

NHS Highland



Meeting: NHS Highland Board

Meeting date: 26 March 2024

Title: Annual Review of Code of Corporate Governance

Responsible Executive/Non-Executive: Pam Dudek, Chief Executive

Report Author: Ruth Daly, Board Secretary

1 Purpose

This is presented to the Board for:

- Assurance

This report relates to a:

- Legal requirement
- Local policy

This report will align to the following NHSScotland quality ambition(s):

Safe, Effective and Person Centred

This report relates to the following Strategic Outcome(s)

Start Well		Thrive Well		Stay Well		Anchor Well	
Grow Well		Listen Well		Nurture Well		Plan Well	
Care Well		Live Well		Respond Well		Treat Well	
Journey Well		Age Well		End Well		Value Well	
Perform well	✓	Progress well					

2 Report summary

2.1 Situation

This report proposes approval of the annual review of the Code of Corporate Governance. The report has been prepared by the Board Secretary, with input from Finance colleagues, to take account of developments and changes that require to be reflected in the Code.

2.2 Background

The Board agreed an updated Code of Corporate Governance in March 2023, and this document is subject to an annual review. The Code incorporates the following sections:

- (a) How Business is organised:
 - NHS Highland Board Committee Structure
 - Standing Orders for NHS Highland Board
 - Governance Committee Terms of Reference
- (b) Code of Conduct for Board Members
- (c) Standing Financial Instructions
- (d) Reservation of Powers and Scheme of Delegation
- (e) Counter Fraud Policy and Action Plan
- (f) Standards of Business Conduct for Staff

2.3 Assessment

In December 2023 and March 2024, the Audit Committee has considered several revisions to different sections of the Code and has agreed to recommend them for formal approval at this Board meeting.

The following elements of the Code of Corporate Governance have been revised:

- **Fraud Policy and Action Plan** – updates to contact details.
- **Standing Financial Instructions** – updates to align with changes in legislation and to ensure terminology is brought into line with that used in other procedures and guidance.
- **Governance Committees’ Terms of Reference** as follows:
 - Finance, Resources and Performance Committee
 - Highland Health and Social Care Committee
 - Audit Committee
 - Staff Governance Committee

Clinical Governance and Remuneration Committees have confirmed that there are no changes to be made to their respective Terms of Reference. The confirmed documents are included in appendix to this report for completeness.

2.4 Proposed level of Assurance

This report proposes the following level of assurance:

Substantial	X	Moderate	
Limited		None	

3 Impact Analysis

3.1 Quality/ Patient Care

3.2 Workforce

3.3 Financial

The Code of Corporate Governance provides a framework which defines the business principles of the NHS Board and the organisation, in support of the delivery of safe, effective, person-centred care and Quality Outcomes. The provision of robust governance arrangements is key to NHS Highland delivering on its key objectives and to improving workforce, clinical and financial governance.

3.4 Risk Assessment/Management

A risk assessment has not been carried out for this paper.

3.5 Data Protection

This report does not involve personally identifiable information.

3.6 Equality and Diversity, including health inequalities

There are no equality or diversity implications arising from this paper.

3.7 Other impacts

No other impacts

3.8 Communication, involvement, engagement and consultation

The outcome of the Review of the Code of Corporate Governance will be communicated to the wider organisation as appropriate on completion and available on the NHS Highland website.

3.9 Route to the Meeting

The contents of this report have been considered by individual governance committees.

4 Recommendation

The Board is invited to:

- (a) **Approve and take assurance from** the updates to the Code of Corporate Governance as set out in the appendices to this report, and
- (b) **Note** that the updated Code of Corporate Governance will be published in full on the Board's website after the Board meeting.

4.1 List of appendices

The following appendices are included with this report:

Appendix 1 - Fraud Policy and Action Plan

Appendix 2 - Standing Financial Instructions

Appendix 3 - Finance, Resources and Performance Committee ToR

Appendix 4 - Highland Health and Social Care Committee ToR

Appendix 5 - Audit Committee ToR

Appendix 6 - Staff Governance Committee ToR

Appendix 7 – Clinical Governance Committee ToR (no changes)

Appendix 8 – Remuneration Committee ToR (no changes).

FRAUD POLICY AND RESPONSE PLAN

Finance Department

Warning – Document uncontrolled when printed

Policy Reference:	Fin 8.0	Date of Issue:	November 2023
Prepared by:	Technical Accountant	Date of Review:	November 2023
Lead Reviewer:	Fraud Champion	Version:	1.8
Authorised by:	Director of Finance	Date:	November 2023
Planning For Fairness:	No		
Distribution: <ul style="list-style-type: none"> • Executive Directors • Non-Executive Members • All Managers • All Staff 			
Method Intranet ✓			

Fraud Policy

1. Introduction
2. The Bribery Act 2010 – Key Points
3. The Bribery Act 2010 – NHS Highland's Aims & Objectives
4. National Fraud Initiative
5. Guidance to Staff on Fraud/Bribery/Corruption/Theft
- 6 Collaborating to Combat Fraud
7. Public service values
8. NHS Highland policy & public interest disclosure act
9. Instructions to staff
10. Roles and responsibilities
11. Contact points

Response Plan

12. Introduction
13. Reporting fraud
14. Managing the investigation
15. Disciplinary/dismissal procedures
16. Gathering evidence
17. Interview procedures
18. Disclosure of loss from fraud
19. Police involvement
20. Press release
21. Resourcing the investigation
22. The law and its remedies

Annex 1: Misappropriation of Medicines

Annex 2 Flow Chart – Where misappropriation of medicines is suspected

Annex 3: Flow Chart - Procedures for Dealing with Allegations of
Fraud/Bribery/Corruption/Other Irregularities

FRAUD POLICY

1 Introduction

- 1.1 NHS Highland is committed to maintaining strict ethical standards and integrity in the conduct of its business activities. All NHS Highland staff and individuals acting on NHS Highland's behalf are responsible for conducting NHS Highland'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 Highland, to give, promise or offer a bribe, and to request, agree to receive or accept a bribe (sections 1, 2 & 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 Highland 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 standalone offence and will follow from a bribery/corruption offence committed by an individual associated with NHS Highland, in the course of their work. NHS Highland 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 Highland, 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 Highland's Aims & Objective's

- 3.1 NHS Highland welcomes the Act and is keen to ensure compliance with the Act's standards.
- 3.2 NHS Highland 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 Highland 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 Highland with immediate effect, where there is evidence that they have committed acts of bribery.
- 3.4 The success of NHS Highland's anti-bribery measures depends on all employees, and those acting for NHS Highland, playing their part in helping to detect and eradicate bribery. Therefore, all employees and others acting for or on behalf of NHS Highland are encouraged to report any suspected bribery.

4 National Fraud Initiative (NFI)

- 4.1 NHS Highland 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, the Board's 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 Highland, 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 in order 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, 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 Highland, 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 Highland 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), financial procedures, systems of internal control and risk assessment. The Board takes part in post payment verification system which covers all Family Health Service expenditure.

- 5.5 It is the responsibility of NHS Highland 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 Highland 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 Highland will agree formal partnership agreements with other investigative bodies e.g. Counter Fraud Services (CFS) 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 Highland 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 particular sets of data to the Cabinet Office on behalf of Audit Scotland for matching in 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 2018.
- 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 particular 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 Highland will expect and encourage a culture of openness between NHS bodies and the sharing of information in relation to any fraud.

8 NHS Highland policy & public interest disclosure act

- 8.1 NHS Highland 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 Highland.
- 8.2 NHS Highland encourages anyone having reasonable suspicion of fraud to report the incident. It is NHS Highland's policy that no staff member will suffer in any way as a result 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 13.1 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 Highland's [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 FLO. Any further action taken will follow the guidance contained within this policy.
- 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
- 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 Highland does not continue to suffer a loss.

10 Roles & responsibilities

- 10.1 Responsibility for receiving information relating to suspected frauds and for co-ordinating NHS Highland's response to the NFI exercises has been delegated to the FLO. This individual is responsible for informing third parties such as CFS, 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, Director of Finance, the Board Chairman and the Chairman of the Audit Committee 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:

Sarah Macaulay
Technical Accountant & Fraud Liaison officer
Assynt House
Beechwood Park
Inverness IV2 3BW
01463 704836
Email: sarah.macaulay@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 CFS at the NHS National Services Scotland.
- 10.3 The Director of Human Resources 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 Highland'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 Highland. 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 SGHSCD NHS Circular No. CEL (2013)11 – Strategy to Combat Financial Crime in NHS Scotland.
- 10.8 Responsibility for ensuring that recommendations from CFS investigation reports and from data matching exercises conducted under NFI have been implemented and steps taken to ensure full compliance has been delegated to the CFC, name and address below.

11 Contact Points

Relevant contact points are as follows:

Counter Fraud Champion:	Gaener Rodger Non Executive Director Assynt House, Beechwood Park Inverness IV2 3BW
Fraud Liaison Officer:	Sarah.Macaulay Assynt House, Beechwood Park Inverness IV2 3BW 01463 704836 E mail: sarah.macaulay@nhs.scot
Deputy Fraud Liaison Officer:	Jacqui Fraser Assynt House, Beechwood Park Inverness IV2 3BW 01463 704884 Email: jacqui.fraser1@nhs.scot
Director of Finance:	Heledd Cooper Assynt House, Beechwood Park Inverness IV2 3BW 01463 704924 Email: heledd.cooper@nhs.scot

Board Secretary:	Ruth Daly Assynt House, Beechwood Park Inverness IV2 3BW 01463 704868 Email: ruth.daly2@nhs.scot
Accountable Officer for Controlled Drugs:	Dr Boyd Peters Assynt House, Beechwood Park Inverness IV2 3BW 01463 706895 Email: boyd.peters2@nhs.scot
Associate Director of Pharmacy, (Community Pharmacy Services and CD Governance	Fiona.Macfarlane Assynt House, Beechwood Park Inverness IV2 3BW 01463 706830 Email: Fiona.macfarlane4@nhs.scot
Associate Director of Pharmacy (Acute Services):	Rhona Gunn Raigmore Hospital Inverness 01463 705582 Email: rhona.gunn2@nhs.scot
Lead Nurse for Medicines Governance:	Claire Henderson-Hughes Assynt House Inverness 01463 705168 Email: Claire.henderson-hughes@nhs.scot
Associate Director of Pharmacy: (Primary Care))	Thomas Ross Assynt House Beechwood Park Inverness IV2 3BW 01463 706980 Email: thomas.ross2@nhs.scot
Lead Pharmacist: (Mental Health)	Karen MacAskill New Craigs Hospital Leachkin Road Inverness 01463 704663 Email: karen.macaskill@nhs.scot
Associate Director of Pharmacy: (Argyll & Bute)	Fiona Thomson Lorn & Islands Hospital Glengallan Road Oban PA34 4HH 01631 788942 Email: fiona.thomson5@nhs.scot
Internal Auditor:	Azets Tel: 0131 473 3500

Counter Fraud Services: [CFS](#)
National Fraud Initiative: [Audit Scotland](#)

RESPONSE PLAN

12 Introduction

The following sections describe NHS Highland'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.

13 Reporting fraud

13.1 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 Highland, this officer is the FLO (see 11). 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 Chairman, contacted through the FLO.

13.2 The FLO 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 be observed at all times.

13.3 All reported suspicions must be investigated as a matter of priority to prevent any further potential loss to NHS Highland.

13.4 The FLO 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.

13.5 The FLO should consider the need to inform the Highland NHS Board, the Chief Internal Auditor, External Audit, the Police and CFS, of the reported incident. In doing so, they 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 Highland 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 Chairman immediately of all losses where fraud/theft is suspected.
- CFS 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 CFS. In any event, CFS 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 FLO should contact the Director of Human Resources to consider whether/when to initiate suspension of the employee pending an enquiry.

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

14 Managing the investigation

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

14.2 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.

14.3 If after initial CFS enquiries it is determined that there are to be no criminal proceedings then a NHS Highland internal investigation may be more appropriate. In this instance, all information/evidence gathered by CFS will be passed to NHS Highland. 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.

14.4 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.

14.5 This report will normally take the form of a report to NHS Highland’s Audit Committee.

14.6 Where the report confirms a criminal act and notification to the Police has not yet been made, it should now be made.

14.7 Where recovery of a loss to NHS Highland 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.

14.8 This report should form the basis of any internal disciplinary action taken. The conduct of internal disciplinary action will be assigned to the Director of Human Resources or delegated officer within the Directorate, who shall gather such evidence as necessary.

15 Disciplinary/dismissal procedures

15.1 Consideration should be made in conjunction with CFS/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 Highland’s Employee Conduct Policy.

15.2 The disciplinary procedures of NHS Highland must be followed in any disciplinary action taken by NHS Highland 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.

16 Gathering evidence

- 16.1 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.
- 16.2 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 Human Resources Directorate, 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 their own words.
- 16.3 At all stages of the investigation, any discussions or interviews should be documented and where feasible agreed with the interviewee.
- 16.4 Physical evidence should be identified and gathered together (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 a number of documents, each one should be tagged with a reference number corresponding to the written record.
- 16.5 CFS staff acting on behalf of the Director of Finance require and are to receive access to;
- All records, documents and correspondence relating to relevant transactions
 - At all reasonable times to any premises or land of NHS Highland
 - The production or identification by any employee of any Board, cash, stores or other property under the employee's control

17 Interview procedures

- 17.1 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 their 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”.
- 17.2 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.

18 Disclosure of loss from fraud

- 18.1 Guidance on the referring of losses and special payments is provided in CEL10 (2010). 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 SGHSCD.
- 18.2 Management must take account of the permitted limits on writing off losses for “Category 2 Boards”, as outlined in circular [CEL \(2010\)](#).

19 Police Involvement

- 19.1 It shall normally be the policy of NHS Highland 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 FLO.

- 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.

19.2 The FLO 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.

19.3 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.

20 Press Release

20.1 To avoid potentially damaging publicity to the NHS and/or the suspect, NHS Highland 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.

21 Resourcing the investigation

21.1 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 Highland
- Human Resources
- Internal Audit
- External Audit
- CFS
- Specialist Consultant
- Police

21.2 In making a decision, 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 FLO. A decision to take "No action" will not normally be an acceptable option unless exceptional circumstances apply.

