the Board
- Within the limits of the resources available, subject to the approval of the Board; and
- The Code of Corporate Governance

The Chief Executive is authorised to take such measures as may be required in emergency situations, subject to consulting, where possible, with the Chair and Vice-Chair of NHS Orkney and the relevant Committee Chair. Such measures that might normally be out-with the scope of the authority delegated by the Board or its Committees shall be reported to the Board or appropriate Committee as soon as possible thereafter.

The Chief Executive is authorised to give a direction in special circumstances that any official shall not exercise a delegated function subject to reporting on the terms of the direction to the next meeting of the appropriate Committee.

#### 2.2 Finance

Resources shall be used only for the purpose for which they are allocated, unless otherwise approved by the Chief Executive, after taking account of the advice of the Director of Finance. The Chief Executive

acting together with the Director of Finance has delegated authority to approve the transfer of funds between budget heads, including transfers from reserves and balances, up to the limit set out in the scheme of delegation. The Chief Executive shall report to the Finance and Performance Committee for formal inclusion in the minutes those instances where this authority is exercised and/or the change in use of the funds relates to matters of public interest.

The Chief Executive may, acting together with the Director of Finance, and having taken all reasonable action to pursue recovery, approve the writing-off of losses, subject to the limits laid down from time to time by the Scottish Government Health and Social Care Directorate.

### **2.3 Legal Matters**

The Chief Executive is authorised to institute, defend or appear in any legal proceedings or any inquiry, including proceedings before any statutory tribunal, board or authority, and following consideration of the advice of the Central Legal Office, to appoint or consult with Counsel where it is considered expedient to do so, for the promotion or protection of the Board's interests.

In circumstances where a claim against the Board is settled by a decision of a Court, and the decision is not subject to appeal, the Chief Executive shall implement the decision of the relevant Court on behalf of the Board.

In circumstances where the advice of the Central Legal Office is to reach an out-of court settlement, the Chief Executive may, acting together with the Director of Finance, settle claims against the Board, subject to a report thereafter being submitted to the Finance and Performance Committee.

The Chief Executive, acting together with the Director of Finance, may make ex-gratia payments, subject to the limits laid down from time to time by the Scottish Government Health Directorate.

The arrangements for signing of documents in respect of matters covered by the Property Transactions Manual shall be in accordance with the direction of Scottish Ministers. The Chief Executive and the Director of Finance are currently authorised to sign such documentation on behalf of the Board and Scottish Ministers.

The Chief Executive shall have responsibility for the safe keeping of the Board's Seal, and together with the Director of Finance and the Chair or other nominated non-executive member of the Board, shall have responsibility for the application of the Seal on behalf of the Board.

### **2.4 Procurement**

The Chief Executive shall have responsibility for nominating officers or agents to act on behalf of the Board, for specifying, and issuing documentation associated with invitations to tender, and for receiving and opening of tenders.

Where post tender negotiations are required, the Chief Executive shall nominate in writing, officers and/or agents to act on behalf of the Board.

The Chief Executive, acting together with the Director of Finance, has authority to approve on behalf of the Board the acceptance of tenders, submitted in accordance with the Board's Standing Orders, in accordance with the Board's scheme of delegation.

The Director of Finance shall maintain a listing, including specimen signatures, of those officers or agents to whom the Chief Executive has given delegated authority to sign official orders on behalf of the Board.

## **2.5 People and Culture**

The Chief Executive may appoint staff in accordance with the Board's Scheme of Delegation for the Appointment of Staff as detailed in the Code of Corporate Governance Section E 3.

The Chief Executive may, after consultation and agreement with the Director of People and Culture, and the relevant Director, amend staffing establishments in respect of the number and grading of posts. In so doing, the Director of Finance must have been consulted, and have confirmed that the cost of the amended establishment can be contained within the relevant limit approved by the Board for the current and subsequent financial years. Any amendment must also be in accordance with the policies and arrangements relating to human resource planning, approved by the Board or Staff Governance Committee.

The Chief Executive may attend and may authorise any member of staff to attend, within the United Kingdom, conferences, courses or meetings of relevant professional bodies and associations, provided that: -

- Attendance is relevant to the duties or professional development of such member of staff; and
- Appropriate allowance has been made within approved budgets; or
- External reimbursement of costs is to be made to the Board.

The Chief Executive may, in accordance with the Board's agreed Disciplinary Procedures, take disciplinary action, in respect of members of staff, including dismissal where appropriate.

The Chief Executive shall have overall responsibility for ensuring that the Board complies with Health and Safety legislation, and for ensuring the effective implementation of the Board policies.

## **2.6 Patients' property**

The Chief Executive has overall responsibility for ensuring that the Board complies with legislation in respect of patient's property. The term 'property' means all assets other than land and buildings (for example furniture, pictures, jewellery, bank accounts, shares, cash).

## **3 Director of Finance**

### **3.1 General Provision**

Authority is delegated to the Director of Finance to take the necessary measures as undernoted, to assist the Board and the Chief Executive in fulfilling their corporate responsibilities.

### **3.2 Accountable Officer**

The Director of Finance has a general duty to assist the Chief Executive in fulfilling their responsibilities as the Accountable Officer of Orkney NHS Board.

### **3.3 Financial Statements**

The Director of Finance is empowered to take all steps necessary to assist the Board to:

- Act within the law and ensure the regularity of transactions by putting in place systems of internal control to ensure that financial transactions are in accordance with the appropriate authority
- Maintain proper accounting records; and
- Prepare and submit for audit timeous financial statements which give a true and fair view of the financial position of the Board and its income and expenditure for the period in question

### **3.4 Corporate Governance and Management**

The Director of Finance is authorised to put in place proper arrangements to ensure that the financial position of the Board is soundly based by ensuring that the Board, its Committees, and supporting management groups receive appropriate, accurate and timely information and advice with regard to:

- The development of financial plans, budgets, and projections
- Compliance with statutory financial requirements and achievement of financial targets; and

- The impact of planned future policies and known or foreseeable developments on the Board's financial position

The Director of Finance is empowered to take steps to ensure that proper arrangements are in place for:

- Developing, promoting, and monitoring compliance with the Code of Corporate Governance
- Developing and implementing systems of internal control, including systems of financial, operational and compliance controls and risk management
- Developing and implementing strategies for the prevention and detection of fraud and irregularity; and
- Internal Audit

### **3.5 Performance Management**

The Director of Finance is authorised to assist the Chief Executive to ensure that suitable arrangements are in place to secure economy, efficiency, and effectiveness in the use of resources and that they are working effectively. These arrangements include procedures:

- For planning, appraisal, authorisation and control, accountability, and evaluation of the use of resources; and
- To ensure that performance targets and required outcomes are met

### **3.6 Banking**

The Director of Finance is authorised to oversee the Board's arrangements in respect of accounts held in the name of the Board with the Paymaster General's Office and the commercial bankers appointed by the Board.

The Director of Finance will maintain a panel of authorised signatories.

The Director of Finance will be responsible for ensuring that the Paymaster General's Office and the commercial bankers are advised in writing of amendments to the panel of authorised signatories.

### **3.7 Patients' Property**

The Director of Finance has delegated authority to ensure that detailed operating procedures in relation to the management of the property of patients (including the opening of bank accounts where appropriate) are compiled for use by staff involved in the management of patients' property and financial affairs.

## **4 Provisions Applicable to other Executive Directors of the Board**

### **4.1 General Provisions**

The other Executive Directors of the Board are:

- Medical Director
- Director of Nursing, Midwifery, Allied Health Professionals and Acute
- Director of Public Health

Executive Directors have delegated authority and responsibility with the Chief Executive for securing the economical, efficient, and effective operation and management of their own Directorates or Departments and for safeguarding the assets of the Board.

Executive Directors are authorised to take such measures as may be required in emergency situations, subject to consulting, where possible, the Chief Executive, the Chair and Vice-Chair of the Board or relevant Committee Chair as appropriate. Such measures, that might normally be outwith the scope of the authority delegated by the Board or its Committees to the relevant Executive Director, shall be reported to the Board or appropriate Committee as soon as possible thereafter.

### **4.2 People and Culture**

Executive Directors may appoint staff within the delegated authority and budgetary responsibility in accordance with Standing Financial Instructions.

Executive Directors may, after consultation and agreement with the Director of People and Culture, amend staffing establishments in respect of the number and grading of posts. In so doing, the Director of Finance must have been consulted, and have confirmed that the cost of the amended establishment can be contained within the relevant limit approved by the Board for the current and subsequent financial years. Any amendment must also be in accordance with the policies and arrangements relating to human resource planning, approved by the Staff Governance Committee.

Executive Directors may attend and may authorise any member of staff to attend within the United Kingdom, conferences, courses or meetings of relevant professional bodies and associations, provided that:

- Attendance is relevant to the duties or professional development of such member of staff
- Appropriate allowance must also be contained within approved budgets; or

- External reimbursement of costs is to be made to the Board

Executive Directors have overall responsibility within their Directorates/Departments for ensuring compliance with Health and Safety legislation, and for ensuring the effective implementation of the Board's policies.

Version 17



# 3 Delegation of Powers for Appointment of Staff

## 1 Use of Powers

- 1.1 The powers delegated are to be exercised in accordance with procedures or guidance issued by the Scottish Government Health and Social Care Directorates or approved by the Board.
- 1.2 Procedures governing the appointment of Consultants and other medical and dental grades are contained in Statutory Instruments issued by Scottish Ministers.
- 1.3 Appointments will be made within the delegated authority and budgetary responsibility in accordance with Standing Financial Instructions. Schemes of delegation for appointment of staff will specify appointing officers and, where necessary, the composition of appointment panels.

## 2 Appointment of Staff

- 2.1 Canvassing of Appointing Officers or Members of the Appointment Panel directly or indirectly for any appointment shall disqualify the candidate for such appointment.
- 2.2 A Member of the Board shall not solicit for any person any appointment under the Board or recommend any person for appointment. This, however, shall not preclude any Member from giving a written testimonial of a candidate's suitability, experience, or character for submission to the Board.
- 2.3 Every Member of the Board shall disclose to the Board any known relationship to a candidate for an appointment with the Board. It shall be the duty of the Chief Executive to report to the Board any such disclosures made.
- 2.4 It shall be the duty of the Appointing Officer to disclose to their Line Manager any known relationship to a candidate for an appointment for which he or she is responsible.
- 2.5 Where a relationship of a candidate for appointment to a Member of the Board is disclosed, that Member must play no part in the appointment process.
- 2.6 Two people shall be deemed to be related if they are husband and wife, or partners or if either of the two, or the spouse or partner of either of them is the son or grandson, daughter or granddaughter, or brother or

sister, or nephew or niece, of the other, or of the spouse or partner of the other.

### **3 Authority to Appoint**

<b>Chief Executive</b>	Board following confirmation that Ministers are content with report from the Appointment Panel.
<b>Posts at Director level (other than Director of Public Health / Medical Director)</b>	The appropriate Board Appointments Committee
<b>Director of Public Health Medical Director Consultants</b>	The Board on the recommendation of an Advisory Appointments Committee
<b>Other Staff</b>	Appointment Panel or Officer specified in the Scheme of Delegation

### **4 Composition of Appointment Panel / Committees**

The Board shall determine the individual membership of the relevant appointment committees at the beginning of the appointment process.

#### **4.1 Chief Executive**

The Board Appointments Panel shall consist of:

- Chair of the Board (and Chair of the panel)
- One non-executive member
- Chair or other member of National Performance Management Committee
- One additional Chair of another Health Board
- The Director General / Chief Executive of the NHS in Scotland

#### **4.2 Posts at Director Level (other than Medical)**

The Board Appointments Committee shall consist of:

- Chair of the Board or their nominee
- Chief Executive
- Up to two Non-Executive Members of the Board; and
- Up to two External Assessors, one of whom shall be a representative of the Scottish Government Health and Social Care Directorates or his/her nominee, the other a representative of another NHS or local authority partner organisation

**4.3 Director of Public Health, Medical Director and Consultant Posts**

The appointment is made by a Board Committee on the recommendation of an Advisory Appointments Committee, constituted in accordance with the National Health Service (Appointment of Consultants) (Scotland) Regulations 2009.

**4.4 Responsible Officer**

Each designated body must provide the responsible officer nominated or appointed for that body with sufficient funds and other resources necessary to enable the officer to discharge their responsibilities for that body under regulations [The Medical Profession \(Responsible Officers\) Regulations 2010 \(legislation.gov.uk\)](http://legislation.gov.uk)

**4.5 Other staff**

Appointment of other staff will be in accordance with the scheme of delegation.

**5 Disciplinary Procedures**

5.1 The Disciplinary Procedures regarding the Board staff are contained in the Employee Conduct Policy and Procedure. In the case of Executive Members and other Directors, such procedures shall be a matter for the full Board.

It is delegated to Chief Executive to apply the terms of the Board's disciplinary procedures.

SECTION

**F**

**Standing Financial  
Instructions**

This section explains how staff will control the financial affairs of NHS Orkney and ensure proper standards of financial control.

# 1 Introduction

*Made in Terms of Regulation 4 Of The National Health Service (Financial Provisions) (Scotland) Regulations, 1974*

## 1 Background

- 1.1 These Standing Financial Instructions (SFIs) are issued in accordance with financial directions issued by the Scottish Government Health and Social Care Directorates (Scottish Government) under National Health Service statutes and circulars. The SFIs are in accordance with the [Scottish Public Finance Manual](#). Their purpose is to provide a sound basis for the control of NHS Orkney's financial affairs. They have effect as if incorporated in the Standing Orders of Orkney NHS Board (the Board). The SFIs should be used along with the Scheme of Delegation.
- 1.2 The purpose of such a scheme of control is:
- To ensure that NHS Orkney acts within the law and that financial transactions are in accordance with the appropriate authority
  - To ensure that financial statements, give a true and fair view of the financial position of NHS Orkney expenditure and income, and are prepared in a timely manner
  - To protect NHS Orkney against the risk of fraud and irregularity
  - To safeguard NHS Orkney's assets
  - To ensure proper standards of financial conduct
  - To ensure that NHS Orkney seeks Best Value from its resources, by making arrangements to pursue continuous improvement, economy, efficiency and effectiveness in its operations
  - To ensure that delegation of responsibility is accompanied by clear lines of control accountability, and reporting arrangements.
- 1.3 NHS Orkney will exercise financial supervision and control by:
- Formulating a financial strategy
  - Requiring the submission of financial estimates
  - Authorising budgets
  - Approving the specification of finance systems, feeder systems and procedures
  - Designing, implementing and supervising systems of internal control including the separation of duties, and the need to obtain value for money and Best Value
  - Defining specific responsibilities of officers
  - Providing financial advice to the Board and employees.

