

Code of Corporate Governance

Version	Purpose/Change	Author	Date
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3.1	Update to Terms of Reference, Corporate Objectives, Code of Conduct, Risk Management Strategy	Kerry Mackenzie, Head of Policy & Performance	September 2022

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Introduction

1. Code of Corporate Governance

The Code of Corporate Governance includes the following sections:

- Section A - How business is organised
- Section B - Members Code of Conduct
- Section C - Standards of Business Conduct for NHS Staff
- Section D - The Fraud Standards
- Section E - Standing Financial Instructions
- Section F - Risk Management

The Board keeps the Code of Corporate Governance under review and will undertake a comprehensive review annually.

2. Forth Valley NHS Board

Forth Valley NHS Board (the Board) is a strategic body, accountable to the Scottish Government Health and Social Care Directorate and to Scottish Ministers for the functions and performance of NHS Forth Valley. The Board consists of the Chair, Non-Executive and Executive Members, who are appointed by the Scottish Ministers.

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

3. Overall Purpose

Effective NHS Boards articulate an ambition for their organisation whilst managing the risk contained within that ambition and demonstrating leadership by undertaking 3 key roles:

- Formulating strategy for the organisation, including the development annually of a Delivery Plan
- Ensuring commitment and accountability by holding the organisation (all staff) to account for performance and the delivery of both improvement in population health, individual experience of care whilst operating with a context of affordability and sustainability
- Shaping a positive culture (open, just, and fair) for the Board and organisation

In summary our purpose is:

- as a Board 'we aim to optimise health, optimise care and optimise value'

4. The Role of the Board

- To undertake comprehensive health needs and assessment for the population served.
- To develop strategies and action plans to reduce health inequalities and create and protect health and health equity, working closely with key partners.

- To establish a range of illness prevention, health improvement and health and care services that are designed to protect and improve the health status of the people of Forth Valley.
- To ensure that health services are designed, delivered, and evaluated in a manner that assures patient safety.
- To focus clearly on health outcomes and people's experience of NHS Forth Valley.
- To contribute to strategic planning and ensure delivery of integrated health and social care services.
- To be accountable for the scrutiny and performance of NHS Forth Valley as a whole.
- To involve the public and community planning partners in the design and delivery of healthcare services.
- To involve staff in the design, delivery, and evaluation of services.
- To ensure that resources are allocated in manner that supports the delivery of strategic priorities and the achievement of agreed outcomes including national and logical targets.
- To ensure that best value principles are adhered to in delivering and commission sessions.

5. Corporate Governance

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

- Service delivery arrangements
- Structures and processes
- Risk management and internal control
- Standards of conduct

NHS Forth Valley is responsible for:

- Giving leadership and strategic direction
- Putting in place controls to safeguard public resources
- Supervising the overall management of its activities
- Reporting on management and performance

6. Corporate Objectives

Our Corporate Objectives are to:

- Plan for the future
- Improve the Health and Wellbeing of the people of Forth Valley whilst reducing health inequalities
- Improve our focus on safety and quality (and sustainability)
- Deliver best value using our resources
- Value and develop our people
- Promote and build integrated services locally and regionally
- Display leadership behaviours that nurture, and support transformational change across our health and care system

7. Function

The Functions of the Board are:

- Provision of strategic leadership and direction for the local health system as a whole.
- Resource allocation to address local priorities.
- Oversight of implementation of the Annual Operational Plan.
- Management of ensuring the performance of NHS Forth Valley, including risk management, quality assurance and improvement.
- Ensuring that there is a robust governance and accountability framework to monitor compliance with all necessary standards, targets, and outcomes.

8. Composition of the Board

The Board will consist of the following Directors appointed by the Minister:

Non-Executive Directors	Executive Directors
<ul style="list-style-type: none">• Chair• 6 Non-Executive Lay Members (one of which is Whistleblowing Champion)• Chair - Area Clinical Forum• Employee Director• 3 Local Authority Elected Members - 1 each from Local Authority notably: Clackmannanshire, Falkirk, and Stirling	<ul style="list-style-type: none">• Chief Executive• Director of Finance• Director of Public Health and Strategic Planning• Medical Director• Nurse Director