21.3 In any case involving a suspected criminal act, it is anticipated that CFS involvement will be in addition to NHS Highland resources. In any case involving other suspected criminal acts, it is anticipated that Police involvement will be in addition to NHS Highland resources.

22 The law and its remedies

22.1 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.

22.2 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.

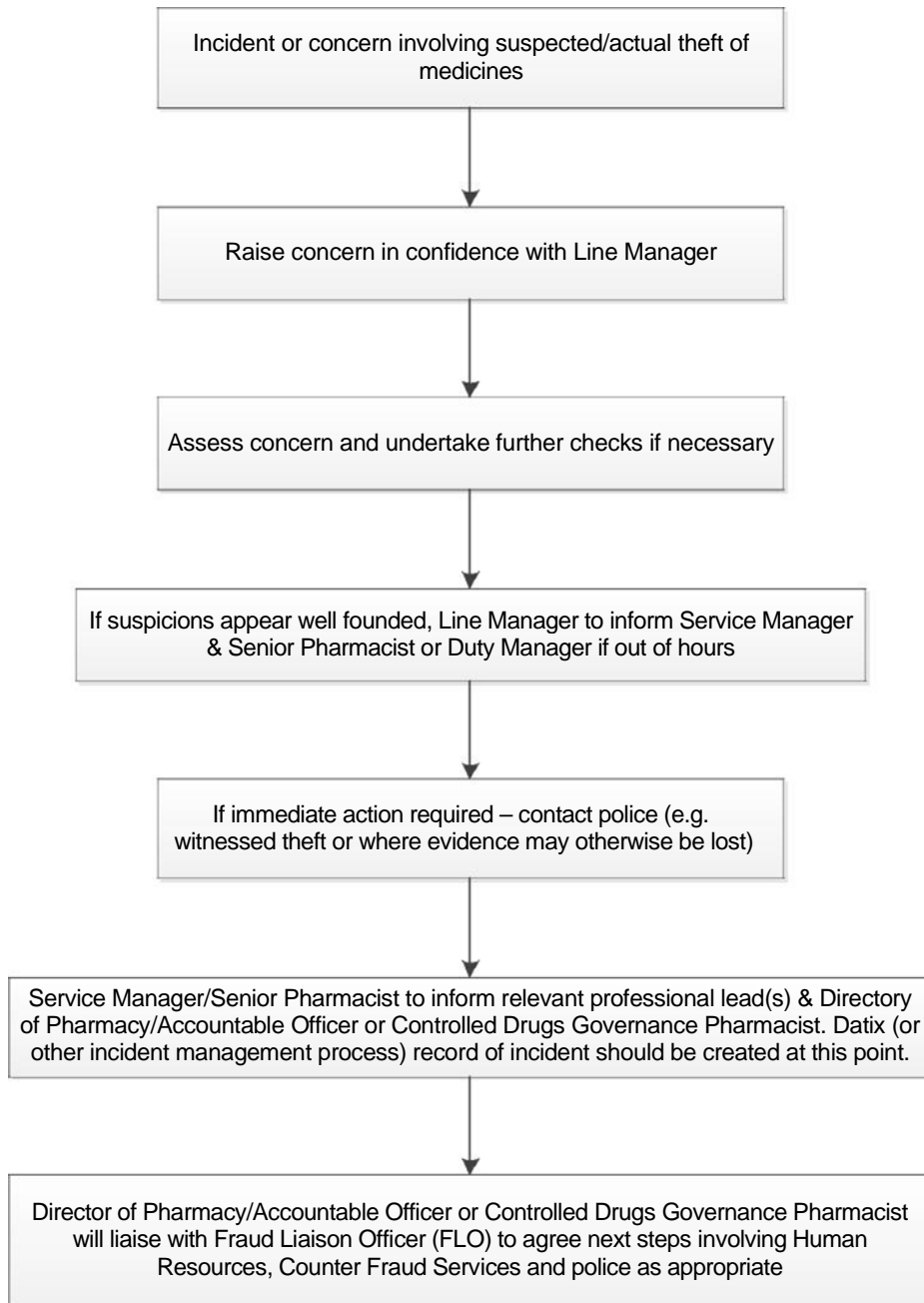
Annex 1 to this policy gives guidance to staff on the action which should be taken in all cases where misappropriation of medicines is suspected.

SAFE AND SECURE HANDLING OF MEDICINES

Suspected or actual theft of medicines

Theft of medicines is a serious criminal offence under the Medicines Act 1968, the Misuse of Drugs Act 1971 and other legislation and will be dealt with accordingly by NHS Highland, professional regulatory bodies and the police.

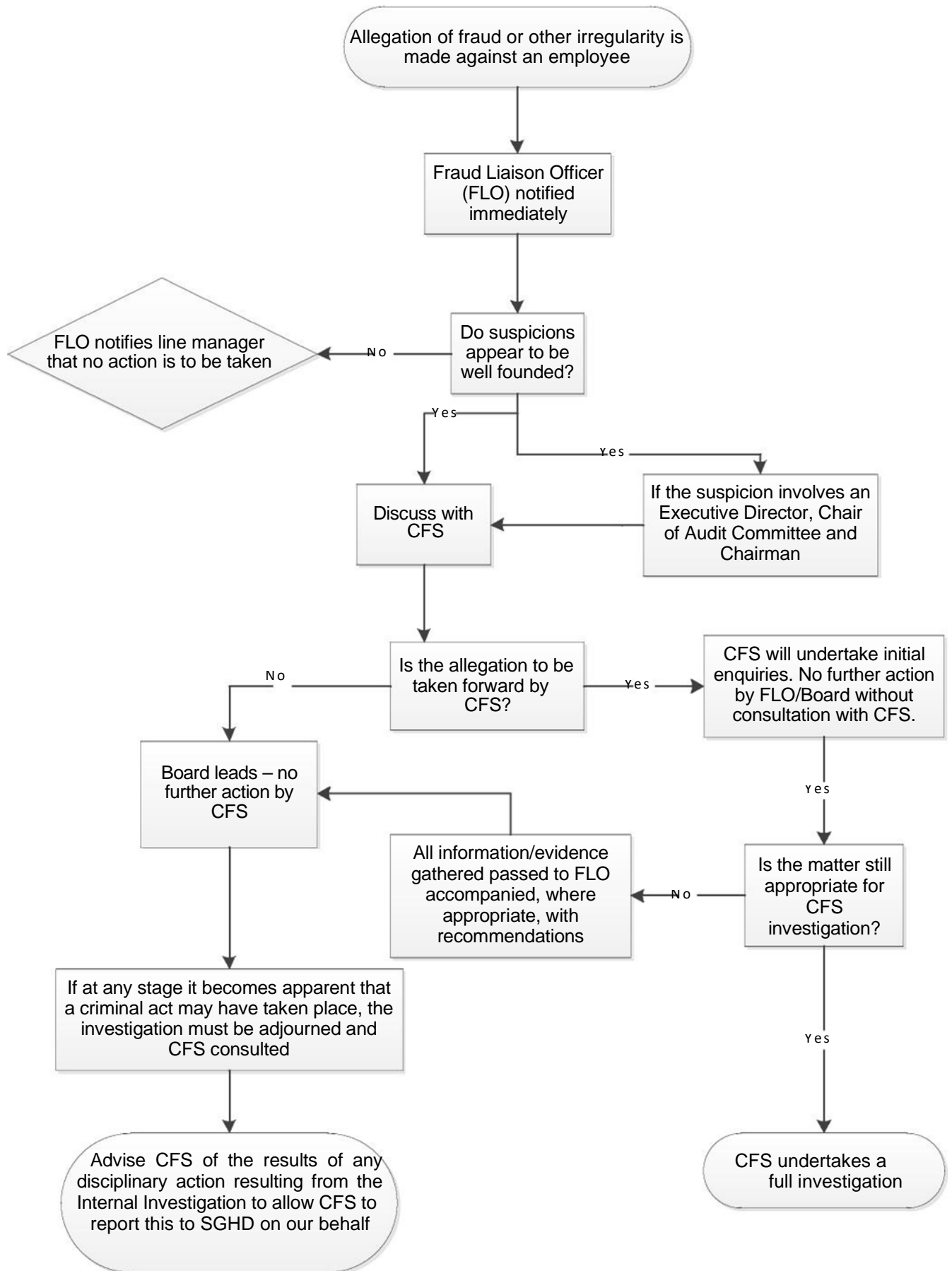
- 1.1 Any member of staff who has reason to believe that medicines have been taken without authority has a duty to report their concerns to the Nurse in Charge of the clinical area/ Line Manager.
- 1.2 All concerns will be treated in the strictest confidence subject to procedural requirements associated with any formal escalation. All investigations must be carried out in a discreet manner.
- 1.3 The Nurse in Charge/ Line Manager must take reasonable steps to ensure that medicines are in fact missing, for example check administration records, cupboards not normally used for storage of medicines and pharmacy delivery records. Any evidence must be retained pending further investigation.
- 1.4 If the Nurse in Charge/ Line Manager is unable to satisfy him or herself that all medicines can be accounted for, they must report their suspicions to the Senior Clinical Pharmacist and the relevant Service Manager (or Duty Manager out of hours) at the earliest opportunity. If immediate action is required (e.g. witnessed theft or where key evidence may otherwise be lost) the police must be contacted.
- 1.5 Where a Service Manager/Senior Clinical Pharmacist has been informed of suspected/ actual theft of medicines, they must inform the relevant professional lead(s) and the Head of Pharmacy/Accountable Officer for CDs who will liaise with the FLO and agree a course of action commensurate with the circumstances presented, which may include referring the matter to CFS or the Police.
- 1.6 The flowchart which follows this page must be followed in all cases of suspected/actual theft of medicines.
- 1.7 Note that the Incident Management Policy for Significant Events must also be followed in the event of any such incident. [link here](#)



Note: All actions must be undertaken as discreetly as possible and in confidence

PROCEDURES FOR DEALING WITH ALLEGATIONS FRAUD/OTHER IREGULARITIES

ANNEX 3



SECTION C

NHS Highland

Standing Financial Instructions

STANDING FINANCIAL INSTRUCTIONS

INDEX

		Page No.
1.	Introduction	73
2.	Key Responsibilities for Financial Governance	74
3.	Audit	77
4.	Financial Management	79
5.	Annual Accounts and Reports	81
6.	Banking and Cash Handling	82
7.	Security of Assets	83
8.	Pay	84
9.	Non Pay	84
10.	Primary Care Contractors	90
11.	Income	90
12.	Financial Management System	91
13.	Condemnations, Losses and Special Payments	91
14.	Risk Management	92
15.	Retention of Documents	93
16.	Patient's/Clients' Property and Funds	93
17.	Stores	94
18.	Authorisation Limits	94
19.	Endowment Funds	95
20.	Joint Ventures	95

1 INTRODUCTION

1.1 Standing Financial Instructions (SFIs) are issued in accordance with the financial directions made under the provisions of the NHS (Financial Provisions) (Scotland) Regulations 1974, and all other enabling powers, for the regulation of the conduct of the Board, its members, officers and agents in relation to all financial matters. These SFIs form part of the Standing Orders and should be used along with the Standing Orders and Scheme of Delegation.

1.2 Terminology

Any expression to which a meaning is given in the Health Service Acts, Scottish Statutory Instrument number 302 (2001) which brought NHS Boards into being, or in the financial regulations made under the Acts shall have the same meaning in these Instructions; and:

- a) "NHS Highland" means all elements of the NHS under the auspices of Highland Health Board.
- b) "Board" and "Health Board" mean Highland NHS Board, the common name of Highland Health Board.
- c) "Budget" means a resource expressed in financial terms and set by the Board for the purposes of carrying out for a specified period any or all functions of the Health Board.
- d) "Chief Executive" means the Chief Officer of the Health Board.
- e) "Director of Finance" means the Chief Financial Officer of the Health Board.
- f) "Budget Holder" means any individual with delegated authority to manage finances (income and/or expenditure) for a specific area of the Board.

1.3 All staff individually and collectively are responsible for the security of the property of the Board, for avoiding loss, for economy and efficiency in the use of the resources and for conforming with the requirements of the Code of Corporate Governance, including Standing Orders, Standing Financial Instructions and Financial Operating Procedures.

1.4 The Director of Finance, on behalf of the Chief Executive, shall be responsible for supervising the implementation of the Board's Standing Financial Instructions and Financial Operating Procedures and for co-ordinating any action necessary to further these as agreed by the Chief Executive. The Director of Finance shall review these at least every two years and be accountable to the Board for these duties.

1.5 Wherever the title, Chief Executive, Director of Finance, or other nominated officer is used in these Instructions, it shall be deemed to include such other staff who have been duly authorised to represent them.

1.6 All relevant employees and agents shall be provided with a copy of these SFIs and are required to complete a form stating that these Instructions have been read and understood and that the individual will comply with the Instructions. They must also sign for any amendments.

1.7 Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions then the advice of the Director of Finance must be sought before acting

1.8 Failure to comply with Standing Financial Instructions is a disciplinary matter, which could result in dismissal.

1.9 The Standing Financial Instructions along with the Scheme of Delegation and Financial Operating Procedures provide details of delegated financial responsibility and authority.

2 KEY RESPONSIBILITIES FOR FINANCIAL GOVERNANCE

The Board and Audit Committee

2.1 The Board shall approve these SFIs and Scheme of Delegation

- 2.2 The Board shall ensure and be assured that the SFIs and Scheme of Delegation are complied with at all times.
- 2.3 The Board shall agree the terms of reference of the Audit Committee which must conform with current relevant Scottish Government Instruction and other guidance on good practice.
- 2.4 The Board shall perform its functions within the total funds allocated by the Scottish Government.

The Chief Executive (Accountable officer)

- 2.5 The Chief Executive as Accountable Officer for the organisation is ultimately responsible for ensuring that the Board meets its obligations to perform its functions within the allocated financial resources. The Director of Finance is responsible for providing a sound financial framework that assists the Chief Executive when fulfilling these commitments.
- 2.6 The Board shall delegate executive responsibility for the performance of its functions to the Chief Executive. Board Members shall exercise financial supervision and control by requiring the submission and approval of budgets within approved allocations, by defining and approving essential features of the arrangements in respect of important procedures and financial systems, including the need to obtain value for money, and by defining specific responsibilities placed on individuals.
- 2.7 It shall be the duty of the Chief Executive to ensure that existing staff and all new employees and agents are notified of their responsibilities within these Instructions.