## 2 Compliance

- 2.1 The Chief Executive is accountable to the Board, and as Accountable Officer, to the Scottish Minister, for ensuring that the Board meets its obligation to perform within the available financial resources and in line with Best Value. The Chief Executive has executive responsibility to the Chairperson and Board for NHS Orkney activities, the system of internal control, and ensuring that financial obligations and targets are met.
- 2.2 The Director of Finance will assist the Chief Executive to ensure that SFIs are in place, up to date and observed in NHS Orkney. The responsibilities of the Director of Finance may also be carried out by the Head of Finance.
- 2.3 Members, officials, and agents of NHS Orkney, including, but not limited to, local authority employees working in joint health and social care projects, must observe these SFIs. Executive Directors will ensure that the SFIs are made known within the services for which they are responsible and ensure that they are adhered to. All employees must protect themselves and the Board from allegations of impropriety by seeking advice from their line manager, whenever there is doubt as to the interpretation of the Standing Orders, Scheme of Delegation, and SFIs. If there are any difficulties in interpretation or application of these documents, the advice of the Director of Finance should be sought.
- 2.4 All members of the Board and staff have a duty to disclose noncompliance with SFI's to the Director of Finance as soon as possible. Breaches will be reported as part of the Board's Incident Reporting process. Minor, isolated and unintentional noncompliance will be reviewed by the Director of Finance. For significant breaches, full details, and a justification will be reported to the Audit and Risk Committee. Failure to comply with SFIs may result in disciplinary action.
- 2.5 Where these SFIs place a duty upon any person, this may be delegated to another person, as documented in the Scheme of Delegation, and approved by the Director of Finance.
- 2.6 Employees must not:
- Abuse their official position for the personal gain or to the benefit of their family or friends
  - Undertake outside employment that could compromise NHS duties
  - Advantage or further their private business or interest in the course of their official duties.
- 2.7 Nothing in these SFIs shall override any legal requirement or Ministerial Direction placed upon NHS Orkney, its members, or officers.

## 2 Responsibilities of Chief Executive as Accountable Officer

Under [Sections 14 and 15](#) of the Public Finance and Accountability (Scotland) Act 2000 (the PFA Act), the Principal Accountable Officer for the Scottish Government has designated the Chief Executive of the Board as Accountable Officer.

Accountable Officers must comply with the terms of the Memorandum to Accountable Officers for Other Public Bodies, and any updates issued to them by the Principal Accountable Officer for the Scottish Government. [The Memorandum was updated in March 2019.](#)

### 1 General Responsibilities

- 1.1 The Accountable Officer is personally answerable to the Scottish Parliament for the propriety and regularity of the public finances of NHS Orkney, ensuring that resources are used economically, efficiently, and effectively. The Accountable Officer must ensure that the Board takes account of all relevant financial considerations, including any issues of propriety, regularity or value for money, in considering policy proposals relating to expenditure, or income.
- 1.2 It is incumbent upon the Accountable Officer to combine their duty as Accountable Officer with their duty to the Board to whom they are responsible, and from whom they derive their authority. The Board is in turn responsible to the Scottish Parliament in respect of its actions and conduct.
- 1.3 The Accountable Officer has a personal duty to sign the Annual Accounts of the Board. Consequently, they may also have the further duty of being a witness before the Audit and Risk Committee of the Scottish Parliament, and be expected to deal with questions arising from the Accounts, or, more commonly, from reports made to Parliament by the Auditor General for Scotland.
- 1.4 The Accountable Officer must ensure that arrangements for delegation promote good management, and that they are supported by the necessary staff with an appropriate balance of skills. This requires careful selection and development of staff and the sufficient provision of special skills and services. They must ensure that staff are as conscientious in their approach to costs not borne directly by their component organisation (such as costs incurred by other public bodies) as they would be were such costs directly borne.

## 2 Specific Responsibilities

### 2.1 The Accountable Officer must:

- Ensure that proper financial systems are in place and applied, and that procedures and controls are reviewed from time to time to ensure their continuing relevance and reliability, especially at times of major changes
- Sign the Accounts and the associated governance statement, and in doing so accept personal responsibility for ensuring that they are prepared under the principles and in the format directed by Scottish Ministers
- Ensure that proper financial procedures are followed incorporating the principles of separation of duties and internal check and that accounting records are maintained in a form suited to the requirements of the relevant Accounting Manual, as well as in the form prescribed for published Accounts
- Ensure that the public funds for which they are responsible are properly managed and safeguarded, with independent and effective checks of cash balances in the hands of any official
- Ensure that the assets for which they are responsible, such as land, buildings or other property, including stores and equipment, are controlled and safeguarded with similar care, and with checks as appropriate
- Ensure that, in the consideration of policy proposals relating to expenditure, or income, for which they have responsibilities as Accountable Officer, all relevant financial considerations, including any issues of propriety, regularity or value for money, are taken into account, and where necessary brought to the attention of the Board
- Ensure that any delegation of authority is accompanied by clear lines of control and accountability, together with reporting arrangements
- Ensure that procurement activity is conducted in accordance with the requirements in the [Procurement section](#) of the Scottish Public Finance Manual
- Ensure that effective management systems appropriate for the achievement of the Board's objectives, including financial monitoring and control systems have been put in place



- Ensure that risks, whether to achievement of business objectives, regularity, propriety, or value for money, are identified, that their significance is assessed and that systems appropriate to the risks are in place in all areas to manage them
- Ensure that arrangements have been made to secure [Best Value](#) as set out in the Scottish Public Finance Manual
- Ensure that managers at all levels have a clear view of their objectives, and the means to assess and measure outputs, outcomes or performance in relation to those objectives
- Ensure managers at all levels are assigned well-defined responsibilities for making the best use of resources (both those assumed by their own commands and any made available to organisations or individuals outside NHS Orkney) including a critical scrutiny of output, outcomes and value for money
- Ensure that managers at all levels have the information (particularly about costs), training and access to the expert advice which they need to exercise their responsibilities effectively.

### **3 Regularity and Propriety of Expenditure**

- 3.1 The Accountable Officer must ensure that the Board achieves high standards of regularity and propriety in the consumption of resources. Regularity involves compliance with relevant legislation, relevant guidance issued by Scottish Ministers (in particular the [Scottish Public Finance Manual](#)) and the framework document defining the key roles and responsibilities which underpin the relationship between the body and the Scottish Government. Propriety involves respecting the Parliament's intentions and conventions and adhering to values and behaviours appropriate to the public sector.
- 3.2 All actions must be able to stand the test of parliamentary scrutiny, public judgement on propriety and professional codes of conduct. Care must be taken not to misuse an official position to further private interests, and to avoid actual, potential, or perceived conflicts of interest.

### **4 Advice to the Orkney NHS Board**

- 4.1 In accordance with [section 15\(8\)](#) of the PFA Act the Accountable Officer has particular responsibility to ensure that, where they consider that any action that they are required to take is inconsistent with the proper performance of their duties as Accountable Officer, they obtain written authority from the Board and send a copy of this as soon as possible to the Auditor General. A copy of such written authority should also be sent

to the Clerk to the Public Audit Committee. The Accountable Officer should ensure that appropriate advice is tendered to the Board on all matters of financial propriety and regularity and on the economic, efficient and effective use of resources. They will need to determine how and in what terms such advice should be tendered, and whether in a particular case to make specific reference to their own duty as Accountable Officer to seek written authority and notify the Auditor General and the Public Audit Committee.

- 4.2 The Accountable Officer has a duty to ensure that appropriate advice is tendered to the Board on all matters of financial propriety and regularity, and more broadly, as to all considerations of prudent and economical administration, efficiency, and effectiveness.
- 4.3 If the Accountable Officer considers that, despite their advice to the contrary, the Board is contemplating a course of action which they consider would infringe the requirements of financial regularity or propriety, or that they could not defend as representing value for money within a framework of Best Value, they should set out in writing the objection to the proposal and the reasons for this objection. If the body decides to proceed, they should seek written authority to take the action in question. In the case of a body sponsored by the Scottish Government, the sponsor unit should be made aware of any such request in order that, where considered appropriate, it can inform the relevant Portfolio Accountable Officer and Cabinet Secretary / Minister. Having received written authority, they must comply with it, but should then, without undue delay, pass copies of the request for the written authority and the written authority itself to the Auditor General and the Clerk to the Public Audit Committee.
- 4.4 If because of the extreme urgency of the situation there is no time to submit advice in writing to the Board in either of the eventualities referred to in paragraph 2.6.3 before the Board takes a decision, they must ensure that, if the Board overrules the advice, both their advice and the Board's instructions are recorded in writing immediately afterwards.
- 4.5 The Accountable Officer must ensure that their responsibilities as Accountable Officer do not conflict with those as a Board member. They should vote against any action that they cannot endorse as Accountable Officer, and in the absence of a vote, ensure that their opposition as a Board member, as well as Accountable Officer is clearly recorded. It will not be sufficient to protect their position as a Board member merely by abstaining from a decision which cannot be supported.

## **5 Appearance before the Public Audit and Risk Committee**

- 5.1 Under [section 23 of the PFA Act](#) the Auditor General may initiate examinations into the economy, efficiency and effectiveness with which relevant bodies have used their resources in discharging their functions.

The Accountable Officer may expect to be called upon to appear before the Public Audit Committee to give evidence on reports arising from any such examinations involving the Board. They will also be expected to answer the questions of the Committee concerning resources and accounts for which they are Accountable Officer and on related activities. They may be supported by other officials who may, if necessary, join in giving evidence or the Committee may agree to hear evidence from other officials in their absence.

- 5.2 They will be expected to furnish the Committee with explanations of any indications of weakness in the matters covered by paragraphs 2.7.1 above, to which their attention has been drawn by the Auditor General or about which they may wish to question them.
- 5.3 In practice, they will have delegated authority widely, but cannot on that account disclaim responsibility. Nor, by convention, should they decline to answer questions where the events took place before their designation.
- 5.4 They must make sure that any written evidence or evidence given when called as a witness before the Public Audit and Risk Committee is accurate. They should also ensure that they are adequately and accurately briefed on matters that are likely to arise at the hearing. They may ask the Committee for leave to supply information not within their immediate knowledge by means of a later note. Should it be discovered subsequently that the evidence provided to the Committee has contained errors, they should let this be made known to the Committee at the earliest possible moment.
- 5.5 In a case where they were overruled by the Board on a matter of propriety or regularity, their advice would be disclosed to the Committee. In a case where they were overruled by the Board on the economic, efficient and effective use of resources they should be ready to discuss the costs, benefits and risks of options considered and explain the reasoning for the decision taken. They may also be called upon to satisfy the Committee that all relevant financial considerations were brought to the Board's attention before the decision was taken.

## **6 Absence of Accountable Officer**

- 6.1 The Accountable Officer should ensure that they are generally available for consultation and that in any temporary period of unavailability due to illness or other cause, or during the normal period of annual leave, a senior officer is identified to act on their behalf if required.
- 6.2 In the event that the Accountable Officer would be unable to discharge their responsibilities for a period of four weeks or more, NHS Orkney will notify the Principal Accountable Officer of the Scottish Government, in order that an Accountable Officer can be appointed pending their return.

- 6.3 Where an Accountable Officer is unable by reason of incapacity or absence to sign the Accounts in time for them to be submitted to the Auditor General, the Board may submit unsigned copies, pending the return of the Accountable Officer.

Version 17

# 3 Financial Strategy and Planning

## 1 Responsibilities

- 1.1 The Chief Executive is responsible for leading an inclusive process, involving staff and partner organisations, to compile and secure approval of the Annual Delivery Plan (ADP) for NHS Orkney by the Board. The ADP will include:
- The significant assumptions on which the plan is based
  - Details of major changes in workload, delivery of services or resources required to achieve the plan
  - Action points from the community planning partnership
  - Health care plans covering primary and secondary services provided by NHS Orkney
  - Regional dimension of healthcare and scope for sharing resources with partners.
- 1.2 By concisely describing the health and healthcare issues facing Orkney, setting out succinctly how these will be tackled and by whom, and by setting priorities, milestones, quantified improvements and targets, the ADP will help to secure understanding of health issues, a shared approach to taking action, and commitment to achieving results.
- 1.3 The Director of Finance is responsible for the annual preparation of a 3-5-year Financial Plan. In addition, the ADP and Financial Plan will be informed by and supported by a Workforce Plan. Before inclusion in the plan, allservice developments must be supported by a business case typically approved by the Senior Leadership Team.
- 1.4 The Financial Plan will comprise both revenue and capital components, and will be compiled in accordance with Scottish Government guidelines and aligned to available resources as determined by the Revenue Resource Limit and Capital Resource Limit as notified or indicated by Scottish Government, and forecast for future years.
- 1.5 The ADP and the Financial Plan will be submitted to the Senior LeadershipTeam for detailed scrutiny and risk assessment, following which the Finance and Performance Committee will consider and recommend approval by the Board.
- 1.6 The Financial Plan will include the financial planning returns which the Director of Finance will prepare and submit to the Scottish Government.