9. Individuals Roles, Responsibilities and Accountabilities¹

	Chair	Chief executive	Non-executive director	Executive director
Formulate Strategy	Ensures board develops vision, strategies, and clear objectives to deliver organisational purpose.	Leads strategy development process.	Brings independence, external skills, and perspectives, and challenge to strategy development.	Takes lead role in developing strategic proposals – drawing on professional and clinical expertise (where relevant).
Ensure Accountability	Holds CE to account for delivery of strategy Ensures board committees that support accountability are properly constituted.	Leads the organization in the delivery of strategy. Establishes effective performance management arrangements and controls. Acts as Accountable Officer.	Holds the executive to account for the delivery of strategy. Offers purposeful, constructive scrutiny and challenge. Chairs or participates as member of key committees that support accountability.	Leads implementation of strategy within functional areas.
Shape Culture	Provides visible leadership in developing a positive culture for the organisation and ensures that this is reflected and modelled in their own and in the board's behaviour and decision making. Board culture: Leads and supports a constructive dynamic within the board, enabling contributions from all directors.	Provides visible leadership in developing a positive culture for the organisation and ensures that this is reflected in their own and the executive's behaviour and decision making.	Actively supports and promotes a positive culture for the organisation and reflects this in their own behaviour. Provides a safe point of access to the board for whistle-blowers.	Actively supports and promotes a positive culture for the organisation and reflects this in their own behaviour.
Context	Ensures all board members are well briefed on external context.	Ensures all board members are well briefed on external context.		

¹ [NHSLeadership-TheHealthyNHSBoard.pdf \(leadershipacademy.nhs.uk\)](https://www.leadershipacademy.nhs.uk/leadership/TheHealthyNHSBoard.pdf)

Intelligence	Ensures requirements for accurate, timely & clear information to board/ directors (and governors for FTs) are clear to executive.	Ensures provision of accurate, timely & clear information to board/ directors (and governors for FTs).	Satisfies themselves of the integrity of financial and quality intelligence.	Takes principal responsibility for providing accurate, timely and clear information to the board.
Engagement	Plays key role as an ambassador, and in building strong partnerships with: <ul style="list-style-type: none"> • Patients and public • Member and governors (FT) • Clinicians and Staff • Key institutional • Stakeholders • Regulators 	Plays key leadership role in effective communication and building strong partnerships with: <ul style="list-style-type: none"> • Patients and public • Member and governors (FT) • Clinicians and Staff • Key institutional • stakeholders • Regulators 	Ensures board acts in best interests of the public. Senior independent director is available to members and governors if there are unresolved concerns (FTs).	Leads on engagement with specific internal or external stakeholder groups.

10. Values

The Purpose, Role, Functions and Responsibilities of Forth Valley NHS Board and Board Members, will be delivered in a way which upholds the organisational values. NHS Forth Valley's values represent the care our patients can expect, and how this care should be delivered by our staff.

Our local values in NHS Forth Valley are:

- Be person centred
- Be respectful
- Have integrity
- Be ambitious
- Be supportive
- Be a committed team member

Our Values should be visible in everything we do and drive the improvement of our services.

NHS Forth Valley's values are closely aligned to the NHS Scotland's values, which are shared by all staff throughout Scotland:

- Care and Compassion
- Dignity and Respect
- Openness, Honesty and Responsibility
- Quality and Teamwork

Both sets of values underpin and support NHS Scotland's national quality ambitions: Person-centred; Safe; and Effective.

11. Conduct, Accountability, and Openness

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

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

- Public Service
- Leadership
- Selflessness
- Integrity
- Objectivity
- Openness
- Accountability and stewardship
- Honest
- Respect

Understanding our responsibilities arising from the Code of Corporate Governance

It is the duty of the Chair and the Chief Executive to ensure that Board Members and staff understand their responsibilities. Managers are responsible for ensuring their staff understand their own responsibilities. The Code of Corporate Governance will be published on the Board's website and intranet.

Endowment Funds

The principles of this code of Corporate Governance apply equally to Member of Forth Valley NHS Board who have distinct legal responsibilities as Trustees of the Endowment Funds.

Advisory and Other Committees

The principles of this Code of Corporate Governance apply equally to all NHS Forth Valley Advisory Committees and all committees and groups which report directly to a Forth Valley Board Committee.

Review

The Board will review the Code of Corporate Governance on an annual basis and will revise the Code to reflect any National or Local Changes which impact on the Board and its functions. The Board may, on its own or if directed by the Scottish Ministers, vary and revoke Standing Orders for the regulations of the procedures of business of the Board and of any Committee.

Feedback

NHS Forth Valley aims to continuously improve the services we deliver, and it is important that this Code remains relevant, we would therefore be happy to hear from you regarding new operational of statements or any other matter connected with the Code.