The Director of Finance

- 2.8 Without prejudice to any other functions of employees of the Board, the duties of the Director of Finance shall include the provision of financial advice to the Board and its employees, the design, implementation and supervision of systems of financial control and preparation and maintenance of such accounts, certificates, estimates, records and reports as the Board may require for the purpose of carrying out its statutory duties.
- 2.9 The Director of Finance shall keep records of the Board's transactions sufficient to disclose with reasonable accuracy at any time the financial position of the Board.
- 2.10 The Director of Finance shall require any individual who carries out a financial function to discharge their duties in a manner, and keep any records in a form, that shall be to the satisfaction of the Director of Finance.
- 2.11 The Director of Finance shall prepare, document and maintain detailed financial procedures and systems incorporating the principles of separation of duties and internal checks to supplement these Standing Financial Instructions.
- 2.12 The Director of Finance shall be responsible for setting the Board's accounting policies, consistent with the Scottish Government and Treasury guidance and generally accepted accounting practice.
- 2.13 The Director of Finance will either undertake the role of Fraud Liaison Officer or nominate another senior manager to the role, to work with Counter Fraud Services and co-ordinate the reporting of Fraud and Thefts.
- 2.14 The Director of Finance is 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 the health board;
 - the production of any cash, stores or other property of the health board under an employee's control; and

- explanations concerning any matter under investigation.

All Directors and Employees

2.15 All directors and employees, individually and working together, are responsible for:

Keeping the property of the Board secure, and to apply appropriate routine security practices as may be determined by the Board. This includes:

- a) ensuring that the assets within their area of responsibility are included within the appropriate asset register (see Section 7);
- b) ensuring that asset records/registers are kept up-to-date;
- c) performing verification exercises to confirm the existence and condition of the assets, and the completeness of the appropriate asset register; and
- d) following any prescribed procedures to notify the organisation of any theft, loss or damage to assets.
 - Avoiding loss;
 - Securing Best Value in the use of resources; and
 - Following these SFIs and any other policy or procedure that the Board may approve.

2.16 All budget holders shall ensure that:

- Information is provided to the Director of Finance to enable budgets to be compiled;
- Budgets are only used for their stated purpose; and
- Budgets are never exceeded.

2.17 When a budget holder expects their expenditure will exceed their delegated budget, they must secure an increased budget, or seek explicit approval to overspend before doing so.

2.18 All NHS staff who commit NHS resources directly or indirectly must be impartial and honest in their conduct of business and all employees must remain beyond suspicion.

2.19 All employees shall observe the requirements of MEL (1994) 48, which sets out the Code of Conduct for all NHS staff. There are 3 crucial public service values which underpin the work of the health service:

Conduct

There should be an absolute standard of honesty and integrity which should be the hallmark of all personal conduct in decisions affecting patients, staff and suppliers; in the use of information acquired in the course of NHS duties; in dealing with the assets of the NHS.

Accountability

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

Openness

The Board should be open about its activities and plans so as to promote confidence between the component parts of NHS Highland, other health organisations and its staff, patients and the public.

2.20 All employees shall:

- Ensure that the interest of patients remain paramount at all times;
- Be impartial and honest in the conduct of their official business;
- Use the public funds entrusted to them to the best advantage of the service, always ensuring value for money; and

- Demonstrate appropriate ethical standards of personal conduct.
- 2.21 Furthermore, all employees shall not:
- Abuse their official position for the personal gain or to the benefit of their family or friends;
 - Undertake outside employment that could compromise their NHS duties; and
 - Seek to advantage or further their private business or interest in the course of their official duties.
- 2.22 The Director of Finance shall publish supplementary guidance and procedures in the form of Financial Operating Procedures to ensure that the above principles are understood and applied in practice.
- 2.23 The Chief Executive shall establish procedures for voicing complaints or concerns about misadministration, breaches of the standards of conduct, suspicions of criminal behaviour (e.g. theft, fraud, bribery) and other concerns of an ethical nature.
- 2.24 All employees must protect themselves and the Board from any allegations of impropriety by seeking advice from their line manager, or from the appropriate contact point, whenever there is any doubt as to the interpretation of these standards

3 AUDIT

Audit Committee

- 3.1 In accordance with Standing Orders the Board shall formally establish an Audit Committee, with clearly defined terms of reference.
- 3.2 Where the Audit committee feels there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the committee wish to raise, the Chairperson of the Audit Committee should raise the matter at a full meeting of the Board. In considering whether to do so, the Committee must be mindful of the arrangements with NHS Counter Fraud Services (CFS) and the role of the Fraud Liaison Officer (FLO). Exceptionally, the matter may need to be referred to the Scottish Government Health & Social Care Directorates (SGHSCD).
- 3.3 it is the responsibility of the Audit Committee to ensure an effective internal audit service is provided and this will be largely influenced by the professional judgement of the Director of Finance.

Director of Finance

- 3.4 The Director of Finance is responsible for:
- a) Ensuring there are arrangements to measure, evaluate and report on the effectiveness of internal control and efficient use of resources, including the establishment of a professional internal audit function headed by a Chief Internal Auditor;
 - b) Ensuring that Internal Audit is adequate and meets the mandatory NHS internal audit standards;
 - c) Taking appropriate steps, in line with SGHSCD guidance, to involve CFS and/or the Police in cases of actual or suspected fraud, misappropriation, and other irregularities;
 - d) Ensuring that the Chief Internal Auditor prepares the following risk based plans for approval by the Audit Committee:
 - Strategic audit plan covering the coming four years,
 - A detailed annual plan for the coming year.

- e) Ensuring that an annual internal audit report is prepared by the Chief Internal Auditor, in accordance with the timetable laid down by the Audit Committee, for the consideration of the Audit Committee and the Board.

The report should include:

- A clear statement on the adequacy and effectiveness of internal control;
 - Main internal control issues and audit findings during the year;
 - Extent of audit cover achieved against the plan for the year.
- f) Progress on the implementation of internal audit recommendations including submission to the Audit Committee.

- 3.5 The Director of Finance shall refer audit reports to the appropriate officers designated by the Chief Executive and failure to take any necessary remedial action within a reasonable period shall be reported to the Chief Executive.

Internal Audit

- 3.6 Internal Audit shall adopt the Public Sector Internal Audit Standards (PSIAS), which are mandatory and which define internal audit as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

Minor deviations from the PSIAS should be reported to the Audit Committee. More significant deviations should be considered for inclusion in the Annual Governance Statement.

- 3.7 Internal Audit activity must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach. Internal Audit activity and scope is fully defined within the Audit plan, approved by the Audit Committee.

- 3.8 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Director of Finance, or the nominated FLO, must be notified immediately, and before any detailed investigation is undertaken.

- 3.9 The Chief Internal Auditor is entitled without necessarily giving prior notice to require and receive:

- a) Access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature (in which case they shall have a duty to safeguard that confidentiality), within the confines of the data protection act.
- b) Access at all reasonable times to any land, premises or employees of the Board;
- c) The production or identification by any employee of any cash, stores or other property of the Board under an employee’s control; and
- d) Explanations concerning any matter under investigation.

- 3.10 The Chief Internal Auditor, or appointed representative, will normally attend Audit Committee meetings; and has a right of access to all Audit Committee members, the Chairperson and Chief Executive of the Board.

- 3.11 The Chief Internal Auditor shall be accountable to the Director of Finance. The reporting and follow-up systems for internal audit shall be agreed between the Director of Finance, the Audit Committee and Chief Internal Auditor. The agreement shall comply with the guidance on reporting contained in Government Internal Audit Standards.

External Audit

- 3.12 The External Auditor is concerned with providing an independent assurance of the Board'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 the Board rests with Audit Scotland. The appointed External Auditor's statutory duties are contained in the Public Finance and Accountability (Scotland) Act 2000 which supersedes the Local Government (Scotland) Act 1973 (Part VII) as amended by the National Health Services and Community Care Act 1990.
- 3.13 The appointed auditor has a general duty to satisfy themselves that:
- The Board's accounts have been properly prepared in accordance with the Direction of the Scottish Ministers to comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared;
 - Proper accounting practices have been observed in the preparation of the accounts;
 - The Board has made proper arrangements for securing economy, efficiency and effectiveness in the use of its resources.
- 3.14 In addition to these responsibilities, Audit Scotland's Code of Audit Practice requires the appointed auditor to consider:
- a) Whether the statement of accounts presents fairly the financial position of the Board;
 - b) The Board's main financial systems;
 - c) The arrangements in place at the Board for the prevention and detection of fraud and corruption;
 - d) Aspects of the performance of particular services and activities;
 - e) The Board's management arrangements to secure economy, efficiency and effectiveness in the use of resources.
- 3.15 The Board's Audit Committee provides a forum through which Non-Executive Members can secure an independent view of any major activity within the appointed auditor's remit. The Audit Committee has a responsibility to ensure that the Board receives a cost-effective audit service and that co-operation with Board senior managers and Internal Audit is appropriate.
- 3.16 The External Auditor, or appointed representative, will normally attend Audit Committee meetings; and has a right of access to all Audit Committee members, the Chairperson and Chief Executive of the Board

4 FINANCIAL MANAGEMENT

This section applies to both revenue and capital budgets.

Planning

- 4.1 The Scottish Government has set the following financial targets for all boards:
- To operate within the revenue resource limit, see 4.2.
 - To operate within the capital resource limit.
 - To operate within the cash requirement.
- 4.2 All Boards are required to develop a balanced plan over a three year period. This requires Boards to deliver a break even position over a three year period. In each year, Boards have flexibility to underspend or overspend up to one per cent of their annual resource budgets.

All Boards will be required to develop a balanced plan over a three-year period in order to benefit from the increased flexibility. Where this is not delivered, the NHS Board Performance Escalation Framework will be put in place.

The Chief Executive shall produce an Annual Operational Plan. The Chief Executive shall submit a Plan for approval by the Board that takes into account financial targets and forecast limits of available resources. The Annual Operational Plan shall contain:

- a statement of the significant assumptions within the Plan; and
- details of major changes in workload, delivery of services or resources required to achieve the plan.

4.3 Before the financial year begins, the Director of Finance shall prepare and present a financial plan to the Board. The report shall:

- show the total allocations received from the Scottish Government and their proposed uses, including any sums to be held in reserve;
- be consistent with the Annual Operational Plan;
- be consistent with the Board's financial targets;
- identify potential risks;
- identify funding and expenditure that is of a recurring nature; and
- identify funding and expenditure that is of a non-recurring nature.

4.4 The Health Board shall approve the financial plan for the forthcoming financial year.

4.5 The Director of Finance shall continuously review the financial plan, to ensure that it meets the Board's requirements and the delivery of financial targets.

4.6 The Director of Finance shall regularly update the Board on significant changes to the allocations and their uses.

4.7 The Director of Finance shall 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 shall advise on the financial and economic aspects of future plans and projects.

4.8 The Director of Finance shall establish the systems for identifying and approving how the Board's capital allocation will be used, consisting of proposals for individual schemes, major equipment, IT developments, backlog maintenance, statutory compliance works and minor scheme provision. The approval of business cases shall be as described in the Scheme of Delegation.

4.9 The Director of Finance shall release capital funds allowing for project start dates and phasing.

Budgetary Control

4.10 The Board shall approve the opening budgets for each financial year on an annual basis.

4.11 The Chief Executive shall delegate the responsibility for budgetary control to designated budget holders. The Scheme of Delegation sets out the delegated authorities to take decisions and approve expenditure for certain posts.

4.12 Employees shall only act on their delegated authority when there is an approved budget in place to fund the decisions they make.

4.13 Delegation of budgetary responsibility shall be in writing and be accompanied by a clear definition of:

- the amount of the budget;
- the purpose(s) of each budget heading;
- what is expected to be delivered with the budget in terms of organisational performance; and

- how the budget holder will report and account for their budgetary performance.
- 4.14 The Chief Executive/Director of Finance may agree a virement (administrative transfer of funds) procedure for non-pay expenditure that would allow budget holders to transfer resources from one budget heading to another
- 4.15 The Director of Finance shall devise and maintain systems of budgetary control. These will include:
- monthly financial reports to the Board in a form approved by the Board containing:
 - a) net expenditure of the Board for the financial year to date; and
 - b) a forecast of the Board's expected net expenditure for the remainder of the year on a monthly basis from the month 2 position onwards.
 - c) capital project spend and projected outturn against plan;
 - d) explanations of any material variances from plan and/or emerging trends;
 - e) details of any corrective action where necessary and the Chief Executive's and/or Director of Finance's view of whether such actions are sufficient to correct the situation;
 - the issue of timely, accurate and comprehensible advice and financial reports to each budget holder, including those responsible for capital schemes, for the areas that they are responsible for;
 - investigation and reporting of variances from agreed budgets;
 - monitoring of management action to correct variances and/or emerging adverse trends; and
 - ensuring that adequate training is delivered on an on-going basis to budget holders.

Monitoring

- 4.16 The Director of Finance shall provide monthly reports in the form requested by the Cabinet Secretary showing the charge against the Board's resource limits on the last day of each month

5 ANNUAL ACCOUNTS AND REPORTS

- 5.1 The Director of Finance, on behalf of the Board, shall prepare, certify and submit audited Annual Accounts to the SGHSCD in respect of each financial year in such a form as the SGHSCD may direct.
- 5.2 The Director of Finance will ensure that the Annual Accounts and financial returns are prepared in accordance with the Annual Accounts Manual as issued by SGHSCD together with the guidance contained in the Government Financial Reporting Manual (FReM), detailing the accounts and returns to be prepared, the accounting standards to be adopted and the timetable for submission to the SGHSCD.
- 5.3 The Audit Committee will ensure that the Annual Accounts are reviewed and submitted to the Board for formal approval and the Chief Executive will ensure that they are recorded as having been so presented. The Annual Accounts will be subject to statutory audit by the external auditor appointed by Audit Scotland.
- 5.4 The Director of Finance shall prepare a Financial Statement for inclusion in the Board's Annual Report, in accordance with relevant guidelines, for submission to Board members and others who need to be aware of the Board's financial performance.
- 5.5 The Board shall publish an Annual Report, in accordance with the Scottish Government's guidelines on local accountability requirements.