## 2 Control

- 2.1 The Director of Finance will ensure that adequate financial and statistical systems are in place to monitor and control income and expenditure, and to prepare financial plans, estimates and investigations as required.
- 2.2 The Director of Finance will devise and maintain a system of budgetary control. The Board and Senior Leadership Team will empower officers to engage staff, incur expenditure and collect income. All officers will comply with the requirements of the system of budgetary control. The system will include the reporting of (and investigation into) financial, activity or workforce variances from budget. The Director of Finance will provide information and advice to enable the Chief Executive and delegated officers to carry out their budgetary responsibilities.
- 2.3 The Chief Executive may, within limits approved by the Board, delegate authority for a budget or a part of a budget to an individual or group of officers. The terms of delegation confers individual and group responsibilities for control of expenditure, virement of budgets, achievement of planned levels of service and regular reporting on the discharge of delegated functions to the Chief Executive. Responsibility for overall budgetary control remains with the Chief Executive.
- 2.4 Except where approved by the Chief Executive (taking account of advice of the Director of Finance) budgets will only be used for the purpose for which they were provided. Any budgeted funds not required for their designated purpose will revert to the control of the Chief Executive, unless covered by delegated powers of virement. The Director of Finance will issue procedural guidance on powers of virement.
- 2.5 Expenditure for which no provision has been made in an approved budget can only be incurred after authorisation by the Chief Executive or Director of Finance, subject to their delegated limit. Delegated authority to approve individual items of expenditure, is undernoted, provided that approval remains within Revenue and Capital Budgets:
- The Finance and Performance Committee can approve individual items up to £1,000,000 in any one instance
  - The Chief Executive, can approve individual items up to £500k in any one instance
  - The Director of Finance can approve individual items up to £250k in any one instance.

This includes virement between budgets, including from reserves.

- 2.6 The Director of Finance will keep the Chief Executive and the Board informed of the financial consequences of changes in policy, pay awards, and other events and trends affecting budgets, and will advise on the financial and economic aspects of future plans and projects.

- 2.7 There is a duty for the Chief Executive, and all employees not to exceed approved budgetary limits.
- 2.8 The Chief Executive will negotiate funding for the provision of services in accordance with the ADP and establish arrangements for cross boundary treatment of patients. The Chief Executive will take advice from the Director of Finance regarding:
- Costing and pricing of services
  - Payment terms and conditions
  - Arrangements for funding in respect of patients from out-with Orkney, and for the funding of the treatment of Orkney residents other than by NHS Orkney.
- 2.9 The Chief Executive is responsible for negotiating agreements for the provision of support services to/from other NHS bodies.

### **3 Reporting**

- 3.1 The Chief Executive will report on material variances arising from inability to action, or delay in implementation of projects approved by the Board, and will advise the Finance and Performance Committee on the use of such funds. The Committee will report as appropriate to the Board.
- 3.2 The Director of Finance will compile a monthly Financial Report for the Senior Leadership Team.
- 3.3 The Director of Finance will produce a regular Financial Report for the Finance and Performance Committee and the Board. This report will highlight significant variances from the Financial Plan, and the forecast outturn position, and will recommend proposed corrective action.
- 3.4 The Director of Finance has right of access to all budget holders on budgetary and financial performance matters.

# 4 Commissioning and Provision of Healthcare Services

## 1 Commissioning and Provisioning of Services

1.1 The Chief Executive, with the Director of Finance, will ensure that:

- Services required or provided are covered by agreements
- Adequate funds are retained for services without agreements
- Total costs of services are affordable within the Financial Plan, and Revenue and Capital Resource Limits set by Scottish Government.

## 2 Service Agreements

2.1 The Chief Executive will ensure that service agreements are placed with due regard to the need to achieve Best Value. The Chief Executive, Director of Finance, Medical Director or Director of Nursing, Midwifery, Allied Health Professionals and Acute will agree service agreements for health care purchases.

2.2 The Director of Finance will establish robust financial arrangements for treatment of Orkney residents by other NHS bodies, or the private sector.

2.3 The Director of Finance will raise and pay service agreement invoices in accordance with the agreed terms, and national guidance.

2.4 All service agreements should support the agreed priorities within the ADP. The Chief Executive should take into account:

- Standards of service quality expected including patient experience
- Relevant national service framework (if any)
- Provision of reliable information on cost and volume of services
- Requirement for service agreements to be based on integrated care pathways.

## 3 Data Protection

3.1 The Data Protection Officer will inform and advise the organisation and its staff on their obligations under, and monitor compliance with, the [Data Protection Act 2018 \(legislation.gov.uk\)](#) and UK GDPR.

The Caldicott Guardian will ensure that staff and systems maintain confidentiality of patient information as set out in the [Caldicott guidance and the Data Protection Act](#).



A Caldicott Guardian is a senior person responsible for protecting the confidentiality of people's health and care information and making sure it is used properly.

When making decisions or giving guidance, Caldicott Guardians will often refer to the Caldicott principles, which can be found in the Information Governance Review. The UKCGC has also produced A Manual for Caldicott Guardians.

Version 17

# 5 Annual Report and Accounts

## 1 Requirement

- 1.1 NHS Orkney is required under [Section 86\(3\)](#) of the National Health Service (Scotland) Act 1978 to prepare and submit Annual Accounts to Scottish Ministers.
- 1.2 Scottish Ministers issue Accounts Directions in exercise of the powers conferred by [Section 86\(1\)](#).

## 2 Preparation of Annual Accounts

- 2.1 Annual Accounts will be prepared:
  - In accordance with the edition of the Government Reporting Manual ([FReM](#)) issued by HM Treasury, which is in force for the year in which the statement of accounts is prepared
  - In accordance with the Accounts Direction and Accounts Manual issued by Scottish Government
  - In line with required format, disclosures and accounting standards.
- 2.2 The Director of Finance will maintain proper accounting records which allow the preparation of Accounts, in accordance with the timetable laid down by Scottish Government.
- 2.3 Accounts will be prepared to an acceptable professional standard, in accordance with appropriate regulatory requirements and will be supported by appropriate accounting records and working papers.
- 2.4 The Auditor General for Scotland will appoint the External Auditor for the statutory audit of NHS Orkney.
- 2.5 The Director of Finance will agree with the External Auditor a timetable for the production, audit, adoption by the Board and submission of Accounts to the Auditor General for Scotland and Scottish Government.
- 2.6 The Chief Executive will prepare a Governance Statement, and in so doing will seek assurances, including that of the Chief Internal Auditor, regarding the adequacy of internal control throughout NHS Orkney.
- 2.7 The Accounts will be reviewed by the Audit and Risk Committee, which is responsible for recommending adoption by the Board.
- 2.8 Following approval of the Accounts by the Board, the Accounts will be signed on behalf of the Board and submitted to the External Auditor for completion of the audit certificate.

- 2.9 Signed Accounts will be submitted by NHS Orkney to Scottish Government, and by the External Auditor to the Auditor General for Scotland.
- 2.10 Accounts must not be placed in the public domain, prior to being formally laid before Parliament.
- 2.11 The National Health Service (Scotland) Act 1978 prescribes that public meetings should be held to present the Accounts. The Annual Review process provides the opportunity to fulfil this requirement. NHS Orkney should make this information as publicly accessible as possible and may choose to do so through the website or other public events.

### **3 Annual Report**

- 3.1 The Chief Executive will arrange for the production and circulation of an Annual Report in the form determined by the Scottish Government. The principal purpose of the Annual Report is to account to the community and to other stakeholders for key aspects of performance during the year, and to give an account of the stewardship of funds.
- 3.2 The Annual Report does not need to include summary financial information, provided the Annual Report refers to the Accounts. Disclosure requirements must be agreed with the External Auditor.
- 3.3 The Annual Report will be published no later than two months after the Annual Review.

## 6 Banking Arrangements

- 1 All arrangements with NHS Orkney's bankers and the Government Banking Service will be made under arrangements approved by the Director of Finance who is authorised to operate bank accounts, as necessary. The Director of Finance will report to the Board on the details of all accounts, including conditions on which they are operating.
- 2 All funds will be held in accounts in the name of NHS Orkney, or the Endowment Fund. The Director of Finance will advise the bankers in writing of the conditions under which each account will operate, including prompt notification of the cancellation of authorisation to draw on NHS Orkney accounts.
- 3 The Director of Finance will nominate, for each bank account, the officers authorised to release monies from each account. The Director of Finance will notify the bank promptly of any changes to the authorised signatories.
- 4 All cheques will be crossed with "Not Negotiable - Account Payee Only" and must be treated as controlled stationery in the charge of a designated officer controlling their issue. Two signatures are required on cheques.
- 5 All cheques, postal orders, cash, etc. will be banked promptly, to the main account (or, if appropriate, endowment fund deposit account - see Section 16). Disbursements must not be made from cash.
- 6 The Director of Finance will make arrangements for:
  - Receipt and payment of monies using the Clearing Houses Automated Payment System (CHAPS) and the Bankers Automated Clearing Services (BACS)
  - Payments to be made by Standing Order or Direct Debit
  - The use of credit cards
  - Payments to be made to foreign bank accounts.

# 7 Security

## 1 Security of Cash and Negotiable Instruments

- 1.1 All receipt books, tickets, agreement forms, or other means of officially acknowledging or recording amounts received or receivable will be in a form approved by the Director of Finance. Such stationery will be ordered and controlled using the same procedures as applied to cash.
- 1.2 All officers, whose duty it is to collect or hold cash, will be provided with a safe or a lockable cash box (which in turn must be deposited in a locked cupboard). The loss of a key must be reported immediately to the Fraud Liaison Officer. The Director of Finance will, on receipt of a satisfactory explanation, authorise release of a duplicate key. The Director of Finance will arrange for all new keys to be dispatched directly to them from the manufacturers and will maintain a register of authorised holders of safe keys.
- 1.3 The safe key-holder must not accept unofficial funds for depositing in the safe unless in sealed envelopes or locked containers. NHS Orkney is not liable for any loss and written indemnity must be obtained from the organisation or individual absolving NHS Orkney from responsibility.
- 1.4 During the absence of the holder of a safe or cash box key, the officer who acts in their place will be subject to the same controls. Transfer of responsibilities for the safe and/or cash box contents will be written and a signed copy of the document must be retained.
- 1.5 Cash, cheques, postal orders and other forms of payment will be counted each week by a finance officer, and will be entered in the cash collection sheet, which must then be signed. The remittance will be passed to the Cashier, and signed for.
- 1.6 The opening of coin-operated machines and the counting and recording of the takings in the register must be undertaken by two officers and the coin-box keys will be held by a nominated officer. Takings will be passed to the Cashier and a signature will be obtained.
- 1.7 The Director of Finance will prescribe the system for transporting of cash and uncrossed pre-signed cheques.
- 1.8 All unused cheques, receipts and all other orders will be subject to the same security as applied to cash: bulk stocks of cheques will be retained by the banker and released only against authorised requisitions.
- 1.9 All Prescription Pads in Primary Care will be subject to the same security and controls as cash.

- 1.10 In all cases where officers receive cash, cheques, credit or debit card payments, empty vending or other machine coin boxes, etc. personal identity cards must be displayed prominently. Staff will be informed in writing on appointment, by their line manager, of their responsibilities and duties for the collection, and handling of cash and cheques.
- 1.11 Any loss or shortfall of cash, cheques, etc. must be reported immediately in accordance with the agreed procedure for reporting losses. (Section 15).
- 1.12 Under no circumstances should funds managed by NHS Orkney be used to cash private cheques or make loans of a personal nature.

## **2 Security of Physical Assets**

- 2.1 The Chief Executive is responsible for the overall control of fixed assets. All employees have a duty of care over property of NHS Orkney. Senior staff will apply appropriate routine security practices. Persistent breach of agreed security practices must be reported to the Chief Executive.
- 2.2 Where practical, items of equipment will be indelibly marked as NHS Orkney property.
- 2.3 The Finance Department will maintain an up-to-date capital asset register. The Director of Finance will set out the approved form of asset register and method of updating (Section 22).
- 2.4 Items on the register will be checked at least annually and all discrepancies will be notified in writing to the Director of Finance, who may also undertake other independent checks as necessary.
- 2.5 Damage to premises, vehicles and equipment, or loss of equipment or supplies must be reported (Section 15).
- 2.6 On the closure of any facility, a check must be carried out and the responsible officer will certify a list of items held including eventual location. The disposal of fixed assets (including donated assets) will be in accordance with Section 22.
- 2.7 On the closure of any facility a check must be carried out and a responsible officer will certify that all patient and other personally identifiable and commercially sensitive information has been removed from the facility under the NHS Orkney policy for Records Management.

## 8 Income

- 1 The Director of Finance will design and maintain systems for the proper recording, invoicing, and collection of money due.
- 2 All officers must inform the Director of Finance of money due from transactions they initiate, including contracts, leases, tenancy agreements and any other transactions. The Director of Finance will approve Service Level Agreements or contracts with financial implications in excess of £10,000. Responsibility for agreeing the level of rental for newly acquired property and for the regular review of rental and other charges rests with the Director of Finance who may take into account independent professional advice on matters of valuation.
- 3 The Director of Finance will take appropriate recovery action of debts and will establish procedures for the write-off of debts after all reasonable steps have been taken to secure payment. (Section 15.)