Comments and suggestions for improvement are most welcome and should be sent to:

Corporate Business Manager
NHS Forth Valley
Carseview House
Castle Business Park
Stirling
FK9 4SW

Definitions

Any expressions to which a meaning is given in the Health Service Acts or in the Regulations or Orders made under the Acts Shall have the same meaning in the interpretation and in addition:

Definition	Meaning
The Accountable Officer	Is the Chief Executive of NHS Forth Valley, who is responsible to the Scottish Parliament for the economical, efficient, and effective use of resources. The Chief Executive of NHS Forth Valley is also accountable to the Board for clinical, staff and financial governance, including controls assurance and risk management, and for delivery of other statutory requirements. This is a legal appointment made by the Principal Accountable Officer of the Scottish Government. (Public Finance and Accountability (Scotland) Act 2000 Memorandum to Accountable Officers for other Public Bodies).
The Act	The National Health Service (Scotland) Act 1978 as amended.
The 2001 Regulations	The Health Board's (Membership and Procedure) (Scotland) Regulations 2011.
The 1960 Act	The Public Bodies (Admission to Meetings) Act 1960 as amended.
Board Member	A person appointed as a Member of the Board by Scottish Ministers and who is not disqualified from membership.
Budget	Money proposed by the Board for the purpose of carrying out, for a specific period, any, or all of the functions of the Board.
Chair	The person appointed by the Scottish Ministers to lead the Board and to ensure that it successfully discharges its responsibility as a whole. The Chair of a Committee is responsible for fulfilling the duties of a Chair in relation to that Committee only.
Chief Executive	The Accountable Officer of NHS Forth Valley.
Committee	A Committee established by the Board and includes "Sub-Committee".
Committee Members	People formally appointed by the Board to sit on or to Chair specific committees.
Contract	Any arrangements including an NHS Contract.
Co-opted Member	An individual, not being a Member of the Board, who is appointed to serve on a Standing Committee, Special Committee, or Sub-Committee of the Board.

Community Planning Partners	Statutory Service providers, third and independent sector organisations with a stake in providing services and support to people in Forth Valley.
Integration Joint Board	The constitutional arrangements for the establishment of Integration Joint Boards are set out within Scottish Statutory Instrument 2014 No. 285 The Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014.
Lay Member	An individual, not being an employee of the Board, who is appointed to serve on a Committee of the Board.
Meeting	A meeting of the Board or any Committee.
Nominated Officer	An officer charged with the responsibility for discharging specific tasks within the Code of Corporate Governance.
Department of Health and Social Care	The Scottish Government and is its legal name.
SFIs	Standing Financial Instructions.
Vice Chair	The Non-Executive Member appointed by the Board to take on the Chair's duties if the Chair is absent for any reason.

SECTION A

How Business is Organised - Standing Orders

Standing Orders for the Proceedings and Business of Forth Valley NHS Board

1. General

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

The NHS Scotland Blueprint for Good Governance (issued through DL 2019) 02) has informed these Standing Orders. The Blueprint describes the functions of the Board as:

- Setting the direction, clarifying priorities, and defining expectations.
- Holding the executive to account and seeking assurance that the organisation is being effectively managed.
- Managing risks to the quality, delivery, and sustainability of services.
- Engaging with stakeholders.
- Influencing the Board's and the organisation's culture.

Further information on the role of the Board, Board members, the Chair, Vice-Chair, and the Chief Executive is available on the NHS Scotland Board Development website (<https://learn.nes.nhs.scot/17367/board-development>)

- 1.2 The Scottish Ministers shall appoint the members of the Board. The Scottish Ministers shall also attend to any issues relating to the resignation and removal, suspension, and disqualification of members in line with the above regulations. Any member of the Board may on reasonable cause shown be suspended from the Board or disqualified for taking part in any business of the Board in specified circumstances.
- 1.3 Any statutory provision, regulation, or direction by Scottish Ministers, shall have precedence if they are in conflict with these Standing Orders.
- 1.4 Any one or more of these Standing Orders may be varied or revoked at a meeting of the Board by a majority of members present and voting, provided the notice for the meeting at which the proposal is to be considered clearly states the extent of the proposed repeal, addition, or amendment. The Board will annually review its Standing Orders.
- 1.5 Any member of the Board may on reasonable cause shown be suspended from the Board or disqualified for taking part in any business of the Board in specified circumstances. The Scottish Ministers may by determination suspend a member from taking part in the business (including meetings) of the Board. Paragraph 5.4 sets out when the person presiding at a Board meeting may suspend a Board member for the remainder of a specific Board meeting. The Standards Commission for Scotland can apply sanctions if a Board member is found to have breached the Board Members' Code of Conduct, and those include suspension and

disqualification. The regulations (see paragraph 1.1) also set out grounds for why a person may be disqualified from being a member of the Board.