6 BANKING AND CASH HANDLING

- 6.1 The Director of Finance shall manage the Board's banking arrangements and advise the Board on the provision of banking services and operation of accounts. This advice shall take into account guidance/Directions issued from time to time by the Scottish Government.
- 6.2 The Director of Finance shall ensure that the banking arrangements operate in accordance with the Scottish Government banking contract (GBS) and the Scottish Public Finance Manual.
- 6.3 The Board shall approve the banking arrangements. No employee may open a bank account for the Board's activities or in the Board's name, unless the Board has given explicit approval.
- 6.4 The Director of Finance shall:
- Establish separate bank accounts for non-exchequer funds;
 - Ensure payments made from bank or GBS accounts do not exceed the amount credited to the account, except where arrangements have been made;
 - Ensure money drawn from the Scottish Government against the Cash Requirement is required for approved expenditure only, and is drawn down only at the time of need;
 - Promptly bank all monies received intact. Expenditure shall not be made from cash received that has not been banked, except under exceptional arrangements approved by the Director of Finance; and
 - Report to the Board all arrangements made with the Board's bankers for accounts to be overdrawn.
- 6.5 The Director of Finance shall prepare detailed instructions on the operation of bank and GBS accounts, which must include:
- The conditions under which each bank and GBS account is to be operated;
 - Ensuring that the GBS account is used as the principal banker and that the amount of cleared funds held at any time within exchequer commercial bank accounts is limited to a maximum of £50,000 (of cleared funds).
 - The limit to be applied to any overdraft;
 - Those authorised to sign cheques or other orders drawn on the Board's accounts; and
 - The required controls for any system of electronic payment.
- 6.6 The Director of Finance shall:
- Approve the stationery for officially acknowledging or recording monies received or receivable, and keep this secure;
 - Provide adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the procedures for keys, and for coin operated machines; and
 - Approve procedures for handling cash and negotiable securities on behalf of the Board.
- 6.7 Money in the custody of the Board shall not under any circumstances be used for the encashment of private cheques.
- 6.8 The holders of safe keys shall not accept unofficial funds for depositing in their safes other than in exceptional circumstances. Such deposits must be in special sealed envelopes or locked containers. It shall be made clear to the depositors that the Board is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Board from responsibility for any loss.

7 SECURITY OF ASSETS

- 7.1 Overall responsibility for the security of the Board's assets rests with the Board's Chief Executive. All members and employees have a responsibility for the security of property of

the Board and it shall be an added responsibility of senior staff in all disciplines to apply appropriate routine security practices in relation to NHS property. Any significant breach of agreed security practice should be reported to the Chief Executive

- 7.2 Wherever practicable, items of equipment shall be marked as property of Highland NHS Board.
- 7.3 The Chief Executive shall define the items of equipment to be controlled, and officers designated by the Chief Executive shall maintain an up-to-date register of those items. This shall include separate records for equipment on loan from suppliers, and lease agreements in respect of assets held under a finance lease and capitalised.
- 7.4 The Director of Finance shall approve the form of register and the method of updating which shall incorporate all relevant requirements for capital assets.
- 7.5 Additions to the capital asset register must be added to the records based on the documented cost of the asset at the time of acquisition.
- 7.6 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 authorised documentation.
- 7.7 The value of each asset where applicable shall be indexed to current values and depreciated using methods and rates as suggested in the Capital Accounting Manual and notified by the SGHSCD.
- 7.8 Revaluation of land and buildings will be provided by the Board's recommended Valuation Agent on a rolling annual programme designed to ensure that all such assets are revalued once every five years.
- 7.9 Annual indexation for land and buildings not included in the revaluation exercise in any given year will be provided by the Board's recommended Valuation Agent.
- 7.10 Any damage to the Board's premises, vehicles and equipment, or any loss of equipment or supplies shall be reported by staff in accordance with the procedure for reporting losses.

8 PAY

Remuneration Committee

- 8.1 The Board shall approve the terms of reference for the Remuneration Committee, in line with any relevant guidance or requirements.
- 8.2 The Board shall remunerate the Chair and other non-executive directors in accordance with instructions issued by Scottish Government.

Processes

- 8.3 The Chief Executive shall establish a system of delegated budgetary authority within which budget holders shall be responsible for the engagement of staff within the limits of their approved budget.
- 8.4 All time records, payroll timesheets and other pay records and notifications shall be in a form approved by the Director of Finance and shall be authorised and submitted in accordance with their instructions. This also includes e-expenses, SSTS and eESS.
- 8.5 The Director of Finance shall be responsible for ensuring that rates of pay and relevant conditions are applied in accordance with current agreements. The Chief Executive, or the Board in appropriate circumstances, shall be responsible for the final determination of pay. There will be no variation to agreed terms and conditions without the prior approval of the Director of Human Resources & Organisational Development and Director of Finance. The Director of Finance shall determine the dates on which the payment of salary and wages

are to be made. These may vary due to special circumstances (e.g. Christmas and other Public Holidays). Payments to an individual shall not be made in advance of normal pay, except:

- a) To cover a period of authorised leave, involving absence on the normal pay day; or
- b) As authorised by the Director of Human Resources & Organisational Development or Director of Finance to meet special circumstances, and limited to the net pay due at the time of payment.

8.6 All employees shall be paid by bank credit transfer unless otherwise agreed by the Director of Finance.

8.7 The Board shall delegate responsibility to the Director of Human Resources & Organisational Development for ensuring that all employees are issued with a contract of employment in a form approved by the Board and which complies with employment legislation and any existing NHS policies.

9 NON PAY

Tendering, Contracting and Purchasing Procedures

9.1 The Director of Finance shall prepare detailed procedural instructions on the obtaining of goods, services and works, incorporating thresholds set by the Board. The current Authorisation Limits are set out in Scheme of Delegation and the Financial Operating Procedures/Delegated level of Authority Matrix.

9.2 The Chief Executive shall designate a senior officer as the lead senior officer for procurement, and this person shall oversee the procurement of goods and services, to ensure there is an adequate approval of suppliers and their supplies based on cost and quality.

9.3 NSS National Procurement shall undertake procurement activity on a national basis on behalf of boards (including NHS Highland), and the Board shall implement these nationally negotiated contracts where appropriate.

9.4 The Board shall operate within the processes established for the procurement of publicly funded construction work.

9.5 The Board shall comply with Public Contracts (Scotland) Regulations 2015 (and any subsequent relevant legislation) for any procurement it undertakes directly.

9.6 The Director of Finance shall be responsible for the prompt payment of accounts and claims. Payment of contract invoices shall be in accordance with contract terms, or otherwise, in accordance with national guidance.

9.7 All other aspects of procurement activity must follow the requirements of the Standing Orders and SFIs. Any decision to depart from the requirements of this section must have the approval of NHS Highland Board.

9.8 The Director of Finance shall:

- Advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained in accordance with the Public Contracts (Scotland) Regulations, as issued annually through Scottish Statutory Instrument.
- Ensure the preparation of comprehensive procedures for all aspects of procurement activity.

9.9 The following basic principles shall be generally applied:

- Procurement activity satisfies all legal requirements;

- Adequate contracts are in place with approved suppliers for the supply of approved products and services;
- Segregation of duties is applied throughout the process;
- Adequate approval mechanisms are in place before orders are raised;
- All deliveries are checked for completeness and accuracy, and confirmed before approval to pay is made; and
- All payments made are in accordance with previously agreed terms, and what the Board has actually received.

9.10 Limits of Authorisation of Orders shall be in accordance with those designed officers contained with the DLA matrix.

9.11 Contract Implement and Tendering Matrix

THRESHOLD	PROCEDURE	ELECTRONIC SYSTEM
THRESHOLD £GPA threshold	PROCEDURE FTS Competitive Tender	ELECTRONIC SYSTEM PCS-Tender (Mandatory)
£50,000 – £GPA threshold	Regulated Competitive Tender	PCS-Tender (Mandatory)
£10,000 - £49,999.99	Competitive Quotation PCS Quick Quote (Mandatory) (Minimum of 2)	
£1,000 - £9,999.99	One Written Quotation	
Under £1,000	No Requirement	

In the following exceptional circumstances, except in cases where a Regulated Competitive Tender or the 'Find a Tender Service' (FTS) procedure must be adhered to, the Director of Finance and Chief Executive, as specified in the Scheme of Delegation, can approve the waiving of the above requirements. Where goods and services are supplied on this basis and the value exceeds £10,000, a "Procurement Waiver Process Authorisation Form" may be granted by completing said form for approval by the appropriate director and the Head of Procurement. Requests with a value between £50,000 and £100,000 will require authorisation from Procurement, Finance and sign off by the Director of Finance. Requests with a value above £100,000 will also require sign off from the Chief Executive. Requests above £250,000 require sign off by the NHS Highland Board.

At least one of the following conditions must be outlined in the Procurement Waiver form for requests between £10,000 and £49,999.99:

1. where the repair of a particular item of equipment can only be carried out by the manufacturer;
2. where the supply is for goods or services of a special nature or character in respect of which it is not possible or desirable to obtain competitive quotations or tenders;
3. a contractors special knowledge is required;
4. where the number of potential suppliers is limited, and it is not possible to invite the required number of quotations or tenders, or where the required number do not respond to an invitation to tender or quotation to comply with these SFIs;
5. where, on the grounds of urgency, or in an emergency, it is necessary that an essential service is maintained or where a delay in carrying out repairs would result in further expense to NHS Highland.

In the case of 1, 2, 3, and 4 above, the form must be completed in advance of the order being placed, but may be completed retrospectively in the case of 5.

At least one of the following conditions must be outlined in the Procurement Waiver form for requests £50,000 and above:

1. No tenders or no suitable tenders/requests were received in response to an Open or Restricted procedure;
2. The products involved are manufactured purely for the purpose of research, experiment, study or development under the conditions stated in the regulations (for supplies only);
3. The works, supplies or services can be provided only by a particular economic operator for one of the following reasons:
 - Absence of competition for technical reasons.
 - Procurement aimed at the creation/acquisition of a unique work of art or performance.
 - Protection of exclusive rights, including intellectual property rights.
4. Extreme urgency brought about by events unforeseeable for the contracting authority and in accordance with the strict conditions stated in the regulations.
5. Deliveries by the original supplier ordered under the strict conditions stated in the regulations.
6. New works/services, constituting a repetition of existing works/services and ordered in accordance with the strict conditions stated in the regulations.
7. Service contract to be awarded to the winner(s) under the rules of a design contest.
8. Procurement of supplies quoted and purchased on a commodity market.
9. Purchase from the liquidator in an insolvency procedure, an arrangement with creditors or a similar procedure under national laws and regulations or a supplier winding up its business activity.
10. The procurement falls outside the scope of application of the regulations.
11. The procurement is for Health / Social Care & falls below the regulated threshold of £663,540.
12. The procurement is for Works and falls below the regulated threshold of £1,000,000.

The Director of Finance will maintain a record of all such exceptions.

Where additional works, services or supplies have become necessary and a change of supplier/contractor would not be practicable (for economic, technical or interoperability reasons) or would involve substantial inconvenience and/or duplication of cost, an existing contractor may be asked to undertake additional works providing the additional works do not exceed 50% of the original contract value and are provided at a value for money cost which should normally be at an equivalent or improved rate to the original contract.

When goods or services are being procured for which quotations or tenders are not required and for which no contract exists, it will be necessary to demonstrate that value for money is being obtained. Written notes/documentation to support the case, signed by the responsible Budget Holder, must be retained for audit inspection.

Further detail on the ordering of goods and services and relevant documentation are set out in the Financial Operating Procedures.

In all instances, the [Scottish Procurement Policy Handbook](#) must be followed.

- 9.12 No order shall be issued for any item or items for which there is no budget provision unless authorised by the Director of Finance on behalf of the Chief Executive.
- 9.13 Orders shall not be placed in a manner devised to avoid the financial thresholds specified by the Board within the Scheme of Delegation.
- 9.14 All procurement on behalf of the Board must be made on an official order on the approved e-Procurement systems, PECOS, JAC or Maximo.
- 9.15 The Board shall not make payments in advance of need. However payment in advance of the receipt of goods or services is permitted in circumstances approved by the lead senior officer for procurement. Examples of such instances are:
- Items such as conferences, courses and travel, foreign currency transactions, where payment is to be made at the time of booking.
- 9.16 The Board shall not make payments in advance of need. However payment in advance of the receipt of goods or services is permitted in circumstances approved by the Director of Finance. Examples of such instances are:
- Where payment in advance of complete delivery is a legal or contractual requirement, e.g. maintenance contracts, utilities, rates.
 - Where payment in advance is necessary to support the provision of services/delivery of a project by external providers (e.g. grants to local authorities or voluntary bodies.)
 - Purchases from petty cash shall be undertaken in accordance with relevant financial operating procedures.

Commissioning of Patient Services

- 9.17 The Director of Finance, jointly with the Deputy Chief Executive will ensure service agreements are in place with other healthcare providers for the delivery of patient services, ensuring the appropriate financial details are contained and clarity on reporting of performance, quality and safety issues.
- 9.18 The Director of Finance shall be responsible for maintaining a system for the payment of invoices in respect of patient services in accordance with agreed terms and national guidance and shall ensure that adequate financial systems are in place to monitor and control these.

Payment of Invoices

- 9.19 The Director of Finance shall be responsible for the prompt payment of all invoices. The Director of Finance shall publish the Board's performance in achieving the prompt payment targets in accordance with specified terms and national guidance.
- 9.20 The Director of Finance shall be responsible for designing and maintaining a system for the verification, recording and payment of all amounts payable by the Board. The system shall provide for authorisation by agreed delegated officers, a timetable and system for the payment of invoices and instruction to staff regarding handling, checking and payment of invoices.
- 9.21 The Director of Finance shall ensure that payments for goods and services are made only after goods and services are received. Prepayments will be permitted in exceptional circumstances and with the prior approval of the Director of Finance

Additional Matters for Capital Expenditure

Overall Arrangements for the Approval of the Capital Plan

- 9.22 The Board shall follow any national instructions on the approval of capital expenditure, such as the Scottish Capital Investment Manual. The authorisation process shall be described in the Scheme of Delegation.
- 9.23 The Chief Executive shall ensure that:
- there is an adequate appraisal and approval process in place for determining capital expenditure priorities within the Property Strategy and the effect of each proposal upon business plans;
 - all stages of capital schemes are managed, and are delivered on time and to cost;
 - capital investment is not undertaken without confirmation that the necessary capital funding and approvals are in place; and
 - all revenue consequences from the scheme, including capital charges, are recognised, and the source of funding is identified in financial plans.