Version 1.0

## 9 Payment of Accounts

- 1 The Director of Finance will operate a system for verification, recording and payment of all amounts payable. The system must ensure that:
  - Goods have been duly received, examined, are in accordance with specification and order, are satisfactory and prices are correct
  - Work done or services rendered have been satisfactorily carried out in accordance with the order
  - Materials were of the requisite standard and charges are correct
  - For contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, rates of labour are in accordance with the order, materials have been checked as regards quantity, quality and price, and charges for the use of vehicles, plant and machinery have been examined
  - All necessary authorisations have been obtained
  - The account is arithmetically correct
  - The account is in order for payment
  - Clinical services to patients have been carried out satisfactorily in accordance with Service Level Agreements and Unplanned Activity arrangements
  - Provision is made for early submission of accounts subject to cash discounts or requiring early payment
  - VAT is recovered as appropriate
  - Payment for goods and services is only made once the goods and services are received other than under the terms of a specific contractual arrangement.
- 2 The Director of Finance will maintain a Scheme of Delegation. This will set out the officers authorised to manually or electronically certify invoices, non-invoice payments, and payroll schedules. It will include specimen signatures, and levels of authority. Electronic authorisation must be achieved through effective access control permissions approved by the Director of Finance.
- 3 The Director of Finance will pay accounts, invoices and contract claims in accordance with contractual terms and/or the CBI Prompt Payment Code and the Scottish Government payment target. Payment systems will be designed to avoid payments of interest arising from non-compliance with the [Late Payment of Commercial Debts \(Interest\) Act 1998](#).
- 4 All officers must inform the Director of Finance promptly of all monies payable arising from transactions which they initiate, including contracts, leases, tenancy agreements and other transactions. To assist financial control, a register of regular payments will be maintained.
- 5 All requests for payment should, wherever possible, have relevant original orders, goods received notes, invoices or contract payment vouchers



attached and will be authorised by an approved officer from the Scheme of Delegation. The PECOS purchasing system, should be used to raise orders to all suppliers, unless an exemption has been agreed by Finance and Procurement. Purchase Order numbers must be stated on the invoice and should be appropriately approved on the system before spend is committed. Purchase Orders should not be raised retrospectively.

- 6** Where an electronic payment system has been approved the system must ensure that payment is made only for goods matched against an authorised purchase order, and goods received note.
- 7** Authorised signatories will ensure, before an order for goods or services is placed, that the purchase has been properly considered and forms part of the department's agreed service plans and is within known and specific funds available to the department.
- 8** Any grants or similar payments to local authorities and voluntary organisations or other bodies must comply with procedures laid down by the Director of Finance.
- 9** Authorised signatories must ensure that there is effective separation of duties between:
  - The person placing the order/ certifying receipt of goods and services, and
  - The person authorising the spend

In no circumstances should one person undertake both functions.

- 10** In the case of contracts for building or engineering works which require payment to be made on account during progress of the works, the Director of Finance will make payment on receipt of a certificate from the technical consultant or officer. Without prejudice to the responsibility of any consultant or works officer appointed to a particular building or engineering contract, where necessary, a contractor's account will be subject to financial examination and general examination by a works officer, before the person responsible for the contract issues the final certificate. To assist financial control, a contracts register will be maintained by procurement.
- 11** The Director of Finance will designate officers to authorise advances for patient travel expenses or staff travel expenses from a petty cash imprest. This is limited to £100 for internal costs and £120 for patient travel.
- 12** Officers responsible for commissioning self-employed contractors must ensure that, before any assignment is agreed, evidence is obtained from the contractor which confirms their employment status. This will ensure that NHS Orkney is not held liable for Income Tax and National Insurance by HMRC. This evidence must be submitted to the Director of Finance.

- 13** Advance payment for supplies, equipment or services will not normally be permitted other than for subscriptions. If exceptional circumstances arise, a proposal should be submitted to the Director of Finance.
- 14** Advance payments to general medical practitioners and community pharmacists will comply with NHS contractor regulations.
- 15** Authorised signatories are responsible for ensuring that all items due under a payment in advance contract are received and must inform the Director of Finance immediately if problems are encountered.

Version 17

# 10 Construction Industry Scheme

- 1** The scheme will be administered in line with guidance supplied by HMRC in booklet [CIS340](#). Registration under the Construction Industry Scheme (CIS) is necessary where construction expenditure exceeds £1m per annum in any three-year period. Before the threshold is likely to be breached, the Director of Finance should apply for registration from HMRC.
- 2** The Estates Department will ensure that certificates and/or vouchers are obtained from contractors/subcontractors and supplied to the Finance Department to support payment requests.
- 3** In the event of doubt, the Head of Finance will determine whether a payment should be made gross or net of deduction of tax and will consult with HMRC, as necessary.
- 4** The Director of Finance will remit to HMRC any tax deducted from payments made to sub-contractors, and must comply with the timetable set out in [CIS340](#).

# 11 Payment of Salaries and Wages

- 1 Staff can be engaged or re-graded only by authorised officers within their approved budget and establishment and through NHS Orkney's engagement procedures. Posts are approved as per structure via the JobTrain system prior to commencing recruitment. Successful grading appeals will be approved by People and Culture.
- 2 The Remuneration Committee will:
  - Agree terms and conditions of Executive Directors
  - Approve changes to remuneration, allowances and conditions of service of Chief Executive and Executive Directors
  - Ensure arrangements are in place for the assessment of performance of Executive and senior management staff
  - Consider redundancy, early retiral or termination agreements in respect of Executive Directors
  - Approve other terms and conditions of service not covered by direction or regulation, e.g. Discretionary Points for Medical Staff.
- 3 After approval by the Remuneration Committee, and sign off approval by the National Performance Monitoring Committee (NPMC) pay for executives under Executive Managers terms and conditions may be paid in line with the Government issued circulars
- 4 NHS Orkney will pay allowances to the Chairperson and non-executives in accordance with instructions issued by the Scottish Minister.
- 5 People and Culture will ensure that each employee is issued with a contract which will comply with current employment legislation and in a form approved by NHS Orkney. People and Culture will ensure that changes to, and termination of contracts are properly processed.
- 6 All timesheets, staff returns, and other pay records and notifications will be in a form approved by the Director of Finance and must be certified and submitted in accordance with their instructions.
- 7 The Director of Finance will ensure payments and processes are supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangement are made for the collection of payroll deductions and payment of these to appropriate bodies.
- 8 Authorised managers have delegated responsibility for:

- Sending a signed copy of the engagement form and other documents necessary for the payment of staff to the Payroll Department immediately upon the employee commencing duty
  - Completing time records and other notifications in accordance with the Director of Finance's instructions and in the form prescribed by the Director of Finance
  - Making any necessary changes in eESS immediately the effective date of any change in employment or personal circumstances is known
  - Submitting via eESS termination of employment details as required, for payment purposes, immediately upon the effective date of an employee's resignation, retirement or termination being known
  - Immediately advising the Payroll Department when an employee fails to report for duty in circumstances which suggest that they have left without notice.
- 9** Where the People and Culture and Payroll systems are connected by an electronic interface, forms may be sent to Payroll electronically, providing that procedures for transmissions are agreed by the Director of Finance.
- 10** Requests for early retirement or voluntary severance, for staff other than Executive Directors, which result in additional costs being borne by the employer, will be considered by the Chief Executive and Director of Finance jointly, under the Voluntary Severance Scheme.
- 11** The Director of People and Culture and the Director of Finance will be jointly responsible for ensuring that rates of pay and relevant conditions of service are in accordance with current agreements. The Chief Executive will be responsible for the final determination of pay. The Director of Finance will issue instructions regarding:
- Verification of documentation or data
  - Timetable for receipt and preparation of payroll data and the payment of staff
  - Maintenance of records for Superannuation, Income Tax, National Insurance and other authorised deductions
  - Security and confidentiality of payroll information in accordance with the Data Protection Act
  - Checks to be applied to payroll before and after payment
  - Methods of payment available to staff
  - Procedures for payment of cheques, bank credits or cash to staff
  - Procedures for unclaimed wages which should not be returned to salaries and wages staff
  - Separation of duties of preparing records and handling cash
  - Pay advances and their recovery
  - A system for recovery from leavers of sums due by them

- A system to ensure recovery or write-off of payment of pay and allowances
- Maintenance of regular and independent reconciliation of adequate control accounts.

**12** The Director of Finance will ensure salaries and wages are paid on the agreed dates but may vary these when necessary due to special circumstances. Payment to an individual will not be made in advance of normal pay, except as authorised by the Chief Executive or Director of Finance to meet special circumstances and limited to the net pay due at the time of payment.

**13** All employees will be paid by bank credit transfer monthly unless agreed by the Director of Finance.

Version 1.1

# 12 Travel, Subsistence and Other Allowances

- 1 The Director of Finance will ensure that all expense claims by employees or outside parties are reimbursed in line with regulations and Human Resources policies, and that all such claims will be supported by receipts wherever possible. Removal expenses will be limited to the amount specified by HMRC as being tax free (currently £8000), except with the express approval of the Remuneration Committee, and in accordance with NHS Orkney's Removals Policy.
- 2 The Director of Finance will issue guidance on submission of expense claims, specifying documentation to be used, timescales to be adhered to and required level of authorisation. All claims will be submitted to the Payroll Department duly certified in an approved form, and made up to a specified day of each month. Where this information is transmitted by electronic means, appropriate procedures will be agreed by the Director of Finance. The names of officers authorised to sign claims will be held by the Payroll Department, together with specimen signatures and will be maintained in conjunction with the overall Scheme of Delegation.
- 3 No officer can certify their own expenses. Hotel accommodation and taxi fares should be paid by the officer wherever possible. Exceptions to this would, in the main, be accommodation provided as part of a training course, Travel Scholarship or where specific arrangements have been agreed with the Director of Finance and arranged through the Travel Admin function. Pre-authorisation must exist for all off-island travel and expenses.
- 4 The Chairperson will authorise all expense claims from the Chief Executive. The Chief Executive will authorise all claims from Executive Members of the Board. The Chairperson will authorise all claims from Non-Executives. In the absence of the Chairperson, this will be undertaken by the Chief Executive or Director of Finance.
- 5 Certification means that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and evidenced, and that the allowances are properly payable.
- 6 Claims submitted more than three months after the expenses were incurred will be paid only if approved by the Director of Finance, who will only authorise payment where there is an appropriate justification for the delay and it is an isolated occurrence. All claims received later than six months following the month of the claim will be time barred.

# 13 Non-pay Expenditure – Procurement

## 1 Introduction

- 1.1 The purpose of this SFI is to set clear rules for the procurement of goods, works and services for NHS Orkney. The rules should ensure that NHS Orkney is fair and accountable in dealings with contractors and suppliers.
- 1.2 This SFI:
- Sets out thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained
  - Incorporates the thresholds in the Scheme of Delegation
  - Provides procedural instructions and guidance incorporating the thresholds on the obtaining of goods, works and services.

## 2 Procurement Tenders and Contracts

- 2.1 The SFIs specify arrangements for placing of contracts and purchase of supplies and equipment. Procurement must be in line with the principles in [CEL 5 \(2012\)](#) and NHS Orkney's Procurement Strategy.
- 2.2 Scottish Government and World Trade Organisation's Agreement on Government Procurement (GPA) will have effect as if incorporated into these SFIs.
- 2.3 When appropriate, Scottish Government terms and conditions should be used when contracting with suppliers. The current versions are available from procurement.
- 2.4 All departments must seek to obtain Best Value through the application of SFIs and procurement procedures. In the case of uncertainty, advice should be sought from procurement.
- 2.5 NHS Orkney will comply as far as is practicable with the [Scottish Capital Investment Manual](#), [Capital Accounting Manual](#) and other Scottish Government guidance on contracting and purchasing.

## 3 Formal Competitive Tendering

- 3.1 NHS Orkney will ensure that competitive tenders are invited for the



purchase of all goods and services and for disposals in line with the thresholds identified in the invitation to tender section below. Equipment and assets over £5,000 (including VAT) are funded by capital and must be approved by the Medical Equipment Group before commencing procurement activity.

- 3.2 Where NHS Orkney elects to invite tenders for the supply of healthcare services these SFIs will apply to the tendering procedure.
- 3.3 Formal tendering procedures may be waived only with the approval of the Director of Finance.
- 3.4 Where formal tendering procedures have been waived, Best Value should be demonstrated, and quotations sought.
- 3.5 Where it is decided that competitive tendering is not applicable and should be waived, the fact of the waiver and the reasons should be documented. [Procurement SFI Waiver Form](#)

## 4 Invitation to Tender

- 4.1 All purchases in excess of the GPA thresholds currently £116,407 (exclusive of VAT) for services, and £4,447,447 for works (exclusive of VAT), whether as an individual purchase or series of purchases of the same or similar item over a period of time, must be advertised in the UK Find a Tender Service (FTS) through the [Public Contract Scotland Procurement Portal](#).
- 4.2 All purchases of a value in excess of £50,000 (exclusive of VAT), whether as an individual purchase or series of purchases of the same item over a period of time, must be advertised through the [Public Contract Scotland Procurement Portal](#).
- 4.3 When the value of a purchase is less than £50,000 (exclusive of VAT) suppliers who are invited to tender (and where appropriate, quote) should be on approved lists or meet qualifying requirements. The quick quote system, on the [Public Contracts Scotland Procurement Portal](#), should be used for purchases over £10,000.
- 4.4 All invitations to tender on a formal competitive basis must state that no tender will be considered for acceptance unless submitted electronically through the [Public Contract Scotland Procurement Portal](#).
- 4.5 Where NHS Orkney has opted to procure building, engineering and maintenance work under [Frameworks Scotland](#) or Hub Initiative, [HubCo](#) will be commissioned and further tendering will not be required. The Director of Finance will ensure that Best Value for money is delivered by these projects.

- 4.6 For other contracts:
- Every tender for building and engineering works (except for maintenance work only where Estate code guidance should be followed) will be in the terms of the current edition of the appropriate [Joint Contracts Tribunal](#) standard forms of contract
  - When the content of the works is primarily engineering, tenders shall embody or be in the terms of the [General Conditions of Contract](#) recommended by the Institutions of Mechanical Engineers, Electrical Engineers and the Association of Consulting Engineers
  - Or in the case of civil engineering work, the [General Conditions of Contract](#) recommended by the Institution of Civil Engineers.

Standard forms of contract should be amended to comply with [SCIM](#). These documents may be further amended in minor respects to cover special features of individual projects. These amendments will be subject to approval by procurement and the Director of Finance. Tendering based on other forms of contract can be undertaken only after consultation with the Scottish Government.