Board Members – Ethical Conduct

- 1.6 Members have a personal responsibility to comply with the Code of Conduct for Members of the Forth Valley NHS Board the Commissioner for Public Standards can investigate complaints about members who are alleged to have breached their Code of Conduct. The Board will have appointed a Standards Officer. This individual is responsible for carrying out the duties of that role, however he or she may delegate the carrying out of associated tasks to other members of staff. The Board's appointed Standards Officer shall ensure that the Board's Register of Interests is maintained. When a member needs to update or amend his or her entry in the Register, he or she must notify the Board's appointed Standards Officer of the need to change the entry within one month after the date the matter required to be registered.
- 1.7 The Board's appointed Standards Officer shall ensure the Register is available for public inspection at the principal offices of the Board at all reasonable times and will be included on the Board's website.
- 1.8 Members must always consider the relevance of any interests they may have to any business presented to the Board or one of its committees. Members must observe paragraphs 5.6 - 5.10 of these Standing Orders and have regard to Section 5 of the Code of Conduct (Declaration of Interests).
- 1.9 In case of doubt as to whether any interest or matter should be declared, in the interests of transparency, members are advised to make a declaration.
- 1.10 Members shall make a declaration of any gifts or hospitality received in their capacity as a Board member. Such declarations shall be made to the Board's appointed Standards Officer who shall make them available for public inspection at all reasonable times at the principal offices of the Board and on the Board's website. The Register of Interests includes a section on gifts and hospitality. The Register may include the information on any such declarations or cross-refer to where the information is published.
- 1.11 The Board's Corporate Business Manager shall provide a copy of these Standing Orders to all members of the Board on appointment. A copy shall also be held on the Board's website.

2. Chair

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

3. Vice Chair

- 4.1 The Chair shall nominate a candidate or candidates for Vice Chair to the Cabinet Secretary. The candidate(s) must be a non-executive member of the Board. A member who is an employee of a Board is disqualified from being Vice Chair. The Cabinet Secretary will in turn

determine who to appoint based on evidence of effective performance and evidence that the member has the skills, knowledge and experience needed for the position. Following the decision, the Board shall appoint the member as Vice Chair. Any person so appointed shall, so long as he or she remains a member of the Board, continue in office for such a period as the Board may decide.

- 4.2 The Vice Chair may at any time resign from that office by giving notice in writing to the Chair. The process to appoint a replacement Vice Chair is the process described at paragraph 3.1.
- 4.3 Where the Chair has died, ceased to hold office, or is unable for a sustained period of time to perform his or her duties due to illness, absence from Scotland or for any other reason, then the Board's Corporate Business Manager should refer this to the Scottish Government. The Cabinet Secretary will confirm which member may assume the role of interim chair in the period until the appointment of a new chair, or the return of the appointed chair. Where the Chair is absent for a short period due to leave (for whatever reason) the Vice Chair shall assume the role of the Chair in the conduct of the business of the Board. In either of these circumstances references to the Chair shall, so long as there is no Chair able to perform the duties, be taken to include references to either the interim chair or the Vice Chair. If the Vice Chair has been appointed as the Interim Chair, then the process described at paragraph 3. 1 will apply to replace the Vice-Chair.

5. Calling and Notice of Board Meetings

- 5.1 The Chair may call a meeting of the Board at any time and shall call a meeting when required to do so by the Board. The Board shall meet at least 6 times in the year and will annually approve a forward schedule of meeting dates.
- 5.2 The Chair will determine the final agenda for all Board meetings. The agenda may include an item for any other business; however, this can only be for business which the Board is being informed of for awareness, rather than being asked to decide. No business shall be transacted at any meeting of the Board other than that specified in the notice of the meeting except on grounds of urgency.
- 5.3 Any member may propose an item of business to be included in the agenda of a future Board meeting by submitting a request to the Chair. If the Chair elects to agree to the request, then the Chair may decide whether the item is to be considered at the Board meeting which immediately follows the receipt of the request, or a future Board meeting. The Chair will inform the member which meeting the item will be discussed. If any member has a specific legal duty or responsibility to discharge which requires that member to present a report to the Board, then that report will be included in the agenda.
- 5.4 In the event that the Chair decides not to include the item of business on the agenda of a Board meeting, then the Chair will inform the member in writing as to the reasons why.
- 5.5 A Board meeting may be called if one third of the whole number of members signs a requisition for that purpose. The requisition must specify the business proposed to be

transacted. The Chair is required to call a meeting within 7 days of receiving the requisition. If the Chair does not do so, or simply refuses to call a meeting, those members who presented the requisition may call a meeting by signing an instruction to approve the notice calling the meeting provided that no business shall be transacted at the meeting other than that specified in the requisition.