Implementing the Capital Programme

- 9.24 For every major capital expenditure proposal the Chief Executive shall ensure:
- that a business case as required by the Scottish Capital Investment Manual (SCIM) is produced setting out:
 - a) an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs; and
 - b) appropriate project management and control arrangements; and
 - that the Director of Finance has assessed the costs and revenue consequences detailed in the business case.
- 9.25 The approval of a business case and inclusion in the Board's capital plan shall not constitute approval of the individual elements of expenditure on any scheme. The Chief Executive shall issue to the manager responsible for any scheme:
- specific authority to commit expenditure; and
 - following the required approval of the business case, authority to proceed to tender.
- 9.26 The Scheme of Delegation shall stipulate where delegated authority lies for:
- approval to accept a successful tender; and
 - where Frameworks Scotland applies, authority to agree risks and timelines associated with a project in order to arrive at a target price.
- 9.27 The Director of Finance shall issue procedures governing the financial management of capital investment projects (e.g. including variations to contract, application of Frameworks Scotland) and valuation for accounting purposes.

Public Private Partnerships and other Non-Exchequer Funding

- 9.28 When the Board proposes to use finance which is to be provided other than through its capital allocations, the following procedures shall apply:
- The Director of Finance shall demonstrate that the use of public private partnerships represents value for money and genuinely transfers significant risk to the private sector.
 - Where the sum involved exceeds the Board's delegated limits, the business case must be referred to the Scottish Government for approval or treated as per current guidelines.
 - Board must specifically agree the proposal.
 - The selection of a contractor/finance company must be on the basis of competitive tendering or quotations.

Disposals of Assets

- 9.29 The Director of Finance shall issue procedures for the disposal of assets including condemnations. All disposals shall be in accordance with MEL(1996)7: Sale of surplus and obsolete goods and equipment and in accordance with the Property Transaction Handbook.
- 9.30 There is a requirement to achieve Best Value for money when disposing of assets belonging to the Health Board. A competitive process should normally be undertaken.
- 9.31 When it is decided to dispose of a Health Board asset, the head of department or authorised deputy will determine and advise the Director of Finance of the estimated market value of the item, taking account of professional advice where appropriate.
- 9.32 All unserviceable articles shall be:
- Condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Finance.
 - Recorded by the Condemning Officer in a form approved by the Director of Finance which will indicate whether the articles are to be converted, destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Director of Finance.

Capital Accounting

- 9.33 The Director of Finance shall be notified when capital assets are sold, scrapped, lost or otherwise disposed of, and what the disposal proceeds were. The value of the assets shall be removed from the accounting records. Each disposal must be validated by reference to authorisation documents and invoices (where appropriate).
- 9.34 The Director of Finance shall approve procedures for reconciling balances on capital assets accounts in ledgers against balances on capital asset registers.
- 9.35 The value of each asset shall be indexed and depreciated in accordance with methods specified by the Capital Accounting Manual.
- 9.36 The Director of Finance shall calculate capital charges, which will be charged against the Board's revenue resource limit.

10 PRIMARY CARE CONTRACTORS

- 10.1 In these SFIs and all other Board documentation, Primary Care contractor means:
- an independent provider of healthcare who is registered to provide general dental, medical, ophthalmic or pharmaceutical services under the National Health Service in the United Kingdom (UK); or
 - an employee of an National Health Service organisation in the UK who is registered to provide general dental, medical, ophthalmic or pharmaceutical services under the National Health Service in the UK.
- 10.2 The relevant Primary Care Managers shall devise and implement systems to control the registers of those who are entitled to provide general dental, medical, ophthalmic or pharmaceutical services under the National Health Service in Highland and Argyll & Bute areas. Systems shall include criteria for entry to and deletions from the registers.
- 10.3 The Director of Finance shall agree the Service Level Agreement (s) with NHS National Services Scotland for:
- the development, documentation and maintenance of systems for the verification, recording and receipt of NHS income collected by or on behalf of primary care contractors; and
 - the development, documentation and maintenance of systems for the verification, recording and payment of NHS expenditure incurred by or on behalf of primary care contractors.

- 10.4 The agreements at paragraph 10.3 above shall comply with guidance issued from time to time by the Scottish Government. In particular they shall take account of any national systems for the processing of income and expenditure associated with primary care contractors.
- 10.5 The Director of Finance shall ensure that all transactions conducted for or on behalf of primary care contractors by the Board shall be subject to these SFIs.

11 INCOME

- 11.1 The Director of Finance shall be responsible for designing and maintaining systems for the proper recording and collection of all monies due.
- 11.2 The Director of Finance shall take appropriate recovery action on all outstanding debts and shall establish procedures for the write-off of debts after all reasonable steps have been taken to secure payment.
- 11.3 The Director of Finance is responsible for ensuring the prompt banking of all monies received.
- 11.4 In relation to business development/income generation schemes, the Director of Finance shall ensure that there are systems in place to identify and control all costs and revenues attributed to each scheme.
- 11.5 The Director of Finance shall approve all fees and charges other than those determined by the Scottish Government or by Statute.

FINANCIAL MANAGEMENT SYSTEM

- 12.1 The Director of Finance shall carry prime responsibility for the accuracy and security of the computerised financial data of the Board and shall devise and implement any necessary procedures to protect the Board and individuals from inappropriate use or misuse of any financial and other information held on computer files for which they are responsible, after taking account of all relevant legislation and guidance.
- 12.2 The Director of Finance shall ensure that contracts for computer services for financial applications with another Board or any other agency shall clearly define the responsibility of all the parties for the security, privacy, accuracy, completeness and timeliness of data during processing, transmission and storage.
- 12.3 The Director of Finance shall ensure that adequate data controls exist to provide for security of financial applications during data processing, including the use of any external agency arrangements.
- 12.4 The Director of Finance should ensure that such computer audit checks as they may consider necessary are being carried out.
- 12.5 The Director of Finance shall ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and are thoroughly tested prior to implementation.
- 12.6 Where another health organisation or any other agency provides a financial system service to the Board, the Director of Finance shall periodically seek assurances, through Audit where appropriate, that adequate controls are in operation and that disaster recovery arrangements are robust.

13 CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

- 13.1 Any employee or agent discovering or suspecting a loss of any kind shall forthwith inform their head of department, who shall immediately inform the Chief Executive and the Director of Finance. Where a criminal offence is suspected, the Director of Finance shall follow the Fraud Policy and Action Plan, as set out in the Financial Operating Procedures.

- 13.2 The Director of Finance shall notify the Audit Committee and Counter Fraud Services of all actual or suspected frauds. See 13.10 below.
- 13.3 In all instances where there is any suspicion of fraud then the guidance contained within NHS Circular, HDL (2005) 5: "Tackling Fraud in Scotland – Joint Action Programme. Financial Control: Procedures where criminal offences are suspected" must be followed. The Board's Fraud Liaison Officer (FLO) must be notified immediately of all cases of fraud or suspected fraud.
- 13.4 The Director of Finance shall issue procedures on the recording of and accounting for Losses and special payments to meet the requirements of the Scottish Public Finance Manual. These procedures shall include the steps to be taken where the loss may have been caused by a criminal act.
- 13.5 The Scheme of Delegation shall describe the process for the approval of the write-off of losses and making of special payments.
- 13.6 The Director of Finance shall maintain a Losses and Special Payments Register in which details of all Category 1 and Category 2 losses shall be recorded as they are known. Category 3 losses may be recorded in summary form. Write-off action shall be recorded against each entry in the Register.
- 13.7 No special payments exceeding the delegated limits shall be made without prior approval by the SGHSCD.
- 13.8 The Director of Finance shall be authorised to take any necessary steps to safeguard the Board's interest in bankruptcies and company liquidations.
- 13.9 The Director of Finance is required to produce a report on Condemnations, Losses and Special Payments, where the delegated limits have been exceeded and SGHSCD approval has been requested, to the Audit Committee.
- 13.10 The Bribery Act came into force in 2010; it aims to tackle bribery and corruption in both the private and public sectors. The Act is fully endorsed by Highland NHS Board. NHS Highland conducts its contracting and procurement practices with integrity, transparency and fairness and has a zero tolerance policy on bribery or any kind of fraud. There are robust controls in place to help deter, detect and deal with it. These controls are regularly reviewed in line with the Standing Financial Instructions and feedback is provided to the Audit Committee. Procurement actively engage with NHS Scotland Counter Fraud Services to ensure that our team is fully trained on spotting potential signs of fraud and knowing how to report suspected fraud. As an existing or potential contractor to NHS Highland, you are required to understand that it may be a criminal offence under the Bribery Act 2010, punishable by imprisonment, to promise, give or offer any gift, consideration, financial or other advantage whatsoever as an inducement or reward to any officer of a public body and that such action may result in the Board excluding the organisation from the selected list of Potential Bidders, and potentially from all future public procurements. It is therefore vital that staff, contractors and agents understand what is expected of them and their duties to disclose and deal with any instances they find.

14 RISK MANAGEMENT

- 14.1 The Chief Executive shall ensure that the Board has a programme of risk management, which will be approved and monitored by the Board and which complies with the Standards issued by NHS Health Improvement Scotland.

NHS Highland takes part in CNORIS (the Clinical Negligence and Other Risks Indemnity Scheme), a not for profit, mutual Scheme providing a pool of funds to meet financial claims on the NHSS, which provides cover for both clinical and non-clinical claims against NHS Highland.

NHS Highland retains the services of legal advisors, primarily the Central Legal Office who liaise with the Clinical Governance Team regarding claims and inform NHS Highland about the best course of action to take in each case.

14.2 The programme of risk management shall include:

- a) A process for identifying and quantifying risks and potential liabilities, including the establishment and maintenance of a Risk Register;
- b) Encouraging a positive attitude towards the control of risk among all levels of staff;
- c) Management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover and decisions on the acceptable level of retained risk;
- d) Contingency plans to offset the impact of adverse events;
- e) Audit arrangements including internal audit, clinical audit and health and safety review;
- f) Arrangements to review the risk management programme.
- g) A review by each Governance Committee of relevant risks pertaining to their business.

The existence, integration and evaluation of the above elements will provide a basis for the Risk Committee to make a statement on the overall effectiveness of Internal Control and Corporate Governance to the Board.

14.3 The programme of risk management will be underpinned by a Board Assurance Framework, approved, and reviewed annually by the NHS Board.

15 RETENTION OF DOCUMENTS

15.1 The Chief Executive shall be responsible for maintaining archives for all documents in accordance with the NHS Code of Practice on Records Management.

15.2 The documents held in archives shall be capable of retrieval by authorised persons.

15.3 Documents held under the Code shall only be destroyed at the express instigation of the Chief Executive, and records shall be maintained of documents so destroyed.

16 PATIENTS'/CLIENTS' PROPERTY AND FUNDS

16.1 The Board has a responsibility 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.

16.2 The Chief Executive shall be responsible for ensuring that patients/client or their guardians, as appropriate, are informed before, or at their admission, by: -
Notices and information booklets
Hospitals'/Care facilities admission documentation and property records, and
The oral advice of administrative and nursing staff responsible for admissions, that the Board will not accept responsibility or liability for patients'/clients' monies and personal property brought into Board premises unless it is handed in for safe custody and a copy of an official property record is obtained as a receipt.

16.3 The Director of Finance shall provide detailed written instructions on the collection, custody, investment, recording, safekeeping and disposal of patients'/clients' property (including instructions on the disposal of the property of deceased patients'/clients and patients'/clients transferred to other premises), for all staff whose duty it is to administer, in any way, the property of the patients'/clients.

16.4 Bank accounts for patients'/clients' monies shall be operated under arrangements agreed by the Director of Finance.

16.5 A property record, in a form determined by the Director of Finance, shall be completed.

- 16.6 The Director of Finance is responsible for providing detailed instructions on the Board's responsibility as per the Adults with Incapacity (Scotland) Act 2000 and the updated Part 5 in CEL11(2008) Code of Practice. These instructions are contained within the Financial Operating Procedures.
- 16.7 The Director of Finance shall prepare an abstract of receipts and payments of patients/clients private funds in the form laid down by Scottish Government.

17 STORES

- 17.1 Stores, defined in terms of controlled stores and departmental stores (for immediate use), should be:
- Kept to a minimum;
 - Subject to annual stocktake; and
 - Valued at the lower of cost and net realisable value.
- 17.2 Subject to the responsibility of the Director of Finance for the systems of control, the control of stores throughout the organisation shall be the responsibility of the relevant managers. The day-to-day management may be delegated to departmental officers and stores managers/keepers, subject to such delegation being entered in a record available to the Director of Finance.
- 17.3 The responsibility for security arrangements, and the custody of keys for all stores locations, shall be clearly defined in writing by the manager responsible for the stores and agreed with the Director of Finance. Wherever practicable, stock items, which do not belong to the Board, shall be clearly identified.
- 17.4 All stores records shall be in such form and shall comply with such system of control and procedures as the Director of Finance shall approve.
- 17.5 Stocktaking arrangements shall be agreed with the Director of Finance and there shall be a physical check covering all items in store at least once a year. The physical check shall involve at least one officer other than the Storekeeper, and the Director of Finance and Internal and External Audit shall be notified and may attend, or be represented, at their discretion. The stocktaking records shall be numerically controlled and signed by the officers undertaking the check. Any surplus or deficiency revealed on stocktaking shall be reported immediately to the Director of Finance, and they may investigate as necessary. Known losses of stock items not on stores control shall be reported to the Director of Finance.
- 17.6 Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Director of Finance.
- 17.7 Instructions for stock take and the basis for valuation will be issued at least once a year by the Director of Finance.

18 AUTHORISATION LIMITS

- 18.1 18.1 The purpose of Standing Financial Instructions is to ensure adequate controls exist for the committing and payment of funds on behalf of NHS Highland. The main principles applied in determining authorisation limits are those of devolved accountability and responsibility. The rules for financial delegation to all levels of management within the Board's established policies and priorities are set out in the Scheme of Delegation and Financial Operating Procedures
- 18.2 18.2 Areas covered by the Scheme of Delegation include:
Limitation and Authority to vire budgets between one budget heading and another.
Limitation of level of Authority for the placing of orders or committing resources
Limitation as to the level of authority to approve receipt of orders, expenses, travel claims, payment of invoices, write off of losses.