- 4.7 Every tender for goods, materials, services (including consultancy services) or disposals will apply NHS standard contract conditions as far as this is practical. The advice of NHS Orkney procurement, NHS National Procurement or the Central Legal Office must be sought where alternative contract conditions are used.
- 4.8 Every tenderer must have given or give a written undertaking not to engage in collusive tendering or other restrictive practice.

## 5 Receipt and Acceptance of Formal Tenders

- 5.1 All tenders will be stored electronically on the [Public Contracts Scotland Procurement](#) Portal.
- 5.2 The permanent record within the [Public Contract Scotland Procurement](#) Portal will show for each set of competitive tender invitations:
- Names of firms/individuals invited/noted interest
  - Names of and the number of firms/individuals from which tenders have been received
  - Total price(s) tendered
  - Closing date and time
  - Date and time of opening.
- 5.3 If the designated officers are of the opinion that the tenders received are not strictly competitive (for example, because their numbers are

insufficient or any are amended, incomplete or qualified) the contract can only be awarded with approval of the Director of Finance.

- 5.4 Where only one tender is sought and/or received, the Director of Finance will, as far as practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for NHS Orkney.
- 5.5 Essential discussions with a tenderer about the contents of their tender, in order to clarify technical points, pricing, etc. before the award of a contract, are acceptable but must be documented.
- 5.6 Where post-tender negotiation takes place, the following should be observed:
- Justification for the use of post-tender negotiation
  - Agreed aims of the negotiations and the methods used
  - A record of all exchanges, both written and oral
  - Management approval for the award of contract
  - Approval of the Director of Finance.
- 5.7 Best Value in the public interest is critical within the acceptance criteria. The lowest tender may not necessarily be Best Value and this should come to light through the comparative evaluation of the bids. Reasons for not accepting the lowest tender must be recorded.
- 5.8 The evaluation process should be reasonable and transparent with all bidders treated fairly. Evaluation panel members must adhere to the code of governance regarding declaration of potential conflicts of interest. All evaluation panel members are required to sign a declaration of interest form.

## **6 Unsuccessful Tenders**

- 6.1 Following completion of the tender acceptance, and having obtained confirmation from the successful tenderer of acceptance of the contract, the unsuccessful tenderers should be advised in writing that the contract has been awarded and that they have not been successful.

## **7 Single Tender**

- 7.1 The limited application of the single tender rules should not be used to avoid competition or for administrative convenience or to award further work to a consultant originally appointed through competition.

## **8 Quotations**

- 8.1 Quotations are required where formal tendering procedures are waived and within the financial limits as set out in the SFIs.
- 8.2 Where quotations are required, they should be obtained from at least three firms/individuals based on specifications or terms of reference prepared by, or on behalf of NHS Orkney. Reasons must be documented if less than three quotations are sought or received.
- 8.3 Quotations should be in writing unless the Director of Finance or nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone or e-mail. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.
- 8.4 All quotations should be treated as confidential and should be retained for inspection.
- 8.5 The Director of Finance or nominated officer should evaluate the quotations and select the one which gives Best Value.
- 8.6 Non-competitive quotations in writing may be obtained for the following purposes with the recorded approval of the Director of Finance where:
- The supply of goods/services of a special character for which it is not, in the opinion of the nominated officer, possible or desirable to obtain competitive quotations
  - The goods/services are required urgently.
- 8.7 With the prior agreement of the Director of Finance, quotations should be submitted through the Public Contracts Scotland Tender Mailbox.

## 9 Contracts

- 9.1 NHS Orkney may only enter into contracts within their statutory powers and will comply with:
- SFIs
  - EU Directives and other statutory provisions
  - Any relevant directions including the [SCIM](#) and guidance on the use of [Management Consultants](#)
  - Such NHS standard contract conditions as are applicable.
- 9.2 Where specific contract conditions are considered necessary by the lead officer appointed by the Chief Executive or Director of Finance, advice shall be sought from suitably qualified persons. Where this advice is deemed to be legal advice, this must be sought from the Central Legal Office.

- 9.3 Contracts will be in the same terms and conditions of contract as was the basis on which tenders or quotations were invited.
- 9.4 In all contracts, members and officials will seek to obtain Best Value. The Chief Executive or Director of Finance will nominate an officer to oversee and manage each contract.
- 9.5 All contracts will contain standard clauses allowing NHS Orkney to:
- Cancel the contract and recover all losses in full where a company or their representative has offered, given or agreed to give, any inducement to members or officials
  - Recover losses or enforce specific performance where goods or services are not delivered in line with contract terms
  - Ensure that suitable terms are included to cover arrangements should dispute arise.
- 9.6 Members and officials must seek authority from the Chief Executive or the Director of Finance in advance of making any commitment to contracts, leases, tenancy agreements, property transactions and other commitments for which a financial liability may result but without secured funding or budget provision.
- 9.7 Procurement will maintain a contract's register. All contracts awarded over £50,000 will be published on the Public Contracts Scotland Portal, Contracts register. All contracts must be advised to procurement for inclusion in the contracts register.
- 9.8 The Director of Finance will ensure that the arrangements for financial control comply with the guidance contained within [SCIM](#) and [Property Transaction Handbook](#). The technical audit of these contracts is the responsibility of the Chief Executive.

## 10 Appointment of Management Consultants

- 10.1 The bespoke nature of many consultancy services and the degree of interest in the amount of public money spent on this area means that additional procedures are needed for procuring consultancy services to ensure they are used sparingly, effectively and only where their use is unavoidable to deliver business objectives. Scottish Government guidance "[Use of Consultancy Procedures \(Professional Services\)](#)" should be followed when seeking to use consultancy services.
- 10.2 If it is still not clear, advice should be sought from the procurement or finance department.
- 10.3 A business case, establishing the need for consultancy services should be completed at the outset and sent to the Director of Finance for

consideration. Business cases up to £5,000 (excluding VAT) over the life of the consultancy agreement can be approved by the relevant Executive Director. Business cases in excess of £5,000 (excluding VAT) require Senior Leadership Team approval.

- 10.4 Appointment of Consultants should in the first instance use National Contracts and, where this is not possible, by competitive tender. The reasons and approval for waiving the requirement to tender should be clearly documented and submitted to the Director of Finance.  
[Procurement SFI Waiver Form](#)
- 10.5 Successive assignments beyond the scope and terms of an appointment made by competitive tender should also be subject to tender arrangements. If it is expected that there may be follow-on assignments, it would be more appropriate for the tendering exercise to appoint one or more Consultants under a call-off arrangement.
- 10.6 Professional advisers are defined as having two characteristics. Firstly, they are engaged on work that is an extended arm of the work done in-house and secondly, they provide an independent check. Examples include professional advice on the treatment of VAT and work carried out in relation to ratings revaluations and appeals. Professional advisers' fees may also relate to capital projects such as architects, surveyors, and engineers. Such fees are not exempt from normal tendering arrangements.
- 10.7 The [Property Transactions Manual](#) states that all external professional advisers, including property advisers, independent valuers and other valuers or consultants, should be appointed by competitive tender unless there are convincing and justifiable reasons to the contrary.

## 11 Official Orders (typically a "Purchase Order")

- 11.1 Goods, services, or works may only be ordered on an official order, the exception being purchases from petty cash. Contractors will be notified that they must not accept orders unless on an official order form or processed via an approved secure electronic medium. Oral orders will be issued only by an officer designated by the Chief Executive and only in cases of emergency or urgent necessity. These will be confirmed by an official order issued no later than the next working day and clearly marked "Confirmation Order". National and local contracts should be used where appropriate. Under no circumstances should a purchase order be used retrospectively.
- 11.2 The Director of Finance will approve and record all forms of official order. Examples of these may include orders generated by approved systems, such as finance and stores, pharmacy or PECOS electronic purchasing.

- 11.3 Official orders/ requisitions will only be issued to and approved by officers authorised by the Chief Executive. A list of authorised officers will be maintained by the Director of Finance.

## **12 Trials and Lending**

- 12.1 Goods, e.g. medical equipment, must not be taken on trial or loan in circumstances that could commit NHS Orkney to a future uncompetitive purchase. An indemnity agreement must be signed by the Director of Finance.

## **13 Agencies/Locums**

- 13.1 On the procuring of agency and locum staff, the Head of Services has the autonomy to negotiate a rate of pay within an agreed limit set by the Director of People and Culture and Director of Finance. The Head of Services needs to keep within their overall delegated resource limit unless prior approval has been provided from the Director of Finance or Chief Executive Officer.

# 14 Stores

- 1 The Director of Finance is responsible for the systems of control, and the overall control of stores. The day to day control and management (except for pharmaceutical stocks) will be delegated to departmental officers for stores, subject to such delegation being entered in a record available to the Director of Finance. The day to day control and management of pharmaceutical stocks will be the responsibility of the Head of Pharmacy.
- 2 Responsibility for security arrangements and the custody of keys for all store's locations will be defined in writing by the designated officer. Wherever practicable stocks shall be marked as NHS property.
- 3 All stores records will be in a form approved by the Director of Finance.
- 4 All goods received will be checked as regards quantity and/or weight and inspected as to quality and specifications. A delivery note should, if possible, be obtained from the supplier at the time of delivery and will be signed by the person receiving the goods. Instructions will be issued to staff covering the procedure to be adopted in cases where a delivery note is not available. Details of goods received will be entered on a goods received record or input to the computer system on the day of receipt. Where goods received are unsatisfactory or short on delivery they will be accepted only on authority of the designated officer and the supplier will be notified immediately.
- 5 The issue of stores will be supported by an authorised requisition. Where a "topping-up" system is used, a record will be maintained in a form approved by the Director of Finance (such a form may be electronic in place of paper). Comparisons will be made of the quantities issued, and explanations recorded of significant variations.
- 6 Requisitions for stock or non-stock items may be transmitted electronically and not held in paper form providing that procedures are agreed by the Director of Finance.
- 7 All transfers and returns will be recorded on forms provided for the purpose and approved by the Director of Finance.
- 8 Breakages and other losses of goods in stores will be recorded as they occur, and a summary will be approved by the Director of Finance at regular intervals. Tolerance limits will be established for all stores subject to unavoidable loss, e.g. shrinkage in the case of certain foodstuffs and natural deterioration of certain goods.
- 9 Stocktaking arrangements and the basis for valuation will be agreed with the Director of Finance and there will be a physical check covering all items in store at least once a year. The physical check will involve at



least one other officer other than the storekeeper. The Director of Finance will have the right to attend, or be represented. The stocktaking records will be numerically controlled and signed by the officers undertaking the check. Any surplus or deficiency revealed on stocktaking will be reported immediately to the Director of Finance, and he may investigate as necessary.

- 10** Where a complete system of stores control is not justified, alternative arrangements will require the approval of the Director of Finance.
- 11** The designated officer will be responsible for a system approved by the Director of Finance for a review of slow-moving and obsolete items for condemnation, disposal, and replacement of all unserviceable articles. The designated officer will report to the Chief Executive any evidence of negligence or malpractice (Section 24).

Version 1.1

# 15 Losses and Special Payments

- 1 Any officer discovering or suspecting a loss of any kind must inform their head of department, who must immediately inform the Fraud Liaison Officer. Where a criminal offence is suspected, the Fraud Policy must be applied. Any case of suspected fraud must be reported to the [Counter Fraud Service](#).
- 2 The Director of Finance will maintain a losses register in which details of all losses will be recorded as they are known. Write-off action will be recorded against each entry in the register.
- 3 Losses are classified according to the Annual Accounts Manual.
- 4 The Chief Executive, acting together with the Director of Finance, or any nominated deputy, can approve the writing off of losses within limits delegated by Scottish Government in [SPFM](#).
- 5 The exercise of powers of delegation in respect of losses and special payments will be regularly reported to the Audit and Risk Committee.
- 6 The Board will approve any losses and special payments when adopting the Annual Accounts.
- 7 Special payments exceeding the delegated limits laid down must have prior approval of the Scottish Government.
- 8 The Director of Finance is authorised to take any necessary steps to safeguard the interests of NHS Orkney in bankruptcies and company liquidations.
- 9 All articles surplus to requirements or unserviceable will be condemned or otherwise disposed of by an officer authorised by the Director of Finance. The condemning officer will satisfy themselves as to whether there is evidence of negligence and will report any evidence to the Chief Executive, who will take the appropriate action.

# 16 Endowment Funds

These SFIs apply equally to the Endowment Fund of NHS Orkney with the additional control that expenditure from Endowment Funds is restricted to the purposes of the Fund and made only with the approval of the Trustees. Guidance for Endowments administration and expenditure of funds will be issued separately as the Endowments Charter. A Treasurer will be appointed to the fund.

## 1 Trustees

1.1 All Members of Orkney NHS Board, appointed by Scottish Ministers, are "**ex officio**" Trustees of the Endowment Fund. The Trustees have specific responsibilities including those described in [Section 66](#) of the Charities and Trustee Investment (Scotland) Act 2005 (the 2005 Charities Act):

- To seek, in good faith, to ensure that the charity acts in a manner which is consistent with its purpose
- To act in the interests of the charity above all other things, including their own interests and the interests of the Board or any other organisation
- To act with the care and diligence that it is reasonable to expect of a person who is managing the affairs of another person.

Transactions entered into by Trustees, which although legal but outwith the charity's objectives and thus deemed to be 'ultra vires', could lead to the trustees being personally liable for any loss incurred by the Endowment Fund.

1.2 Under the 2005 Charities Act, the Trustees have a responsibility to:

- Control and manage the finances of the Endowment Fund, ensuring proper accounts are kept as required by statute, regulations and reported in a form prescribed as best practice in the [Statement of Recommended Practice](#) (SORP)
- Approve the annual statement of accounts and authorise one of their members to sign the accounts
- Provide on request an up to date annual report and set of accounts in a form consistent with requirements of the Act
- Control the investment policy and monitor the performance of the investments within that policy on a regular basis
- Submit annual returns to the Office of the Scottish Charity Regulator (OSCR).