- 5.6 Before each meeting of the Board, a notice of the meeting (in the form of an agenda), specifying the time, place and business proposed to be transacted at it and approved by the Chair, or by a member authorised by the Chair to approve on that person's behalf, shall be circulated to every member so as to be available to them at least three clear days before the meeting. The notice shall be distributed along with any papers for the meeting that are available at that point.
- 5.7 Lack of service of the notice on any member shall not affect the validity of a meeting.
- 5.8 Board meetings shall be held in public. A public notice of the time and place of the meeting shall be provided at least three clear days before the meeting is held and shall be placed on the Board's website. The meeting papers shall be placed on the Board's website directly following the meeting. The meeting papers will include the minutes of committee meetings which the relevant committee has approved. The exception is that the meeting papers will not include the minutes of the Remuneration Committee. The Board may determine its own approach for committees to inform it of business which has been discussed in committee meetings for which the final minutes are not yet available. For items of business which the Board will consider in private session (see paragraph 5.22), only the Board members will normally receive the meeting papers for those items, unless the person presiding agrees that others may receive them.

6. Conduct of Meetings

Authority of the Person Presiding at a Board Meeting

- 6.1 The Chair shall preside at every meeting of the Board. The Vice Chair shall preside if the Chair is absent. If both the Chair and Vice Chair are absent, the members present at the meeting shall choose a Board member who is not an employee of a Board to preside.
- 6.2 The duty of the person presiding at a meeting of the Board or one of its committees is to ensure that the Standing Orders or the committee's terms of reference are observed, to preserve order, to ensure fairness between members, and to determine all questions of order and competence. The ruling of the person presiding shall be final and shall not be open to question or discussion.
- 6.3 The person presiding may direct that the meeting can be conducted in any way that allows members to participate, regardless of where they are physically located, e.g., video conferencing, teleconferencing. For the avoidance of doubt, those members using such facilities will be regarded as present at the meeting.

- 6.4 In the event that any member who disregards the authority of the person presiding, obstructs the meeting, or conducts himself/herself inappropriately the person presiding may suspend the member for the remainder of the meeting. If a person so suspended refuses to leave when required by the person presiding to do so, the person presiding will adjourn the meeting in line with paragraph 5.12. For paragraphs 5.5 to 5.20, reference to 'Chair' means the person who is presiding the meeting, as determined by paragraph 5.1.

Quorum

- 6.5 The Board will be deemed to meet only when there are present, and entitled to vote, a quorum of at least one third of the whole number of members, including at least two members who are not employees of a Board. The quorum for committees will be set out in their terms of reference, however it can never be less than two Board members.
- 6.6 In determining whether or not a quorum is present the Chair must consider the effect of any declared interests.
- 6.7 If a member, or an associate of the member, has any pecuniary or other interest, direct or indirect, in any contract, proposed contract or other matter under consideration by the Board or a committee, the member should declare that interest at the start of the meeting. This applies whether or not that interest is already recorded in the Board Members' Register of Interests. Following such a declaration, the member shall be excluded from the Board or committee meeting when the item is under consideration and should not be counted as participating in that meeting for quorum or voting purposes.
- 6.8 Paragraph 5.7 will not apply where a member, or an associate of theirs, interest in any company, body or person is so remote or insignificant that it cannot reasonably be regarded as likely to affect any influence in the consideration or discussion of any question with respect to that contract or matter. In March 2015, the Standards Commission granted a dispensation to NHS Board members who are also voting members of integration joint boards. The effect is that those members do not need to declare as an interest that they are a member of an integration joint board when taking part in discussions of general health & social care issues. However, members still have to declare other interests as required by Section 5 of the Board Members' Code of Conduct.
- 6.9 If a question arises at a Board meeting as to the right of a member to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting be referred to the Chair. The Chair's ruling in relation to any member other than the Chair is to be final and conclusive. If a question arises with regard to the participation of the Chair in the meeting (or part of the meeting) for voting or quorum purposes, the question is to be decided by the members at that meeting. For this latter purpose, the Chair is not to be counted for quorum or voting purposes.
- 6.10 Paragraphs 5.6-5.9 shall equally apply to members of any Board committee, whether or not they are also members of the Board, e.g., stakeholder representative.

- 6.11 When a quorum is not present, the only actions that can be taken are to either adjourn to another time or abandon the meeting altogether and call another one. The quorum should be monitored throughout the conduct of the meeting in the event that a member leaves during a meeting, with no intention of returning. The Chair may set a time limit to permit the quorum to be achieved before electing to adjourn, abandon or bring a meeting that has started to a close.