19 ENDOWMENT FUNDS

- 19.1 The Standing Financial Instructions deal with matters related to exchequer income and expenditure for NHS Highland. Whilst Endowment Funds fall outwith the scope of core exchequer funds, it is important that all relevant employees and agents are aware of the arrangements for the financial responsibility and authority for such funds.
- 19.2 Endowment Funds and are those held in trust for purposes relating to the National Health Service, either by the Board or Special Trustees appointed by the Scottish Ministers or by other persons.
- 19.3 Members of the Highland Health Board become Trustees of the Board's Endowment Funds. The responsibilities as Trustees are discharged separately from the responsibilities as members of the Board.
- 19.4 The Director of Finance shall prepare detailed procedural instructions covering the receiving, recording, investment and accounting for Endowment Funds.
- 19.5 Through the Board's Scheme of Delegation, authority will be given by the Trustees to allow for the day to day management of the funds within specified limits.
- 19.6 The Authorisation Limits are set out in the Scheme of Delegation and the Financial Operating Procedures.
- 19.7 The Director of Finance shall prepare annual accounts for the funds held in trust, to be audited independently and presented annually to the trustees.

20 JOINT VENTURES

- 20.1 Prior to entering into a joint venture (JV) the Board will conduct due diligence to identify whether the JV has or will have in place anti-bribery policies and procedures that are consistent with its own.
- 20.2 Where the Board has overall control of the JV it should ensure that the JV has anti-bribery controls in place that are consistent with the Board's own policies and procedures.
- 20.3 Where the Board does not have overall control of the JV it will inform the JV organisations of its policy and procedures and encourage them to adopt these for the venture.
- 20.4 Where due diligence shows that the JV does not have appropriate anti-bribery policies and procedures in place consistent with its own, the Board should ensure that it is protected from litigation arising from acts of bribery by partner organisations in the wording of any contract or agreement. Central Legal Office advice and guidance should be obtained to ensure that the Board is fully protected.
- 20.5 The Board should monitor the programmes and performance of its JV partners in respect of anti-bribery. Anti-bribery should be a standing agenda item on JV meetings and reports should be tabled demonstrating adherence to policy and procedures, identification of any acts of bribery or potential bribery and management actions taken and proposed.
- 20.6 Where the Board determines that the JV policies and practices are inconsistent with its own, the Board will take appropriate action. This may involve insistence by the Board of adoption of appropriate policy and procedures by the JV, putting in place legal protection for the Board, where the partners indemnify the Board against acts of bribery or ultimately withdrawal of the Board from the JV.
- 20.7 Where the Board is unable to ensure that a JV has anti-bribery policy and procedures consistent with its own, it will ensure that it has a plan to exit from the arrangement if bribery occurs or may be reasonably thought to have occurred. Central Legal Office advice and guidance should be sought to ensure that such arrangements are in place in any legal documentation.

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**FINANCE, RESOURCES AND PERFORMANCE COMMITTEE
CONSTITUTION AND TERMS OF REFERENCE**

Date of FRP Committee agreement: October 2023
Audit Committee endorsement for Board approval: December 2023
For approval at NHS Highland Board 26 March 2024

1. PURPOSE

1.1 The purpose of the Committee is to keep under review the financial position and performance against key finance and non-financial targets of the Board, and to ensure that suitable arrangements are in place to secure economy, efficiency and effectiveness in the use of all resources, and that the arrangements are working effectively.

2. ROLE

2.1 To scrutinise the overall performance of NHS Highland across the following functions of the NHS Board:

- resource allocation **and utilisation**
- performance management
- strategic **and operational** planning
- all digital functions
- environmental sustainability workstreams

2.2 To ensure that systems and procedures are in place to monitor, manage and improve performance, across the whole system, and liaise closely with relevant Governance Committees (Staff, Clinical and Audit) to ensure appropriate remedial action takes place.

2.3 To consider financial plans, approve annual budget proposals and business cases for submission to the NHS Board.

3. COMPOSITION

2.4 The membership of the Finance, Performance and Resources Committee will be:

- Five Non-Executive members (one of whom will be the Chair).
- Chief Executive
- **Deputy Chief Executive**
- Director of Finance
- Medical Director

- Director of Public Health
- Director of Nursing
- Director of Estates, Facilities and Capital Planning

3.1 The Chair of the Audit Committee will not be a member of the Finance, Performance and Resources Committee.

3.2 Officers of the Board will be expected to attend meetings of the Committee when issues within their responsibility are being considered by the Committee. Where appropriate, deputies will be permitted. In addition, the Committee Chair will agree with the Lead Officer to the Committee which other Senior Staff should attend meetings, routinely or otherwise. The following will normally be routinely invited to attend Committee meetings:

- ~~Deputy Chief Executive~~
- Chief Operating Officer (Acute Services)
- Chief Officer, Argyll and Bute IJB
- Chief Officer, North Highland
- ~~PMO Director~~
- Head of Strategy and Transformation
- **Deputy Director of Finance**
- Board Secretary

3.3 The Director of Finance shall serve as the Lead Officer to the Committee.

4. QUORUM

4.1 No business shall be transacted at a meeting of the Committee unless at least three Non-Executive members are present. There may be occasions when due to the unavailability of the above Non-Executive members, the Chair will ask other Non-Executive members to act as members of the committee so that quorum is achieved. This will be drawn to the attention of the Board.

5. MEETINGS

5.1 The Committee shall meet as necessary to fulfil its remit but not less than six times per year.

5.2 NHS Highland Board shall appoint a Chair who shall preside at meetings of the Committee. If the Chair is absent from any meeting of the Committee, the Committee Vice Chair will preside at the meeting. In the absence of both the Chair and the Vice Chair, members shall elect from amongst themselves one of the other Committee members to chair the meeting.

5.3 The agenda and supporting papers will be sent out at least five clear working days before the meeting.

6. REMIT

6.1 The Committee shall have accountability to the Board for ensuring that the financial position of the Board is soundly based, having regard to:

- compliance with statutory financial requirements and achievement of financial targets;
- such financial monitoring and reporting arrangements as may be specified from time-to-time by Scottish Government Health & Social Care Directorates and/or the Board;
- the impact of planned future policies and known or foreseeable future developments on the financial position;
- scrutiny of the delivery of Board Strategy and Annual Development Plans for those areas of the Committee's interests
- Highland's overall performance, strategic policy and planning objective, and ensure mechanisms are in place to promote best value improved efficiency and effectiveness
- ensuring a rigorous and systematic approach to performance monitoring and reporting is in place to enable more strategic and better informed discussions to take place at NHS Highland Board meetings
- review regularly the sections of the NHS Highland Integrated Performance Report relevant to the Committee's responsibility.
- recommend the annual revenue and capital budgets, and financial plans consistent with its statutory financial responsibilities;
- review the Property Strategy (including the acquisition and disposal of property) and capital plans, and make recommendations to the Board;
- review the Board's achievement of NHSScotland's Policy on the Global Climate Emergency and Sustainable Development
- review the Board's digital strategy and performance against the digital delivery plan
- the regular review of NHS Highland's Business Continuity Plan
- oversight of emergency planning arrangements
- scrutiny of relevant financial and performance risks on the Corporate Risk register on a bi-monthly basis
- undertake an annual self-assessment of the Committee's work and effectiveness.

Arrangements for Securing Value for Money

- 6.2 The Committee shall keep under review arrangements for securing economy, efficiency and effectiveness in the use of resources. These arrangements will include procedures for (a) planning, appraisal, control, accountability and evaluation of the use of resources, and for (b) reporting and reviewing performance and managing performance issues as they arise in a timely and effective manner. In particular, the Committee will review action (proposed or underway) to ensure that the Board achieves financial balance in line with statutory requirements.

Allocation and Use of Resources

- 6.3 The Committee has key responsibilities for:
- reviewing the development of the Board's Financial Strategy in support of the Annual Operational Plan, and recommending approval to the Board;
 - reviewing all resource allocation proposals outwith authority delegated by the Board and make recommendations to the Board thereon;
 - monitoring the use of all resources available to the Board; and

- reviewing all matters relating to Best Value.
- 6.4 Specifically, the Committee is charged with recommending to the Board annual revenue and capital budgets and financial plans consistent with its statutory financial responsibilities. It shall also have responsibility for the oversight of the Board's Capital Programme (including individual Business Cases for Capital Investment) and the review of the Property Strategy (including the acquisition and disposal of property), and for making recommendations to the Board as appropriate on any issue within its terms of reference.
- 6.5 The Committee will receive minutes from the Asset Management Group, and the **Efficiency and Transformation Group** ~~Financial Recovery Board and the Performance Recovery Board~~. Issues arising from these Committees will be brought to the attention of the Chair of the Finance, Performance and Resources Committee for further consideration as required.
- 6.6 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 Highland 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.

Performance

- 6.7 To support the development of a performance management and accountability culture across NHS Highland.
- 6.8 Receive annual reports and regular updates from the Sub-committees established by the Committee in order to provide assurance and accountability.
- 6.9 To monitor and review risks falling within its remit.
- 6.10 To receive reports from the Digital Health and Care Group three times per year to ensure systems are in place and maintained to give assurance to the Board on all digital functions.
- 6.11 To receive reports from the NHS Highland Environmental & Sustainability Board on a quarterly basis to ensure that systems are in place and maintained to give assurance to the Board on all matters relating to delivery of the NHSScotland Policy on the Global Climate Emergency and Sustainable Development.

General

- 6.12 The Committee will undertake an annual self-assessment of its work and effectiveness in accordance with NHS Highland and Good Governance values. This will inform the Annual Report to the Board.

- 6.13 The Committee will provide an Annual Report incorporating a Statement of Assurance for submission to the Board via the Audit Committee. The proposed Annual Report will be presented to the first Committee meeting in the new financial year or agreed with the Chairperson of the respective Committee by the end of May each year for presentation to the Audit Committee in June. The Annual Report will include the Committee’s assessment and conclusions on its effectiveness over the financial year in question.
- 6.14 The Committee shall draw up and approve, before the start of each financial year, an Annual Work Plan for the Committee’s planned work during the forthcoming year.

7. AUTHORITY

- 7.1 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.
- 7.2 In order to fulfil its remit, the Finance, Performance and Resources Committee may obtain whatever professional advice it requires and require Directors or other officers of the Board to attend meetings.

8. REPORTING ARRANGEMENTS

- 8.1 The Finance, Performance and Resources Committee reports directly to NHS Highland Board on its work. The Chair of Committee shall provide assurance on the work of the Committee and the draft minutes will be submitted to the NHS Board meeting for information.

Items requiring urgent attention by the NHS Board can be raised at any time at NHS Board Meetings, subject to the approval of the Chair.

- 8.2 The following Groups will report to the Finance, Performance and Resources Committee:
 - Asset Management Group
 - Digital Health and Care Group
 - NHS Highland Environmental & Sustainability Board
 - ~~Financial Recovery Board~~
 - ~~Performance Recovery Board~~
 - **Efficiency and Transformation Group**

Sections added	<i>Sections deleted</i>
Sections moved	



HIGHLAND HEALTH & SOCIAL CARE COMMITTEE CONSTITUTION AND TERMS OF REFERENCE

Date of HHSCC agreement: January 2024

Audit Committee endorsement for Board approval: March 2023

For approval at NHS Highland Board 26 March 2024

1. PURPOSE

- 1.1 The purpose of the Highland Health and Social Care Committee is to provide assurance to NHS Highland Board that the planning, resourcing and delivery of those community health and social care services that are its statutory or commissioned responsibility are functioning efficiently and effectively, ensuring that services are integrated so that people receive the care they need at the right time and in the right setting, with a focus on community-based, preventative care.
- 1.2 Receive and scrutinise assurance from the Highland Council as to performance services delegated by NHS Highland under the Lead Agency arrangements. (moved from Section 5.1)

2. JOINT MONITORING COMMITTEE

- 2.1 In line with section 15(3) of the Public Bodies (Joint Working) (Scotland) Act 2014, The Highland Council and NHS Highland have established an Integration Joint Monitoring Committee (known as "The Highland Partnership Joint Monitoring Committee"), which has oversight of both integrated Adult Services and Integrated Children's services and monitors the carrying out of integrated functions (both delegated and conjoined).
- 2.2 In terms of section 29(1) of the Act, each Partner is responsible for the planning of the integrated and conjunction services for which it is the Lead Agency. This means that NHS Highland must lead on producing an Integrated Adult Services Strategic Plan and The Highland Council must lead on producing an Integrated Children's Services Strategic Plan with both plans taking account of the other and together being monitored by the Joint Monitoring Committee.
- 2.3 Within NHS Highland, governance of Integrated Adult Services and services delegated to The Highland Council and assurance of service delivery is provided at the Health & Social Care Committee through arrangements put in place and overseen directly by the NHS Highland Board.

2. COMPOSITION

2.1 The membership of the Committee is agreed by the full NHS Board and has a Non-Executive Chair.

Voting Committee members as follows

- 5 x Non-Executives, one of whom chairs the Committee and one of whom is the Council nominee on the Health Board
- 5 x Executive Directors as follows - Chief Officer, Director of Adult Social Care, Finance Lead, Medical Lead and Nurse Lead **Chief Finance Officer, Medical Director and Nurse Director**
- 3 Representatives of Highland Council

The wider stakeholder and advisory membership (non-voting) will be as follows:

- Staff Side Representative (2)
- Public/Patient Member representative (2)
- Carer Representative (1)
- 3rd Sector Representative (1)
- Lead Doctor (GP)
- Medical Practitioner (not a GP)
- 2 representatives from the Area Clinical Forum
- Public Health representative
- Highland Council Executive Chief Officer for Health and Social Care
- Highland Council Chief Social Worker

The Committee shall have flexibility to call on additional advice as it sees fit to enable it to reach informed decisions.

2.2 Ex Officio

Board Chair

~~2.3~~ ***In Attendance:***

- Deputy Director of People*
- Head of Health & Safety*

The Committee Chair is appointed by the full Board.