## 2 Endowments Sub-committee

- 2.1 Trustees may appoint an Endowment Fund sub-committee to provide advice to Trustees in the exercise of their responsibilities.

## 3 Accounting

- 3.1 The Treasurer will ensure that annual accounts are:
- Prepared as soon as possible after the year end
  - In accordance with the [SORP](#)
  - Based on records as are necessary to record and protect all transactions on behalf of the Trustees
  - Subject to audit by a properly appointed External Auditor.
- 3.2 All gifts, donations and proceeds of fund-raising activities which are intended for Endowment Funds must be handed immediately to the Cashier, to be banked directly into the Endowment Fund.

## 4 Sources of New Funds

- 4.1 All gifts accepted will be received and held in the name of Trustees and administered in accordance with the Endowments Charter, subject to the terms of specific Funds. NHS Orkney can accept gifts only for purposes relating to the advancement of health and staff wellbeing. Officers should, in cases of doubt, consult the Director of Finance before accepting a gift.
- 4.2 In respect of donations, the Director of Finance will:
- Provide guidance to officers as to how to proceed when offered funds, including clarification of the donor's intentions and, where possible, the avoidance of new complex restrictions that cannot sensibly be met (in particular for specific items of equipment, brands or suppliers)
  - Provide a notification of donation process which will ensure that funds have been accepted directly into the Endowment Fund and that the donor's intentions have been noted and accepted.
- 4.3 The Director of Finance should be kept informed of all enquiries regarding legacies and will keep an appropriate record. After the death of a testator all correspondence concerning a legacy will be dealt with by the Director of Finance. The Director of Finance will:
- Provide guidance regarding the wording of wills, and the receipt of funds/other assets from executors
  - Obtain Confirmation of Estate, where the Board is the beneficiary

- Negotiate arrangements regarding the administration of a will with executors and to discharge them from their duty
- Take legal advice, as necessary.

4.4 In respect of Fund-raising, the Director of Finance will:

- Advise the Trustees on the financial implications of any proposal for fund raising activities based on the guidance contained in MEL (2000)13
- Give approval for fund-raising based on direction of the Trustees
- Be responsible, after taking legal advice as necessary, for alerting the Trustees to any irregularities regarding the use of the Board's name or its registration numbers.

4.5 In respect of investment income, the Director of Finance will be responsible for the appropriate treatment of all dividends, interest, and other receipts from this source.

## **5 Investment Management**

5.1 Investment policy will be determined by the Trustees, considering advice received from the Director of Finance and the investment advisers. Where the Board has delegated authority to its investment advisers to manage funds on its behalf they will be bound by any conditions imposed by the Board or its officers with regard to investment policy. All share and stock certificates and property deeds will be deposited with the investment managers.

## **6 Expenditure**

6.1 The over-riding objective of the Endowment Fund is to support the advancement of health. All expenditure from the fund must conform to this objective. The fund must not be used to subsidise the normal running expenses of NHS Orkney or for expenditure otherwise not admissible under these SFIs.

Subject to the foregoing, expenditure is governed by the Orkney Health Board Endowment Charter.

# 17 Primary Care Contractors

- 1 The [Practitioner Services Division \(PSD\)](#) of the [NHS National Services Scotland](#) (NSS) is the payment agency for all Family Health Service (FHS) contractor payments:
  - General Medical Services
  - Prescribing/dispensing
  - FHS Non-cash Limited.
  
- 2 The Head of Primary Care Services will:
  - Ensure that systems are in place to deal with applications, resignations, and inspection of premises, within the appropriate contractor's terms and conditions of service
  - Approve additions to, and deletions from, approved lists of contractors, considering the health needs of the local population, and the access to existing services
  - Deal with all applications and resignations equitably, within time limits laid down in the contractors' terms and conditions
  - Ensure that lists of all contractors, for which NHS Orkney is responsible, are maintained and kept up to date.
  
- 3 The Director of Finance will monitor the Service Level Agreement with PSD covering validation, payment, monitoring and reporting and the provision of an audit service by the NSS internal auditors. Through this process, the Director of Finance will seek evidence that NSS systems provide assurance that:
  - Only contractors who are included on the Board's approved lists receive payments
  - All valid contractors' claims are paid correctly, and are supported by the appropriate documentation and authorisation
  - Regular independent post payment verification of claims is undertaken to confirm that:
    - rules have been correctly and consistently applied
    - overpayments are prevented wherever possible
    - if overpayments are detected, recovery measures are initiated
    - fraud is detected and instances of actual and potential fraud are followed up as per the Fraud Policy.
  - Exceptionally high/low payments are brought to their attention
  - Payments made on behalf of the Board by the NSS are pre-authorised.
  
- 4 The Director of Finance will ensure that:
  -

- Payments made by NSS are reconciled with the cash draw-down reported by the Scottish Government to Health Boards.
- 5** Payments made to all Primary Care independent contractors and community pharmacists will comply with their appropriate contractor regulations.

Version 17

# 18 Health and Social Care Integration

## 1 Integration

- 1.1 The [Public Bodies \(Joint Working\) \(Scotland\) Act 2014](#) established the framework for the integration of adult health and social care services in Scotland. A single Integrated Joint Board (IJB) has been established in Orkney. The approved [Integration Scheme](#) sets out the detail of the integration arrangement, including those functions delegated by NHS Orkney to the IJB.
- 1.2 Each partner will agree the formal budget setting timelines and reporting periods as defined in the IJB Integration Scheme and supporting Financial Regulations:
- An initial schedule of payments will be agreed within the first 40 working days of each new financial year and may be updated.
  - The format and frequency of reports will be agreed by the Chief Officer, Chief Finance Officer of the IJB in conjunction with the NHS Director of Finance and Orkney Islands Council (OIC) Section 95 Officer.
- 1.3 Annually, the NHS Board will evaluate the case for the integrated budget against its other priorities and will agree its contributions accordingly. The business case put forward by the IJB will be evidenced based and will detail assumptions made.
- 1.4 Following on from the budget process, the IJB Chief Officer and Chief Finance Officer will prepare a financial plan supporting the [Strategic Commissioning Plan](#) and once approved by the IJB, will issue Directions with defined payment levels to NHS Orkney. 'Payment' does not mean an actual cash transaction but a representative allocation for the delivery of integrated functions in accordance with the Plan.
- 1.5 If at the outset NHS Orkney does not believe the direction can be achieved for the payment being offered then it will notify the IJB that in line with s 28 (4) of the [Public Bodies \(Joint Working\) \(Scotland\) Act 2014](#) additional funding is necessary to comply with the direction.
- 1.6 Once the payments to be made by the IJB to NHS Orkney for the delegated functions have been agreed they will form the basis of annual budgets to be issued to budget holders. Payments for the set aside budgets will be issued to the relevant NHS budget holder.
- 1.7 Where the Chief Officer is the budget holder they will comply with these SFIs. In further delegating budgetary authority to managers in their



structure the Chief Officer is responsible for ensuring all transactions processed by the NHS comply with these SFIs and any further detailed procedural guidance relevant to the transaction.

- 1.8 The Chief Officer may have a structure including joint management posts with responsibility for both health and council expenditure.
- 1.9 Where a manager has delegated authority for both health and council expenditure they must ensure the VAT treatment is in line with [Integrated Resource Advisory Group](#) and HMRC guidance. If in doubt they should seek advice from the Director of Finance for any expenditure from NHS budgets.
- 1.10 A council employee who has been given delegated authority for NHS budgets will sign a declaration that they have received and will comply with these SFIs. This should also be signed by the Chief Officer, who will pursue any breaches of the SFIs through the council line management structure if required.
- 1.11 The IJB Financial Regulations state that the Chief Officer is not permitted to vire between the Integrated Budget and those budgets managed by the Chief Officer, but which are outside of the scope of the strategic plan, unless agreed by those bodies. Internal virements require approval: up to £100,000 by the Chief Officer and Chief Finance Officer; over £100,000 by the IJB. Further requirements for the virement of budgets within NHS Orkney are specified in detailed guidance issued by the Director of Finance.
- 1.12 Notwithstanding that a budget virement lies within the Chief Officer's level of authority it can only be executed if detailed consideration of the financial impact indicates that any risks associated with it are acceptable. If there is a difference of opinion between the Chief Officer and NHS Director of Finance as to the acceptability of the risk, the Chief Officer and Director of Finance will seek to reach an acceptable solution. Failing that the Chief Executive will consider the level of risk, involving the Senior Leadership Team if necessary. Should there still not be agreement the IJB would be invited to set out how it would mitigate the stated risk.
- 1.13 Where there is a projected overspend against an element of the Integrated Budget, the Chief Officer, the Chief Finance Officer of the IJB and the relevant finance officer and operational manager of NHS Orkney must agree a recovery plan to balance the overspend.
- 1.14 Underspends on the NHS element of the Integrated Budget should be returned to the IJB and carried forward through the reserves. This will require adjustments to the allocations from the IJB to NHS Orkney for the amount of the underspend.

- 1.15 The Director of Finance is responsible for providing the Chief Officer (as with all budget holders) with regular financial information to allow them to manage their budgets. The Director of Finance is also responsible for providing the Chief Finance Officer of the IJB with the financial information required by the integration scheme and expanded by subsequent agreements, to meet the reporting requirement of the IJB. In advance of each year a timetable will be agreed with the IJB.
- 1.16 The IJB Chief Finance Officer will be responsible for the preparation of the annual financial statements as required by s39 of the Public Bodies (Joint Working) (Scotland) Act 2014 and the statutory annual accounts. Recording of financial information in respect of the IJB will be processed via the OIC ledger (though this will be reviewed in time). The Director of Finance will ensure information is supplied from the NHS as required to fulfil these obligations.
- 1.17 Year-end balances and transactions will be agreed timeously in order to allow completion of the Accounts in line with required timescales. This date will be agreed annually by the IJB, NHS Orkney and OIC.
- 1.18 Detailed Financial Regulations governing the Integration Joint Board are in place, agreed between OIC and NHS Orkney and approved by the IJB. The Director of Finance will be responsible for ensuring NHS obligations are fulfilled.
- 1.19 Although the Public Bodies (Joint Working) (Scotland) Act 2014 supersedes most of the previous joint working arrangements, it remains possible that there could be pooled or aligned budgets with community partners, such as for children's services, that fall outwith that. The previous standing financial instruction provisions relating to this have therefore been retained in case they should be required.

## 2 Aligned and Pooled Budgets

- 2.1 NHS Scotland organisations and Scottish Local Authorities have a statutory duty to co-operate to provide improved Community Care Services. The [Community Care and Health \(Scotland\) Act 2002](#) and the [Community Care \(Joint Working etc.\) Regulations 2002](#) increased the flexibility available to both organisations to improve outcomes for people using these services, together with their carers. Scottish Ministers also have power to direct NHS and LA organisations to enter into joint working arrangements, where existing performance is unsatisfactory. The Regulations specify the social care, health and housing functions covered by these enabling and intervention powers.
- 2.2 Part 2 of the Act enables payments to be made between NHS and LA organisations in connection with relevant functions, both Capital and Revenue, in order to move resources to deliver joint objectives. The Act provides a framework within which NHS and LA may delegate functions

and pool budgets, where the host partner is best placed to manage the day to day operation of a joint service. The existing responsibility and accountability of each partner for the exercise of the function remains. A Local Partnership must develop a governance framework for any service and activity delegated. The host partner is required to account for the use of the pooled resources and service performance to both partners. Jointly managed services will be managed using either aligned or pooled budgets.

- 2.3 Aligned Budgets are where clearly identified financial resources are contributed by each partner into a joint “pot”, but the funds remain held within each partner organisation in separate and distinct budgets. This enables each partner organisation to identify and account for their contribution to the joint “pot”.
- 2.4 Pooled budgets are where each partner contributes agreed resources to a discrete fund, which is managed as a single budget, by a separate discrete body. This body is not a separate legal entity, and for legal reasons must be linked to one of the statutory authorities, which becomes the “host” partner. The partners must agree the purpose, scope and outcomes for services within the agreement, meeting their own statutory obligations and justifying their contribution to the fund.
- 2.5 Partnership arrangements entered into by NHS Orkney must comply with guidance issued by Scottish Government.
- 2.6 A Local Partnership Agreement must be drawn up between the partner organisations. This will specify the services to be managed jointly, joint arrangements for management structures, governance and accountability, budgetary control, financial reporting and monitoring. Each organisation’s Chief Officer must approve the Local Partnership Agreement which must be ratified by both organisations.
- 2.7 Each partner will agree the level of its contribution in advance of each financial year. Levels of contribution will take account of inflation, new developments, service pressures, capital charges and savings targets.
- 2.8 The Joint Management Team, as defined in the Local Partnership Agreement will have delegated authority to develop jointly managed services, through the Local Partnership Agreement. Joint Service Manager posts will be employed by one or the partners, who will be responsible for the risks and liabilities associated with that.
- 2.9 Each Joint Services Manager will have delegated authority for the management of budgetary resources from each partner. There will be clearly defined roles and responsibilities for the achievement of financial and service performance targets. For the management of resources and activities associated with NHS Orkney’s contribution, the NHS Orkney Code of Corporate Governance will be complied with. For the management of resources and activities associated with OIC’s

contribution to the jointly managed services, the OIC Financial Regulations and Contract Regulations will be complied with. Any instructions or guidance produced by the NHS Director of Finance and OIC Section 95 Officer will be complied with if it is to be applied to the appropriate budget/resources.