Adjournment

- 6.12 If it is necessary or expedient to do so for any reason (including disorderly conduct or other misbehaviour at a meeting), a meeting may be adjourned to another day, time, and place. A meeting of the Board, or of a committee of the Board, may be adjourned by the Chair until such day, time and place as the Chair may specify.

Business of the Meeting

The Agenda

- 6.13 If a member wishes to add an item of business which is not in the notice of the meeting, he or she must make a request to the Chair ideally in advance of the day of the meeting and certainly before the start of the meeting. The Chair will determine whether the matter is urgent and accordingly whether it may be discussed at the meeting.
- 6.14 The Chair may change the running order of items for discussion on the agenda at the meeting. Please also refer to paragraph 4.2.

Decision-Making

- 6.15 The Chair may invite the lead for any item to introduce the item before inviting contributions from members. Members should indicate to the Chair if they wish to contribute, and the Chair will invite all who do so to contribute in turn. Members are expected to question and challenge proposals constructively and carefully to reach and articulate a considered view on the suitability of proposals.
- 6.16 The Chair will consider the discussion, and whether or not a consensus has been reached. Where the Chair concludes that consensus has been reached, then the Chair will normally end the discussion of an item by inviting agreement to the outcomes from the discussion and the resulting decisions of the Board.
- 6.17 As part of the process of stating the resulting decisions of the Board, the Chair may propose an adaptation of what may have been recommended to the Board in the accompanying report, to reflect the outcome of the discussion.
- 6.18 The Board may reach consensus on an item of business without taking a formal vote, and this will be normally what happens where consensus has been reached.

- 6.19 Where the Chair concludes that there is not a consensus on the Board's position on the item and/ or what it wishes to do, then the Chair will put the decision to a vote. If at least two Board members ask for a decision to be put to a vote, then the Chair will do so. Before putting any decision to vote, the Chair will summarise the outcome of the discussion and the proposal(s) for the members to vote on.
- 6.20 Where a vote is taken, the decision shall be determined by a majority of votes of the members present and voting on the question. In the case of an equality of votes, the Chair shall have a second or casting vote. The Chair may determine the method for taking the vote, which may be by a show of hands, or by ballot, or any other method the Chair determines.
- 6.21 While the meeting is in public the Board may not exclude members of the public and the press (for the purpose of reporting the proceedings) from attending the meeting.

Board Meeting in Private Session

- 6.22 The Board may agree to meet in private in order to consider certain items of business. Items will be detailed on the Board meeting agenda noting the grounds for consideration in closed session. The Board may decide to meet in private on the following grounds:
- The Board is still in the process of developing proposals or its position on certain matters and needs time for private deliberation.
 - The business relates to the commercial interests of any person and confidentiality is required, e.g., when there is an ongoing tendering process or contract negotiation.
 - The business necessarily involves reference to personal information and requires to be discussed in private in order to uphold the Data Protection Principles.
 - The Board is otherwise legally obliged to respect the confidentiality of the information being discussed.
- 6.23 The minutes of the meeting will reflect when the Board has resolved to meet in private.

Minutes

- 6.24 The names of members present at a meeting of the Board, or of a committee of the Board, shall be recorded in the minute of the meeting. The names of other persons in attendance shall also be recorded.
- 6.25 The Board's Corporate Business Manager (or his/her authorised nominee) shall prepare the minutes of meetings of the Board and its committees. The Board or the committee shall review the draft minutes at the following meeting. The person presiding at that meeting shall sign the approved minute.

7. Matters Reserved for the Board

Introduction

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

Standing Orders

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

- 6.3 The Board may be required by law or Scottish Government direction to approve certain items of business, e.g., the integration schemes for a local authority area.
- 6.4 The Board itself may resolve that other items of business be presented to it for approval.

8. Delegation of Authority by the Board

- 8.1 Except for the Matters Reserved for the Board, the Board may delegate authority to act on its behalf to committees, individual Board members, or other Board employees. In practice this is achieved primarily through the Board's approval of the Standing Financial Instructions and the Scheme of Delegation available on the NHS Board website.
- 8.2 The Board may delegate responsibility for certain matters to the Chair for action. In such circumstances, the Chair should inform the Board of any decision or action subsequently taken on these matters.
- 8.3 The Board and its officers must comply with the NHS Scotland Property Transactions Handbook, and this is cross-referenced in the Scheme of Delegation.
- 8.4 The Board may, from time to time, request reports on any matter or may decide to reserve any decision for itself. The Board may withdraw any previous act of delegation to allow this.