3. QUORUM

No business shall be transacted at a meeting of the Committee unless at least one Non-Executive Director being present (in addition to the Chair) and comprising a minimum of one third of Committee members.

4. MEETINGS

- 4.1 The Committee shall meet at least five times per year. The Chair, at the request of any three Members of the Committee, may convene ad hoc meetings to consider business requiring urgent attention. The Committee may meet informally for training and development purposes, as necessary.
- 4.2 The Committee will be serviced within the NHS Highland Committee Administration Team and minutes will be included within the formal agenda of the NHS Board.
- 4.3 The agenda and supporting papers will be sent out at least five clear working days before the meeting.
- 4.4 All Board members will receive copies of the agendas and reports for the meetings and be entitled to attend meetings.
- 4.5 Any amendments to the Terms of Reference of Highland Health and Social Care Governance Committee will be submitted to NHS Highland Board for approval following discussion within the Governance Committee.
- 4.6 The Agenda format for meetings will be as follows:
 - Apologies
 - Declaration of Interests
 - Minutes
 - Last Meeting
 - Formal Sub Committees
 - Formal Working Groups
 - Strategic Planning and Commissioning
 - Finance
 - Performance Management
 - Community Planning and Engagement
 - Operational Unit Exception Reports

5. REMIT

- 5.1 The remit of the Highland Health and Social Care Committee is to:
 - Provide assurance on fulfilment of NHS Highland's statutory responsibilities under the Public Bodies (Joint Working) Act 2014 and other relevant legislative provisions relating to integration of health and social care services
 - Provide assurance on fulfilment of NHS Highland's responsibilities under the Community Empowerment Act in relation to Community Planning
 - Contribute to protecting and improving the health of the Highland population and ensure that health and social care services reduce inequalities in health
 - Develop the Strategic Commissioning Plan for integrated health and social care services and approve arrangements for the commissioning of services to deliver the agreed outcomes of the plan, ensuring the involvement of stakeholders and local communities
 - Develop policies and service improvement proposals to deliver the agreed outcomes of the plan, within the available resources as agreed by the Joint Monitoring Committee
 - Monitor budgets for services within its remit and provide assurance regarding achievement of financial targets

- Scrutinise performance of services within its remit in relation to relevant national and locally agreed performance frameworks, including the NHS Highland Annual Operating Plan and the Strategic Commissioning Plan for integrated health and social care services.
- Through the annual performance report of the Integration Authority provide an overview of North Highland Adult Services performance, in line with the 9 national outcomes for health and wellbeing to Highland Council as partners via the Joint Monitoring Committee
- Receive and scrutinise assurance from the Highland Council as to performance services delegated by NHS Highland under the Lead Agency arrangements

5.2 The Committee will undertake an annual self-assessment of its work and effectiveness in accordance with NHS Highland and Good Governance values. This will inform the Annual Report to the Board.

5.3 The Committee is also required to carry out a review of its function and activities and to provide an Annual Report incorporating a Statement of Assurance. This will be submitted to the Board via the Audit Committee. The proposed Annual Report will be presented to the first Committee meeting in the new financial year or agreed with the Chairperson of the respective Committee by the end of May each year for presentation to the Audit Committee in June.

5.4 The Committee shall draw up and approve, before the start of each financial year, an Annual Work Plan for the Committee's planned work during the forthcoming year.

6. AUTHORITY

6.1 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.

6.2 In order to fulfil its remit, the Highland Health and Social Care Committee may obtain whatever professional advice it requires, and require Directors or other officers of the Board to attend meetings.

6.3 Delegated authority is detailed in the Board's Standing Orders, as set out in the Purpose and Remit of the Committee.

7. REPORTING ARRANGEMENTS

7.1 The Highland Health and Social Care Governance Committee is a Governance Committee of NHS Highland and is accountable directly to the Board.

7.2 The Committee will report to the Board through the issue of Minutes/Assurance Reports and an assessment of the performance of the Committee will be undertaken annually and presented by way of an Annual Report to the Audit Committee, then the Board.

7.3 As a committee of the Board and as indicated in the Standing Orders, the HH&SCC will escalate any risks or concerns that require a Board decision to the Health Board.

- 7.4 Establish a Strategic Planning and Commissioning sub-committee to fulfil the obligations set out in the legislation.



Sections Added	Sections Deleted

AUDIT COMMITTEE CONSTITUTION AND TERMS OF REFERENCE

Date of Audit Committee agreement: December 2023
For approval at NHS Highland Board 26 March 2024

1. PURPOSE AND ROLE

- 1.1 To ensure the management of the Board's activities is in accordance with the regulations governing the NHS in Scotland that an effective system of internal control is maintained and that a strong corporate governance culture is in operation. The duties of the Audit Committee shall be in accordance with the Scottish Government Audit & Assurance Handbook, dated March 2018.
- 1.2 To approve and monitor the delivery of the internal and external audit plans.
- 1.3 To ensure a system of internal control is in existence and maintained to give reasonable assurance that assets are safeguarded; waste or inefficiency is avoided; risk management is in place; reliable financial information is produced.
- 1.3 To ensure a system of control is in existence and maintained to give assurance on risks related to information governance, security and privacy.
- 1.5 To support the Board and Accountable Officer in their responsibilities through a process of constructive challenge which focuses on both processes and outcomes.

2. COMPOSITION

- 2.1 The membership of the Audit Committee will be:
 - Five Non-Executive members of NHS Highland Board (one of whom will be the Chair).
- 2.2 The Committee may have the option to co-opt members to meet specific skill sets.
- 2.3 The Chair of NHS Highland Board cannot be a member of the Committee.
- 2.4 In order to avoid any potential conflict of interest, the Chair of the Audit Committee shall not be the Chair of any other governance Committee of the Board.

2.2 Officers of the Board will be expected to attend meetings of the Committee when issues within their responsibility are being considered by the Committee. In addition, the Committee Chair will agree with the Lead Officer to the Committee which other Senior Staff should attend meetings, routinely or otherwise. The following will normally be routinely invited to attend Committee meetings:

- Chief Executive
- Director of Finance
- Chief Internal Auditor or representative
- Assistant Director of Finance – Financial Services
- ~~Head of Area Accounting~~
- Statutory External Auditor
- Board Secretary

2.3 The Director of Finance shall serve as the Lead Officer to the Committee.

3. QUORUM

3.1 No business shall be transacted at a meeting of the Committee unless at least three Non-Executive members are present. There may be occasions when due to the unavailability of the above Non-Executive members, the Chair will ask other Non-Executive members to act as members of the committee so that quorum is achieved. This will be drawn to the attention of the Board.

4. MEETINGS

4.1 There will be a minimum of 5 meetings a year one of which is specifically to consider the annual accounts. Ad hoc meetings to consider particular issues or business requiring urgent attention can be arranged.

4.2 The June meeting will be attended by the External Auditor, and the Annual Accounts will be presented for agreement at this meeting.

4.3 The agenda and supporting papers will be sent out at least five clear working days before the meeting. Papers are made available to all Non-Executive Directors of the Board who may attend meetings as they wish.

4.4 NHS Highland Board shall appoint a Chair who shall preside at meetings of the Committee. The Committee shall elect a Vice Chair from its membership who will chair meetings if the Chair is absent from any meeting of the Committee.

4.5 At least once per year the Committee should meet with the External/Internal Auditors without any Executive Directors or Board staff present.

4.6 The Committee may sit privately without any Non-Members present for all or part of a meeting if they so decide.

5. REMIT

5.1 The main objective of the Audit Committee is to support the Accountable Officer and NHS Highland Board in meeting their assurance needs. This includes advising the Board and Accountable Officer on:

- The strategic processes for risk, control and governance and the Statement on Internal Control
- The effectiveness of the internal control environment
- Assurances relating to the corporate governance requirements of the organisation
- the operational effectiveness of Internal Audit by considering the audit standards, resources, staffing, technical competency and performance measures
- Determining the planned activity and results of internal audit reviews and reports
- The adequacy of management response to issues identified by all audit activity, including the external audit's management letter/report
- 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 errors identified and management's letter of representation to the external auditors
- Anti-fraud policies, whistle-blowing processes and arrangements for special investigation
- To support organisational and financial performance and efficiency as well as the effectiveness and quality of services
- Information governance and assurance, by giving direction to and receiving reports from the Information Assurance Group on its activities, and on risks related to information governance, security and privacy.

6. AUTHORITY

6.1 The Committee is authorised by the Board to investigate any activity within its Terms of Reference. It is authorised to seek any information required from any employee and all employees are directed to co-operate with any requests made by the Committee. Independent external advice can be accessed in respect of matters within the Committee's Remit.

6.2 The Committee will report to the Board through the issue of Minutes, by highlighting any key issues to the Board and through the Annual Report which will summarise its conclusions from the work it has done during the year.

6.3 The Chair is responsible for ensuring there is clarity of communication and accountability with the other Governance Committee Chairs.

6.4 The Committee will undertake an annual self-assessment of its work and effectiveness in accordance with NHS Highland and Blueprint for Good

Governance values. This will be reported to the Board and Accountable Officer and inform the Committee Annual Report to the Board.

- 6.5 The Committee will provide an Annual Report incorporating a Statement of Assurance for submission to the Board in June each year.
- 6.6 The Committee will work closely with the Audit Committee of the Argyll & Bute Integration Joint Board, but it is important to recognise the boundaries between the two Committees and the need to avoid duplication. It will therefore be important to ensure the internal audit plans for the two Committees complement each other rather than duplicate effort. The Committee will seek regular updates from the IJB's Audit committee in order to be aware of issues that require its attention and also to guard against duplication.

7. REPORTING ARRANGEMENTS

- 7.1 The Audit Committee reports directly to NHS Highland Board on its work. The Minutes of the Committee are presented to the Board by the Committee Chair, who provides a report, on an exception basis, on any particular issues which the Committee wishes to draw to the Board's attention.
- 7.2 The Audit Committee will advise the Scottish Parliament Public Audit Committee of any matters of significant interest as required by the Scottish Public Finance Manual
- 7.3 The Audit Committee will receive Minutes of meetings of the Information Assurance Group and the Resilience Committee together with a short update report according to the meetings schedule for these groups.

Sections added	<i>Sections Deleted</i>
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STAFF GOVERNANCE COMMITTEE CONSTITUTION AND TERMS OF REFERENCE

Date of Staff Governance Committee agreement: September 2023

Audit Committee endorsement for Board approval: March 2024

For approval at NHS Highland Board 26 March 2024

1. PURPOSE

- 1.1 The purpose of the Staff Governance Committee is to support and maintain a culture within the health system where the delivery of the highest standard possible 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.
- 1.2 To assure the Board that the staff governance arrangements across NHS Highland are working effectively.
- 1.3 As a Committee of the Board, escalate any issues if serious concerns are identified regarding staff governance issues within NHS Highland.

2. COMPOSITION

2.1 The membership of the Staff Governance Committee will be:

- Four Non-Executive members, one of whom will be the Chair of the Committee.
- Employee Director
- Three Area Partnership Forum (Staffside) representatives
- Chief Executive

2.2 Ex Officio

Board Chair

2.3 Officers of the Board will be expected to attend meetings of the Committee when issues within their responsibility are being considered by the Committee. Where appropriate, deputies will be permitted. In addition, the Committee Chair will agree with the Lead Officer to the Committee which other Senior Staff should attend meetings, routinely or otherwise. The following will normally be routinely invited to attend Committee meetings:

- Director of People and Culture
- Deputy Chief Executive
- Nurse Director
- Medical Director
- Director of Public Health
- Chief Officer, Acute
- Chief Officer, Argyll and Bute IJB
- Chief Officer, Highland HSCP
- Director of Estates, Facilities and Capital Planning
- Director of Finance
- Director of Adult Social Care
- ~~Head of Occupational Health and Safety~~
- Deputy Director of People
- ~~Head of Communications and Engagement~~
- Staffside Co-Chair of Health & Safety sub committee

2.4 The Director of People and Culture will act as Lead Officer to the Committee.

3. QUORUM

3.1 No business shall be transacted at a meeting of the Committee unless at least three Non-Executive members are present. Non- Executive Directors who are unable to attend a meeting should find a substitute to attend in their place.

4. MEETINGS

4.1 The Staff Governance Committee shall meet as necessary to fulfil its purpose but not less than six times a year. Where possible, these meetings should be held to fall between two and four weeks before the NHS Highland Board meeting.

4.2 NHS Highland Board shall appoint a Chair who shall preside at meetings of the Committee and a Vice Chair who will chair in their absence.

4.3 If the Chair is absent from any meeting of the Committee, the Vice Chair shall chair the meeting.

4.4 The agenda and supporting papers will be sent out at least five working days before the meeting.

5. REMIT

5.1 The remit of the Staff Governance Committee is to:

- Consider NHS Highland's performance in relation to its achievements of effective Staff Governance and its compliance with the Staff Governance Standard and reporting on progress to Scottish Government.
- Take responsibility for the timely submission of all staff governance information required for national monitoring arrangements.

- Give assurance to the Board on the operation of Staff Governance systems within NHS Highland, regarding progress, issues, risks and mitigation and actions being taken, where appropriate.
 - Oversee the commissioning of structures and processes which ensure that the delivery against the standard is being achieved.
 - Monitor and evaluate strategies and implementation plans relating to people and culture, through the Together We Care Strategy, Argyll & Bute HSCP Strategic Plan, the Annual Delivery Plan and the Workforce Plans for NHS Highland and Argyll & Bute HSCP.
 - Provide support for any policy amendment, funding or resource submission to achieve the Staff Governance Standard.
 - Review action taken on recommendations made by the Committee, NHS Boards, or the Scottish Ministers on Staff Governance matters.
 - Provide assurance and oversight to the board for the operation of the Area Partnership Forum, the Health & Safety Committee and the groups reporting to the People and Culture Portfolio Board (namely: Culture Oversight Group; Health and Wellbeing Group; Diversity and Inclusion Group and Health and Care Staffing Act programme Board) and escalate any matters as required.
 - Support the operation of the Area Partnership Forum and the Local Partnership Forums in their Staff Governance monitoring role and the appropriate flow of information to facilitate this.
 - Provide oversight for the delivery of Medical Education within the Board, including provision of an annual report to the Committee.
- 5.2 The Committee will undertake an annual self-assessment of its work and effectiveness in accordance with NHS Highland and Good Governance values. This will inform the Annual Report to the Board
- 5.3 The Committee is also required to carry out a review of its function and activities and to provide an Annual Report incorporating a Statement of Assurance. This will be submitted to the Board via the Audit Committee. The proposed Annual Report will be presented to the first Committee meeting in the new financial year or agreed with the Chairperson of the respective Committee by the end of May each year for presentation to the Audit Committee in June.
- 5.4 The Committee shall draw up and approve, before the start of each financial year, an Annual Work Plan for the Committee's planned work during the forthcoming year and shall review this at each meeting.
- 5.5 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 Highland 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.