- 2.10 Where a separate body is created to manage pooled budgets, the lead officer of the partnership body will issue Financial Regulations and Standing Financial Instructions/Code of Corporate Governance, in accordance with directions issued by the Scottish Government, and agreed by the partner authorities. Such regulations and instructions will specify the arrangements for the provision of financial and service performance information to the partner authorities who remain responsible and accountable for their contribution.
- 2.11 The NHS Orkney Chief Executive and the OIC Section 95 Officer remain accountable to Scottish Government for the financial contribution made by their organisation.
- 2.12 Jointly managed services will be subject to both financial and value for money audit by both internal audit and the appointed auditors. Annual statements will be prepared for inclusion in both partners' Annual Accounts, complying with all appropriate accounting standards and Scottish Government requirements. Each partner's Director of Finance will be equally responsible for ensuring that all relevant financial information is made available to the other partner as appropriate.

# 19 Patients' Property

## 1 Responsibility

- 1.1 NHS Orkney has a responsibility ([NHS Circular 1976 \(GEN\) 68](#)) to provide safe custody, for money and other personal property (hereafter referred to as "property") handed in by patients, in the possession of unconscious or confused patients, or found in the possession of patients dying in hospital or dead on arrival. NHS Orkney will not exercise the power to manage patients' finances under the [Adults with Incapacity Scotland Act 2000](#), this responsibility will lie with Social Services.
- 1.2 Patients or their guardians, as appropriate, will be informed before or at their admission that NHS Orkney will not accept responsibility or liability for patients' property unless it is handed in for safe custody and a copy of an official patient's property record is obtained as a receipt. This information will be provided through:
- Notices and booklets
  - Admission documentation and property records
  - Advice of staff responsible for admissions.
- 1.3 The Director of Finance will provide written instructions on the collection, custody, recording, safekeeping and disposal of patients' property (including instructions on the disposal of the property of deceased patients and patients transferred to other premises) for all staff whose duty it is to administer the property of the patients.
- 1.4 Bank accounts for patients' monies will be operated under arrangements agreed by the Director of Finance.
- 1.5 A patient's property record, in a form determined by the Director of Finance, will be completed by a member of staff in the presence of a second member of staff and the patient or personal representative where practicable. It will be signed by both members of staff and by the patient, except where the latter is restricted by physical or mental incapacity, when it could be signed by the patient representative on their behalf. Any alterations will be validated by the same signatory process as required for the original entry.
- 1.6 The Director of Finance will prepare an abstract of receipts and payments of patients' private funds in the form laid down in the Manual for Accounts. The abstract will be audited independently and presented to the Audit and Risk Committee, together with a report from the auditor.

- 1.7 Property which has been handed in for safe custody will be returned to the patient, as required, by the officer who has been responsible for its security. The return shall be receipted by the patient or guardian as appropriate, and witnessed by another member of staff.
- 1.8 The disposal of property of deceased patients is governed by [GEN \(1992\) 33](#), which should be read as part of the SFIs.
- 1.9 All property including cash, watches, jewellery, clothing, bank books, insurance policies and all other documents which the patient had in their possession in the hospital, should, as soon as practicable after their death, be collected together, identified as being their belongings and kept in safe custody until disposal.
- 1.10 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.

## **2 Patient Died Intestate and Without Next of Kin**

- 2.1 If the patient was of Scottish domicile, died intestate and without next of kin, the estate will pass to the Crown and is dealt with by the Crown Office, Regent Road, Edinburgh. The particulars of each case should be notified separately and promptly to the Crown Office. The particulars should include the last known address of the patient.
- 2.2 The law governing the succession to the estate of patients dying intestate and without next of kin, who were not of Scottish domicile, varies according to the country. Details should be reported to the Crown Office for investigation. All property and documents should be retained until instructions are received from the Crown Office.

## **3 Patient Died Intestate but Next of Kin / Beneficiaries Identified**

- 3.1 Those items of the estate in the possession of NHS Orkney should be handed over only to the executor or executors named in the document known as the "Confirmation of the Estate". The document should be inspected before the items are handed over. The executor *may* be the next of kin, but need not necessarily be so. Where the total amount of the deceased's estate is not more than £25,000, there is provision for the Confirmation document to be obtained by an expedited procedure, but nevertheless a Confirmation should still be obtained. A Confirmation of Estate document can be obtained by the executor or the next of kin from any sheriff clerk for a small fee. A signed Receipt for all the items of estate delivered to the executor should be in the form shown as Appendix B to [GEN \(1992\) 33](#).

- 3.2 If the next of kin decides not to obtain a Confirmation, because for example, the value of the estate is too small, if possible all items of the estate should be handed over in exchange for a signed Receipt in the form shown as Appendix C of [GEN \(1992\) 33](#). Staff **must** ensure that all the items handed over are listed on the receipt.
- 3.3 No payments should be made to anyone out of the estate funds other than the executor or the next of kin, as appropriate, but when handing over the items of estate, staff should provide them with known details of any sums owing and the names and addresses of creditors.
- 3.4 Where items are handed over to a beneficiary, the form of receipt should be as shown on Appendix D of [GEN \(1992\) 33](#).

## 4 Cost of Burial or Cremation

- 4.1 NHS Orkney should not assume responsibility for arranging a burial or cremation. Section 50(i) of the [National Assistance Act 1948](#) places a duty on Councils to arrange for the burial or cremation of the body of a deceased person where no suitable arrangements for the disposal of the body have been made or are being made. The local authority should be informed immediately, in writing, so that they can make the arrangements.
- 4.2 The local authority can seek to be reimbursed from the deceased's estate for the expenses incurred. Where the Crown Office has an interest, the local authority should be referred to them for payment.
- 4.3 Where NHS Orkney cannot trace the named executor, or any beneficiary, it may be convenient for NHS Orkney to hand over to the local authority as much of the patient's property in its possession as is sufficient to cover the burial or cremation expenses. NHS Orkney must not hand over property which is worth more than the expenses incurred, and must retain the balance for claiming by next of kin, beneficiary or named executor.
- 4.4 An itemised statement of the total expenses payable must be obtained from the local authority, and a receipt obtained in the form of Appendix E to [GEN \(1992\)33](#).
- 4.5 In accordance with [GEN \(1992\)33](#), NHS Orkney, to save parents the additional distress of arranging for the funeral of a baby still-born in hospital, or in the community, may offer to arrange and pay for the funeral on their behalf.

# 20 Audit

## 1 Audit and Risk Committee

1.1 The Board will establish an Audit and Risk Committee, with clearly defined terms of reference, which follows guidance contained in the Scottish Government [Audit and Assurance Committee Handbook](#). The Audit and Risk Committee will consider:

- The strategic process for risk, control and governance and the Governance Statement
- The effectiveness of the internal control environment
- Assurances relating to the corporate governance requirements for NHS Orkney
- The accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors
- 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 / report
- Proposals for tendering for internal audit services
- Anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

1.2 Where the Audit and Risk Committee feels there is evidence of ultra vires transactions, evidence of improper acts, or other important matters that the Committee wish to raise, the Chair of the Audit and Risk Committee should refer the matter to a full meeting of the Board. Exceptionally, the matter may need to be referred to the Scottish Government.

1.3 It is the responsibility of the Audit and Risk Committee to regularly review the operational effectiveness of the internal audit service and to recommend approval of the appointment of outsourced internal auditors following the required procurement process following the required procurement process..

1.4 The Audit and Risk Committee provides a forum through which Non-Executive Board Members can secure an independent view of activity within the appointed auditor's remit. The Audit and Risk Committee has a responsibility to ensure that the Board receives a cost-effective service and that co-operation with senior managers and Internal Audit is appropriate.

## 2 Director of Finance



2.1 The Director of Finance is responsible for ensuring that:

- There are arrangements to review, evaluate and report on the effectiveness of internal control including the establishment of an effective internal audit function
- Internal Audit is adequate and meets the NHS mandatory audit standards
- The Chief Internal Auditor prepares the following for approval by the Audit and Risk Committee:
  - Strategic audit plan
  - A detailed operational plan for the coming year.

The decision at what stage to involve the police in cases of fraud, misappropriation, and other irregularities has been delegated to the Fraud Liaison Officer.

2.2 The Director of Finance will ensure that an annual internal audit report is prepared by the Chief Internal Auditor, in accordance with the timetable laid down by the Audit and Risk Committee, for consideration by the Audit and Risk Committee. The report must cover:

- A clear statement on the effectiveness of internal control
- Major internal control weakness discovered
- Progress on the implementation of internal audit recommendations
- Progress against plan for the year.

2.3 The Director of Finance and designated auditors are entitled without necessarily giving prior notice to require and receive:

- Access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature
- Access at all reasonable times to any land, premises or employee of each organisation
- The production of any cash, stores or other property under an employee's control
- Explanations concerning any matter under investigation.

### **3 Internal Audit**

3.1 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve NHS Orkney's operations. It helps NHS Orkney accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

A professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector. The [Public Sector Internal Audit Standards](#) (PSIAS) set out the framework for Internal Audit services. The Chief Internal Auditor will lead the Board's internal audit function.

The Chief Internal Auditor will ensure that the internal audit function operates in accordance with PSIAS, and will provide assurance, at least annually, to the Audit and Risk Committee that this is being achieved.

### 3.2 Internal Audit Activity

Internal Audit must assess and make appropriate recommendations for improving governance process in its accomplishment of the following objectives:

- Promoting appropriate ethics and values within the organisation
- Ensuring effective organisational performance management and accountability
- Communicating risk and control information to appropriate areas of the organisation
- Coordinating the activities of and communicating information among the board, external and internal auditors and management.

Internal audit must assess whether the information technology governance supports the organisation's strategies and objectives.

Internal audit must evaluate risk exposures relating to the organisation's governance, operations and information systems regarding the:

- Achievement of strategic objectives
- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations and programmes
- Safeguarding of assets
- Compliance with laws, regulations, policies, procedures and contracts.

The Chief Internal Auditor will prepare a risk-based Strategic Internal Audit Plan and an Internal Audit Charter for consideration and approval by the Audit and Risk Committee before the start of the audit year.

The Chief Internal Auditor will issue a draft terms of reference for consideration by the lead executive (Audit Sponsor) and the relevant operational staff for the area under review (key contacts) before each audit. These will set out the scope, objectives, resources and timescales for the audit. The Chief Internal Auditor will give the sponsor and key contacts adequate time to consider and respond to the draft terms of reference before it is finalised. The Chief Internal Auditor will issue the final terms of reference before the start of the audit fieldwork.

The Chief Internal Auditor will issue the draft report for an audit to the audit sponsor, and the audit sponsor will have two weeks to provide a response. The sponsor, or their or her representative, should respond either in writing or during a close-out meeting with Internal Audit.

Management are responsible for ensuring that appropriate internal control systems exist within their own area (or parts thereof), and for deciding whether or not to accept and implement internal audit findings and recommendations. Where internal audit recommendations are not accepted, the audit sponsor must provide a comprehensive explanation to the Audit and Risk Committee, normally as part of the management response within the associated internal audit report.

The Chief Internal Auditor will prepare an Annual Internal Audit Report, in line with [PSIAS](#) and any relevant Scottish Government directions, and present it to the Audit and Risk Committee to inform its review of the draft Governance Statement.

Internal audit activity must evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk.

The Audit and Risk Committee will normally invite the Chief Internal Auditor to attend Audit and Risk Committee meetings. The Chief Internal Auditor will have direct access to all Audit and Risk Committee members, the Chairperson, the Board and the Chief Executive. The Chief Internal Auditor has the right to meet in private with any of these individuals.

- 3.3 While maintaining independence, the Chief Internal Auditor is accountable to the Director of Finance. Reporting and follow-up systems for internal audit will be agreed between the Director of Finance, the Audit and Risk Committee and the Chief Internal Auditor. The agreement will be in writing and will comply with guidance on reporting contained in the PSIAS. The reporting system will be reviewed at least every 3 years.

## **4 External Audit**

- 4.1 The External Auditor is concerned with providing an independent assurance of NHS Orkney's financial stewardship including value for money, probity, material accuracy, compliance with guidelines and accepted accounting practice for NHS accounts. Responsibility for securing the audit of NHS Orkney rests with Audit Scotland. The appointed External Auditor's statutory duties are contained in the PFA Act 2000.
- 4.2 The External Auditor has a general duty to satisfy themselves that:

- NHS Orkney's accounts have been properly prepared in accordance with directions given under the PFA Act 2000
- Proper accounting practices have been observed in the preparation of the accounts
- NHS Orkney has made proper arrangements for securing economy, efficiency and effectiveness in the use of its resources.

4.3 In addition to these responsibilities, Audit Scotland's [Code of Audit Practice](#) requires the External Auditor to provide an opinion on whether the statement of accounts presents a true and fair view of the financial position of the organisation, and on the regularity of transactions.

The External Auditor will also review and report on:

- Other information published with the financial statements.
- Corporate governance arrangements including arrangements in place for the prevention and detection of fraud and corruption
- The financial position
- Arrangements to achieve Best Value
- Arrangements to manage performance.

# 21 Information and Management Technology

- 1 The Director of Finance is responsible for the accuracy and security of the financial data of NHS Orkney.
- 2 The Director of Finance will devise and implement procedures to protect the Board and individuals from inappropriate use or misuse of any financial or other information held on computer files for which he has responsibility and will take account of the provisions of the [Data Protection Act 2018 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukpga/2018/52) .
- 3 The Director of Finance will satisfy himself that computer audit checks and reviews are being carried out.
- 4 The Director of Finance will ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by an organisation out with NHS Orkney, assurances of adequacy will be obtained from them prior to implementation.
- 5 The Director of Finance will ensure that contracts or agreements for computer services for financial applications with NHS Boards or any other agency will clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing and storage. The contract or agreement will also ensure rights of access for audit purposes.
- 6 Where NHS Orkney or any other agency provides a computer service for financial applications, the Director of Finance will periodically seek assurances that adequate controls are in operation.
- 7 Where computer systems have an impact on corporate financial systems the Director of Finance will ensure that:
  - Systems acquisition, development and maintenance are in line with corporate policies and strategies such as the IT/eHealth/ Digital Strategy
  - Data produced for use with financial systems is adequate, accurate, complete and timely, and that an audit trail exists
  - Finance staff have access to such data.