9. Execution of Documents

- 9.1 Where a document requires to be authenticated under legislation or rule of law relating to the authentication of documents under the Law of Scotland, or where a document is otherwise required to be authenticated on behalf of the Board, it shall be signed by an executive member of the Board or any person duly authorised to sign under the Scheme of Delegation in accordance with the Requirements of Writing (Scotland) Act 1995. Before authenticating any document, the person authenticating the document shall satisfy themselves that all necessary approvals in terms of the Board's procedures have been satisfied. A document executed by the Board in accordance with this paragraph shall be self-proving for the purposes of the Requirements of Writing (Scotland) Act 1995.
- 9.2 Scottish Ministers shall direct which officers of the Board can sign on their behalf in relation to the acquisition, management, and disposal of land.
- 9.3 Any authorisation to sign documents granted to an officer of the Board shall terminate upon that person ceasing (for whatever reason) from being an employee of the Board, without further intimation or action by the Board.

10. Committees

- 10.1 Subject to any direction issued by Scottish Ministers, the Board shall appoint such committees (and sub-committees) as it thinks fit. NHS Scotland Board Development website

will identify the committees which the Board must establish.

(<https://learn.nes.nhs.scot/17367/boarddevelopment>)

- 10.2 The Board shall appoint the chairs of all committees. The Board shall approve the terms of reference and membership of the committees. The Board shall review these as and when required and shall review the terms within 2 years of their approval if there has not been a review.
- 10.3 The Board shall appoint committee members to fill any vacancy in the membership as and when required. If a committee is required by regulation to be constituted with a particular membership, then the regulation must be followed.
- 10.4 Provided there is no Scottish Government instruction to the contrary, any non-executive Board member may replace a Committee member who is also a non-executive Board member, if such a replacement is necessary to achieve the quorum of the committee.
- 10.5 The Board's Standing Orders relating to the calling and notice of Board meetings, conduct of meetings, and conduct of Board members shall also be applied to committee meetings where the committee's membership consist of or include all the Board members. Where the committee's members include some of the Board's members, the committee's meetings shall not be held in public and the associated committee papers shall not be placed on the Board's website, unless the Board specifically elects otherwise. Generally, Board members who are not members of a committee may attend a committee meeting and have access to the meeting papers. However, if the committee elects to consider certain items as restricted business, then the meeting papers for those items will normally only be provided to members of that committee. The person presiding the committee meeting may agree to share the meeting papers for restricted business papers with others.
- 10.6 The Board shall approve a calendar of meeting dates for its committees. The committee chair may call a meeting any time and shall call a meeting when requested to do so by the Board.
- 10.7 The Board may authorise committees to co-opt members for a period up to one year, subject to the approval of both the Board and the Accountable Officer. A committee may decide this is necessary to enhance the knowledge, skills, and experience within its membership to address a particular element of the committee's business. A co-opted member is one who is not a member of Forth Valley NHS Board and is not to be counted when determining the committee's quorum.

ANNEX A: STANDING ORDERS SUSPENSION AND DISQUALIFICATION

- (1) Subject to paragraphs (2) and (3), a person shall be disqualified from being a Member, if-
- (a) they have, within the period of five years immediately preceding the proposed date of appointment, been convicted in the United Kingdom, the Channel Islands, the Isle of Man, or the Irish Republic of any offence in respect of which they have received a sentence of imprisonment (whether suspended or not) for a period of not less than three months without the option of a fine.
 - (b) their estate has been sequestrated in Scotland or they have otherwise been adjudged bankrupt elsewhere than in Scotland, they have granted a trust deed for the benefit of their creditors or entered into any arrangement with their creditors, or a curator bonis or judicial factor has been appointed over their affairs.
 - (c) they have resigned or been removed or been dismissed, otherwise than by reason of redundancy, from any paid employment or office with a health service body.
 - (d) they are a person whose appointment as the chairperson, member or director of a health service body has been terminated other than by the expiration of their term of office.
 - (e) they are a chairperson, member, director, or employee of a health service body outwith the Forth Valley NHS Board area.
 - (f) they have had their name removed, by a direction under section 29 of the Act, from any list prepared under Part II of the Act and have not subsequently had their name included in such a list.
 - (g) they are a person whose name has been included in any list prepared under Part II of the Act, and whose name has been withdrawn from the list on their own application.
 - (h) they have had their name removed, by a direction under section 46 of the 1977 Act from any list prepared under Part II of the 1977 Act and have not subsequently had their name included in such a list.
 - (i) they are a person whose name has been included in any list prepared under Part II of the 1977 Act, and whose name has been withdrawn from the list on their own application.
 - (j) they are a person who is subject to a disqualification order under the Company Directors Disqualification Act 1986; or
 - (k) they are a person who has been removed from the position of trustee of a charity, whether by the court or by the Charity Commissioner.
- (2) For the purpose of paragraph (1):