6. AUTHORITY

- 6.1 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.
- 6.2 In order to fulfil its remit, the Staff Governance Committee may obtain whatever professional advice it requires, and require Directors or other officers of the Board to attend meetings.
- 6.3 Delegated authority is detailed in the Board's Standing Orders, as set out in the Purpose and Remit of the Committee.

7. REPORTING ARRANGEMENTS

- 7.1 The Staff Governance Committee reports directly to NHS Highland Board on its work. Minutes of the Committee are presented to the Board by the Committee Chair, who provides a report, on an exception basis, on any particular issues which the Committee wishes to draw to the Board's attention.
- 7.2 The Area Partnership Forum will report to the Committee and act as the main implementation body for the Staff Governance agenda.
- 7.3 The Health and Safety Committee will report to the Committee to ensure that the appropriate processes and resources are in place to facilitate the achievement of Health and Safety Policy Aims and Strategic Objectives and for assurance of and escalation for matters relating to Health & Safety. This will include receiving an annual report on progress with the Health and Safety agenda.
- 7.4 The People and Culture Programme Board will report to the Committee on progress with and assurance of the People and Culture elements of the Strategy and Annual Delivery Plan, including the Argyll and Bute Strategic Plan, as well as compliance with the Health and Care Staffing Act and delivery of the Workforce plans for both NHS Highland and Argyll & Bute HSCP. This will include a dashboard of metrics and insights and oversight of key risks and issues.



CLINICAL GOVERNANCE COMMITTEE CONSTITUTION AND TERMS OF REFERENCE

Date of Clinical Governance Committee confirmation – 2 November 2023

Audit Committee endorsement for Board approval 12 March 2024

For approval at NHS Highland Board 26 March 2024

1. PURPOSE

- 1.1 To carry out the statutory duties as outlined in NHS MEL(1998~)75, NHS MEL (2000)29 and NHS MEL (2001)74.
- 1.2 To give the Board assurance that clinical and care governance systems are in place and working throughout the organisation.
- 1.3 To provide assurance that decision making about the planning, provision, organisation and management of services which are the responsibility of the Board takes due cognisance of the quality and safety of care and treatment.
- 1.4 To oversee the clinical governance and risk management activities in relation to the development and delivery of the NHS Highland Strategy, ensuring it fits with national strategies, takes into account local population needs and demographics, and is geared towards quality, sustainable community and acute services.
- 1.5 To assure the Board that clinical and care governance arrangements in both Health and Social Care Partnerships are working effectively.

2. COMPOSITION

2.1 The membership of the Clinical Governance Committee will be:

- 4 Non Executives Board members, one of whom would Chair the committee
- Chair of the Area Clinical Forum
- Staff side Representative
- 2 Independent Public Members
- Medical Director
- Director of Public Health
- Nurse Director

2.2 Ex Officio

Board Chair
Chief Executive

2.3 Officers of the Board will be expected to attend meetings of the Committee when issues within their responsibility are being considered by the Committee. Where appropriate, deputies will be permitted. In addition, the Committee Chair will agree with the Lead Officer to the Committee which other Senior Staff should attend meetings, routinely or otherwise. The following will normally be routinely invited to attend Committee meetings:

- Deputy Medical Directors
- Chief Officer NH/Director of Community Services
- Chief Officer A&B
- Chief Officer of Acute Services
- Clinical Director of e-Health (Head of e-Health as substitute)
- Director of Pharmacy
- Board Clinical Governance Manager
- Clinical Governance Manager Argyll & Bute
- Contracted Services Representative, The Highland Council
- Associate Director Allied Health Professionals
- Deputy Nurse Director
- Associate Nurse Directors
- Head of Midwifery
- Director of Adult Social Care
- Consultant Community Paediatrician
- Lead for Realistic Medicine

2.4 The Medical Director shall serve as the lead officer to the Committee.

3. QUORUM

3.1 No business shall be transacted at a meeting of the Committee unless at least three Non-Executive members are present. There may be occasions when due, to the unavailability of the above Non-Executive members, the Chair will ask other Non-Executive members to act as members of the committee so that quorum is achieved. This will be drawn to the attention of the Board.

4. MEETINGS

4.1 The Clinical Governance Committee shall meet as necessary to fulfil its purpose but not less than six times a year. The Chair may convene ad-hoc meetings to consider business requiring urgent attention.

4.2 NHS Highland Board shall appoint a Chair who shall preside at meetings of the Committee and a Vice Chair who will chair in their absence.

4.3 If the Chair is absent from any meeting of the Committee, the Vice Chair shall chair the meeting.

4.4 The agenda and supporting papers will be sent out at least five clear working days before the meeting.

4.5 Items will be added to the agenda with the agreement of the Chair and/or Medical Director.

- 4.6 An action plan will be produced after each meeting within 5 working days to ensure business of the Committee is progressed and implementation of agreed actions takes place as soon as possible where appropriate.
- 4.7 All papers received by the Committee will be presented in person, unless otherwise agreed by the Chair.

5. REMIT

5.1 The remit of the Clinical Governance Committee is to:

- interrogate the clinical and care governance systems to ensure that the principles and standards for clinical governance are being implemented;
 - challenge evidence gathered across the organisation to raise areas of concern, ensure that these are properly addressed, and to monitor and review the effect of actions taken and report outcomes to the Board;
 - review outcomes against local and national standards and to ensure compliance with national regulatory and performance requirements;
 - select and agree a range of clinical targets and outcomes in conjunction with clinicians and other relevant personnel and ensure an appropriate audit and reporting framework is adhered to across the organisation
 - receive exception reports from its reporting committees on relevant areas of concern and the submission of action plans of amended practice;
 - receive reports from its reporting committees;
 - receive regular reports from the Quality and Patient Safety Groups on the implementation of the quality & patient safety framework and on an agreed range of quality targets and outcomes;
 - receive the Committee's risk register at every meeting
 - receive the Strategic Risk Register at alternate meetings for consideration by the Committee;
 - review regularly the sections of the NHS Highland Integrated Performance and Quality Report relevant to the Committee's responsibility; and
 - receive updates on and oversee the progress on the recommendations from relevant external reports of reviews of all healthcare organisations including clinical governance reports and recommendations from relevant regulatory bodies which may include Healthcare Improvement Scotland (HIS) reviews and visits.
- 5.2 The Committee will undertake an annual self-assessment of the its work and effectiveness in accordance with NHS Highland and Good Governance values. This will inform the Annual Report to the Board.
- 5.3 The Committee will provide an Annual Report incorporating a Statement of Assurance for submission to the Board via the Audit Committee. The proposed

Annual Report will be presented to the first Committee meeting in the new financial year or agreed with the Chairperson of the respective Committee by the end of May each year for presentation to the Audit Committee in June.

- 5.4 The Committee shall draw up and approve, before the start of each financial year, an Annual Work Plan for the Committee's planned work during the forthcoming year.
- 5.5 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 Highland 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.

6. AUTHORITY

- 6.1 The Committee is authorised to investigate any activity within its remit. It is authorised to seek any information required from any employee and all employees are directed to co-operate with any requests made by the Committee. Furthermore, independent external advice may be accessed in respect of matters within the Committee's remit.
- 6.2 The Committee is accountable to the Board and will report to the Board through the issue of Assurance Reports. The Committee will raise specific issues with the Board as it considers necessary.
- 6.3 The Committee will present an annual account to the Board in execution of its duty to provide assurance that NHS Highland's statutory duties with regard to clinical governance are being fulfilled.
- 6.4 A number of committees and groups are accountable to the Clinical Governance Committee and will provide assurance to the Committee. Such assurance is given by the submission of exception reports of activity and areas of good practice, exception reports on areas of concern, and work plans. Areas of concern identified by these committees will be addressed specifically on the agenda of the Clinical Governance Committee. In addition, the Lead Executives for the reporting Committees will be asked to give a written exception report when appropriate together with an annual presentation to the Clinical Governance Committee.
- 6.5 Assurance regarding Adult Social Care Services is within the remit of the Argyll & Bute Integrated Joint Board and the Highland Health and Social Care Partnership.

7. REPORTING ARRANGEMENTS

- 7.1 The Clinical Governance Committee reports directly to NHS Highland Board on its work. Minutes of the Committee are presented to the Board by the Committee Chair, who provides a report, on an exception basis, on any particular issues which the Committee wishes to draw to the Board's attention.

7.2 The following Committees will report to the Clinical Governance Committee:

- NHS Quality and Patient Safety Groups – Exception Reports and all Minutes to every meeting
- Argyll and Bute Clinical & Care Governance Committee – Exception report and all Minutes to every meeting
- Control of Infection Committee Assurance Report
- Area Drug & Therapeutics Committee – 6 Monthly Exception Report
- Transfusion Committee - 6 Monthly Exception Report
- Organ and Tissue Donation Committee - 6 Monthly Exception Report
- Health and Safety Committee - 6 Monthly Exception Report on issues relating to Clinical Governance
- Research, Development & Innovation Committee – Annual report

7.3. The Board Assurance Framework will be scrutinised by the relevant Committees of the Board with an update on all changes being submitted to the Audit Committee



REMUNERATION COMMITTEE CONSTITUTION AND TERMS OF REFERENCE

Date of Committee agreement: 26 February 2024

Audit Committee endorsement for Board approval 12 March 2024

For approval by NHS Highland Board 26 March 2024

1. PURPOSE AND ROLE

- 1.1 To consider and agree performance objectives and performance appraisals for staff in the Executive cohort, to oversee performance arrangements for designated senior managers, **and to endorse pay and terms and conditions for the Executive cohort**. The Committee will be responsible for applying the remit detailed in NHS: MEL (2000) 25, NHS HDL (2002) 64 and subsequent guidance:

https://www.sehd.scot.nhs.uk/mels/2000_25.pdf

https://www.scot.nhs.uk/sehd/mels/HDL2002_64.pdf

- 1.2 To direct the appointment process for the Chief Executive and Executive **Directors**.

2. COMPOSITION

- 2.1 The membership of the Remuneration Committee will be:

- Board Chair
- Board Vice Chair
- Employee Director
- 2 Non Executive Directors

- 2.2. The Director of People and Culture shall serve as the Lead Officer to the Committee.

- 2.3 All Executive members in attendance at the Committee will leave the meeting when any discussion takes place with regard to individual Directors' performance, apart from the Lead Executive to the Committee. The NHS Highland Chief Executive and the Lead Executive to the Committee will leave the meeting when there is any discussion with regard to their own respective performance, and pay and conditions.

3. QUORUM

- 3.1 Meetings will be quorate when at least three members are present.

4. MEETINGS

- 4.1 The Committee shall meet as necessary, but not less than three times a year.
- 4.2 The NHS Highland Board Vice Chair will chair the Committee.
- 4.3 If the Chair is absent from any meeting of the Committee, the Committee Vice Chair will preside at the meeting. In the absence of both the Chair and the Vice Chair, members shall elect from amongst themselves one of the other Committee members to chair the meeting.
- 4.4 The agenda and supporting papers for each meeting will be sent out at least five clear working days before the meeting.
- 4.5 The principal minutes will be circulated to all Committee members. Abridged minutes edited to remove all personal details will be circulated to all Board members.

5. REMIT

- 5.1 The remit of the Remuneration Committee is to:
 - Agree all the terms and conditions of employment of Executive Directors and Senior Managers of the Board, including:
 - job descriptions
 - job evaluation
 - terms of employment
 - basic pay
 - performance related pay
 - benefits (removal arrangements and cars)
 - Agree objectives for executives before the start of the year in which performance is assessed
 - Review completed Executive appraisals relative to the performance of the Board
 - To assure the Board that effective arrangements are in place for carrying out the above functions in respect of all other senior managers
 - Conduct a regular review of the Board's policy for the remuneration and performance assessment of executive directors, other senior managers and medical consultants, in the light of guidance issued by the SGHD and any specific National, External or Internal Audit Report.
 - Agree the output of the Discretionary Points Advisory Committee in relation to the award of discretionary points to Consultants.

The Remuneration Committee, under the leadership of the Chair will:

- Ensure Remuneration Committee members are fully trained to undertake Committee member duties.
- Ensure efficient and effective use of public monies in relation to managerial and executive pay.
- Ensure that decisions on pay are fully supportable and auditable.
- Ensure that individual targets and assessments of performance against targets are tied to the Board's overall performance in providing health and social care services.
- Take full account of Government policy on pay in the public sector and the need to contain overall management costs when determining pay increases.

6. AUTHORITY

- 6.1 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.
- 6.2 In order to fulfil its remit, the Remuneration Committee may obtain whatever professional advice it needs, and require Directors or other officers of the Board to attend meetings.
- 6.3 Delegated authority is detailed in the Board's Standing Orders and Standing Financial Instructions and is set out in the Purpose and Remit of the Committee.

7. REPORTING ARRANGEMENTS

- 7.1 The Remuneration Committee reports directly to the NHS Highland Board on its work. Minutes of the Committee are presented to the Board In Committee by the Committee Chair, who provides a report, on an exception basis, on any particular issues which the Committee wishes to draw to the Board's attention.
- 7.2 The Committee will undertake an annual self-assessment of its work and effectiveness in accordance with NHS Highland and Good Governance values. This will inform the Annual Report to the Board. The Remuneration Committee has access to the National Remuneration Committee Self-Assessment Pack to ensure that the performance is in line with National Guidance.
- 7.3 The Committee will provide an Annual Report incorporating a Statement of Assurance for submission to the Board via the Audit Committee. The proposed Annual Report will be presented to the first Committee meeting in the new financial year or agreed with the Chairperson of the respective Committee by the end of May each year for presentation to the Audit Committee in June.
- 7.4 The Committee shall draw up and approve, before the start of each financial year, an Annual Work Plan for the Committee's planned work during the forthcoming year.