## 22 Fixed Assets

- 1 The Chief Executive will ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal on the Financial Plan for NHS Orkney.
- 2 The Director of Finance will ensure that every capital expenditure proposal meets the following criteria:
  - Potential benefits have been evaluated and compared with known costs
  - Potential purchasing authorities should be able and (as far as can be ascertained) willing to meet cost consequences of the development as reflected in prices
  - Complies with guidance in the [Capital Investment Manual](#).
- 3 Consideration should be given to the use of Private Finance, Non-Profit Distribution or Leases where appropriate.
- 4 NHS Orkney will maintain a system for assessing how leases or Private Finance Initiative / Public Private Partnership / Non-Profit Distributing contracts should be accounted for as in accordance with relevant accounting standards and any other relevant guidance and advice received.
- 5 For large capital schemes a system will be established for managing the scheme and authorising necessary payments up to completion (Section 9). Provision will be made for regular reporting of actual expenditure against authorised capital budgets.
- 6 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to original documents and invoices (where appropriate). Where land and property is disposed of, the [Property Transactions Handbook](#) must be followed.
- 7 There is a requirement to achieve Best Value when disposing of assets. Competitive tendering should be undertaken in line with the tendering procedure (Section 13).
- 8 Competitive tendering or quotation procedures will not apply to the disposal of:
  - Any matter where a fair price can be obtained only by negotiation or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or nominated officer
  - Obsolete or condemned articles and stores, which may be disposed of in accordance with the losses policy
  - Items with an estimated sale value of less than £1,000

- Items arising from works of construction, demolition, or site clearance, which should be dealt with in accordance with the relevant contract
- Land or buildings concerning which Scottish Government guidance has been issued.

**9** Managers must ensure that:

- The Director of Finance is consulted prior to disposal
- All assets are to be disposed of in accordance with [MEL\(1996\)7](#) 'Sale of surplus and obsolete goods and equipment'
- All proceeds are notified to the Director of Finance.

**10** The overall control of fixed assets is the responsibility of the Chief Executive.

**11** NHS Orkney will maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in the [Capital Accounting Manual](#) as issued by Scottish Government.

**12** Registers will be maintained by the nominated officer for:

- Donated equipment
- Equipment on loan
- Leased Equipment
- Other leases
- Non Profit Distributing contracts
- Contents of furnished lettings.

**13** The Director of Finance will approve fixed asset control procedures. These procedures will make provision for:

- Recording managerial responsibility for each asset
- Identification of additions, disposals, and transfers between departments
- Identification of all repair and maintenance expenses
- Physical security of assets
- Periodic verification of the existence of, condition of, and title to assets recorded
- Identification and reporting of all costs associated with the retention of an asset.

**14** Additions to fixed asset registers must be clearly attributed to an appropriate asset holder and be validated by reference to:

- Properly authorised and approved agreements, architect's certificates, suppliers' invoices, and other documentary evidence in respect of purchases from third parties

- Stores requisitions for own materials and wages records for labour including appropriate overheads
  - Lease agreements in respect of assets held under a lease and capitalised.
- 15** The Director of Finance will approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 16** All discrepancies revealed by verification of physical assets to the fixed asset register will be notified in writing to the Director of Finance.
- 17** The value of each asset will be indexed to current values in accordance with methods specified in the [Capital Accounting Manual](#).
- 18** The value of each asset will be depreciated using methods and rates as specified in the [Capital Accounting Manual](#).
- 19** Capital charges will be calculated as specified in the [Capital Accounting Manual](#).



## 23 Management, Retention and Disposal of Administration Records

1 NHS Orkney must comply with the national guidance on record keeping as outlined in:

- [Public Records \(Scotland\) Act 2011](#)
- Records management guidance set out in the [Code of Practice on Records Management](#) issued under Section 61(6) of the [Freedom of Information \(Scotland\) Act 2002](#)
- [Scottish Government Records Management](#)
- [NHSS BCS Retention Schedule](#) which incorporates NHS (2006) 28, and provides guidance on the retention and disposal of administrative records.

2 The Board has a Records Management Plan which is the overarching framework ensuring NHS Orkney records are managed and controlled effectively. This includes the Records Management Policy and supporting policies and procedures. This can be accessed on the website. <https://www.ohb.scot.nhs.uk/public-records-scotland-act>

# 24 Risk Management and Insurance

- 1 The Chief Executive will ensure that NHS Orkney has a programme of risk management which is approved and monitored by the Board and its committees.

The programme of risk management will include:

- A process for identifying and quantifying risks
  - Engendering among all staff a positive attitude to the control of risk
  - A programme of risk awareness training
  - Management processes to ensure that all significant risks are addressed, including effective systems of internal control, and decisions on the acceptable level of retained risk
  - All significant risks and action taken to manage the risks will be reported to the Board and its committees
  - The maintenance of an organisation-wide risk register
  - Contingency plans to offset the impact of adverse events
  - Audit arrangements, including internal audit, clinical audit, health and safety review
  - Arrangements to review the risk management programme.
- 2 The existence, integration and evaluation of the above elements will provide a basis for the Audit and Risk Committee to make a statement to the Board on the effectiveness of risk management in NHS Orkney.
  - 3 In the case of Partnership Working with other agencies, the NHS Orkney risk management framework will be shared to identify and quantify the individual risks, particularly where responsibility cannot be assigned to an individual partner. Each partners' risk management and insurance arrangements will be taken into account when identifying and quantifying risks associated with the provision of jointly managed services and associated with the delegation of the management of a partner's financial resources. Where conflicts occur between these sets of arrangements each partner's Director of Finance will be required to agree a course of action to resolve the conflict.
  - 4 The Director of Finance will ensure that insurance arrangements exist in accordance with the risk management programme.

# 25 Financial Irregularities

*This section should be read in conjunction with the NHS Orkney Fraud Policy contained within the Code of Corporate Governance.*

## 1 Guidance

- 1.1 Guidance on the approach to various forms of financial irregularities is contained in [https://www.sehd.scot.nhs.uk/mels/HDL2005\\_05.pdf](https://www.sehd.scot.nhs.uk/mels/HDL2005_05.pdf), which draws a clear distinction between treatment of suspected (a) theft and (b) fraud, embezzlement, corruption, and other financial irregularities (hereafter referred to as “fraud, etc”). This procedure also applies to any non-public funds.

## 2 Theft, Fraud, Embezzlement, Corruption and Other Financial Irregularities

- 2.1 The Chief Executive will designate an officer within the Board with specific responsibility for co-ordinating action where there are reasonable grounds for believing that an item of property, including cash, has been stolen – the Fraud Liaison Officer.
- 2.2 It is the Fraud Liaison Officer’s responsibility to inform as they deem appropriate, the Police, the Counter Fraud Services (CFS), the appropriate Director, the External Auditor, and the Chief Internal Auditor that such an occurrence is suspected.
- 2.3 Where any officer of the Board has grounds to suspect that any of the above activities has occurred, their line manager should be notified without delay. Line managers should in turn immediately notify the Fraud Liaison Officer, who should ensure consultation with the CFS, and the Chief Internal Auditor. It is essential that preliminary enquiries are carried out in strict confidence and with as much speed as possible.
- 2.4 If, in exceptional circumstances, the Fraud Liaison Officer and the Chief Internal Auditor are unavailable, the line manager will report the circumstances to the Chief Executive who will be responsible for informing the CFS. As soon as possible thereafter, the Fraud Liaison Officer should be advised of the situation.
- 2.5 Where preliminary investigations suggest that *prima facie* grounds exist for believing that a criminal offence has been committed, the CFS will undertake the investigation, on behalf of, and in co-operation with NHS Orkney. At all stages, the Director of Finance and the Chief Internal Auditor will be kept informed of developments on such cases. All referrals to the CFS must also be copied to the External Auditor.

- 2.6 Any additions and suspicions of fraud, including those dismissed, will be promptly reported to the Audit and Risk Committee on a regular basis.

### 3 Remedial Action

- 3.1 As with all categories of loss, once the circumstances of a case are known, the Director of Finance will require to take immediate steps to ensure that so far as possible these do not recur. However, no such action will be taken if it would prove prejudicial to the effective prosecution of the case. It will be necessary to identify any defects in the control systems, which may have enabled the initial loss to occur, and to decide on any measures to prevent recurrence.

### 4 Reporting to Scottish Government

- 4.1 While normally there is no requirement to report individual cases to the Scottish Government there may be occasions where the nature or scale of the alleged offence or the position of the person or persons involved, could give rise to national or local controversy and publicity.
- 4.2 Moreover, there may be cases where the alleged fraud appears to have been particularly ingenious or where it concerns an organisation with which other health sector bodies may also have dealings. In such cases, the Scottish Government must be notified of the main circumstances of the case at the same time as the CFS.

### 5 Responses to Press Enquiries

- 5.1 Where the publicity surrounding a particular case of alleged financial irregularity attracts enquiries from the press or other media, the Chief Executive should ensure that the relevant officials are fully aware of the importance of avoiding issuing any statements, which may be regarded as prejudicial to the outcome of criminal proceedings.
- 5.2 The Scottish Government should also be advised of any unusual or significant incidents involving patients or endowment funds.

### 6 List of Financial Crime Offences

- 6.1 There are numerous types of financial crime that can be perpetrated, and some examples are given below:
- **Dishonest action by staff to obtain a benefit** for example working whilst on sick leave, false expenses, false overtime, embezzlement of cash or goods and procurement fraud

- **Account fraud** for example fraudulent transfer to employee account, fraudulent account transfer to third party account and fraudulent account withdrawal
- **Employment application fraud** for example false qualifications, false references or use of false identity
- **Unlawfully obtaining or disclosure of personal data** for example fraudulent use of customer/payroll data, modification of customer payment instructions and contravention of IT security policy with intent to facilitate the commission of a criminal offence
- **Unlawfully obtaining or disclosure of commercial data** for example contravention of IT security policy with intent to facilitate the commission of a criminal offence
- **Other irregularities** for example involving failure to declare gifts, breaches of NHS circulars or SFIs or other accounting irregularities.

Version 1.1

## 26 Bribery

*This section should be read in conjunction with the Standards of Business Conduct contained within Section C of the Code of Corporate Governance and the Fraud and Corruption Policy contained within Section D of the Code of Corporate Governance*

- 1 The [Bribery Act 2010](#) has brought further obligations on NHS Orkney and its staff.
- 2 NHS Orkney operates a zero-tolerance approach to bribery, whether direct or indirect, by, or of, its staff, agents or external consultants or any persons or entities acting for it or on its behalf. The Board is committed to implementing and enforcing effective systems throughout NHS Orkney to prevent, monitor and eliminate bribery, in accordance with the [Bribery Act 2010](#).
- 3 NHS Orkney will not conduct business with service providers, agents or representatives who do not support its anti-bribery statement. We reserve the right to terminate contractual arrangements with any third parties acting for, or on behalf of, NHS Orkney with immediate effect where there is evidence that they have committed acts of bribery.
- 4 The success of NHS Orkney's anti-bribery measures depends on all employees, and those acting for NHS Orkney, playing their part in helping to detect and eradicate bribery. Therefore all employees and others acting for, or on behalf of NHS Orkney are encouraged to report any suspected bribery in accordance with Section D of the Code of Corporate Governance – Fraud and Corruption Policy.
- 5 Where there are grounds to suspect that bribery has occurred a response shall be initiated as per the Fraud and Corruption Policy.

## Annex 1

# Sponsorship Policy

## 1 Sources of Sponsorship

It is accepted that NHS Orkney may benefit from sponsorship opportunities. However, there are circumstances under which sponsorship should not be accepted:

- If a company's products have inherent health risks, i.e. manufacturers and suppliers of tobacco and alcohol products
- Where a company has a history of failing to meet legislative standards in respect of industrial relations and work conditions, human rights, animal rights or environmental issues.

## 2 Purpose of Sponsorship

It is NHS Orkney's duty to provide health services for its population and it is not appropriate to use sponsorship to meet the costs of what is perceived to be NHS Orkney's primary responsibilities. However, it could be used to fund what are seen as secondary activities such as:

- Materials for education, training, and health promotional events
- Educational grants
- Sponsorship for training courses
- Expenses for attendance at local or national conferences
- Research or clinical audit projects
- Printing and distribution of guidelines
- Facilitate access to research and development work elsewhere.

The principles upon which any sponsorship must be based are:

- Agreements must protect the interests of individual patients, e.g. guard against the use of any single product to the exclusion of other reputable brands on the market
- Agreements should not undermine or conflict with the ethical requirement of any health care professional including the duty of doctors to provide treatment they consider clinically appropriate
- Agreements must comply with requirements for data protection and information sharing
- Agreements must be reviewed by the Central Legal Office
- Agreements will be publicly available documents in line with NHS Orkney's accountability requirements.

### 3 Control Framework

Sponsorship within the framework outlined above would allow some credit to be given to the sponsors, acknowledging the fact that they have provided the funding to allow the project or event to be run.

However, the following issues must be made clear:

- Credit for the work is due to the Board and not the sponsors
- The acceptance of sponsorship is not an endorsement of a specific product or drug
- Any mention of the sponsor will be to the Company and not to any of its products
- The sponsoring company may attend any sponsored event and display samples of its products at sponsored events, but it must be clear that the Board is not endorsing or promoting the company or its products.

Companies or suppliers offering sponsorship should be sent a copy of this policy and are required to confirm in writing that they have read it and will abide by its content.

Any offers of sponsorship should be submitted to the Director of Finance. A final decision on the appropriateness of an offer of sponsorship will rest with the Chief Executive.



## Annex 2

An up to date copy of the Scheme of Delegated Financial Authority can be obtained from the Director of Finance.

Version 17