- (a) the disqualification attaching to a person whose estate has been sequestrated shall cease if and when -
 - (i) the sequestration of their estate is recalled or reduced; or
 - (ii) the sequestration is discharged.
 - (b) the disqualification attaching to a person by reason of their having been adjudged bankrupt shall cease if and when -
 - (i) the bankruptcy is annulled; or
 - (ii) they are discharged.
 - (c) the disqualification attaching to a person in relation to whose estate a judicial factor has been appointed shall cease if and when -
 - (i) that appointment is recalled; or
 - (ii) the judicial factor is discharged.
 - (d) the disqualification attaching to a person who has granted a trust deed or entered into an arrangement with their creditors shall cease if and when that person pays their creditors in full or on the expiry of five years from the date of their granting the deed or entering into the arrangement.
- (3) The Scottish Ministers may direct that in relation to any individual person or Board any disqualification so directed shall not apply in relation thereto.
- (4) For the purposes of paragraph (1)(a) the date of conviction shall be deemed to be the date on which the days of appeal expire without any appeal having been lodged, or if an appeal has been made, the date on which the appeal is finally disposed of or treated as having been abandoned.

ANNEX B: STANDING ORDERS FOR THE PROCEEDINGS AND BUSINESS OF FORTH VALLEY NHS BOARD

ASSURANCE COMMITTEE TERMS OF REFERENCE

- Audit and Risk Committee
- Clinical Governance Committee
- Clinical Governance Ethical Issues Sub-Committee
- Endowments Committee
- Performance and Resources Committee
- Pharmacy Practices Committee
- Remuneration Committee
- Staff Governance Committee

AUDIT AND RISK COMMITTEE

TERMS OF REFERENCE

1. PURPOSE

The purpose of the Audit Committee is to ensure that NHS Board activities including Patients Private Funds and Endowment Funds are:

- within the law and regulations governing the NHS.
- that an effective system of internal control is maintained to give reasonable assurance that assets are safeguarded, waste or inefficiency avoided, and reliable financial information produced and that value for money is continuously sought.

2. COMPOSITION

2.1 Membership

The membership of the Committee shall consist of:

- Four Non-Executive Members of the NHS Board

The Chair of NHS Forth Valley and Executive NHS Board Members are not eligible for Membership. The Chief Executive and Director of Finance will be in attendance.

2.2 Appointment of Chairperson and Vice Chair

The Chairperson of the Committee shall be appointed at a full business meeting of Forth Valley NHS Board in accordance with Standing Orders. The Chair of the NHS Board will appoint a Vice Chair in addition to the Chair. The Chair shall preside at every meeting of the Committee. The Vice Chair shall preside if the Chair is absent.

2.3 Attendance

The Chief Executive and the Director of Finance of NHS Forth Valley, the Chief Internal Auditor and the Statutory External Auditor shall normally attend meetings. The Committee can request the attendance of any officer of NHS Forth Valley. All NHS Board Members shall have the right of attendance and have access to papers, except where the Committee resolves otherwise.

3. MEETINGS

3.1 Frequency

Meetings of the Committee will be timetabled annually to coincide with the important events of the year and before important decisions are made.

Meetings will be held at a minimum of four times per annum. This timetable should also assist with scheduling key items of business to be discussed at each meeting.

3.2 Agenda and Papers

The agenda and supporting papers will be sent out at least five clear days in advance of the meetings. All papers will clearly state the agenda reference, the author, the purpose of the paper together with the action the Committee is asked to consider.

3.3 Quorum

No business shall be transacted unless a minimum of two Audit and Risk Committee Members are present.

3.4 Minutes

Formal Minutes will be kept of proceedings and submitted for approval at the next meeting. Recognising the issue of the relative timing and scheduling of meetings, a summary of the key areas of business of the Audit and Risk Committee will be presented to the next NHS Board Meeting to ensure NHS Board Members are aware of issues considered and decisions taken by the respective Committees.

The draft Minutes will be cleared by the Chair of the Committee and the nominated Lead Director prior to distribution.

3.5 Other

If necessary, meetings of the Committee shall be convened and attended exclusively by Members of the Committee and/or the External Auditor or Internal Auditor.

The Chief Internal Auditor and a representative from External Audit will have free and confidential access to the Chair of the Audit and Risk Committee.

4. REMIT

4.1 Objectives

The main objectives of the Audit and Risk Committee are to ensure that NHS Forth Valley acts within the law, regulations, and code of conduct applicable to it and that an effective system of internal control is maintained. The duties of the Audit and Risk Committee are in accordance with the Public Sector Internal Audit Standards and the Scottish Government Audit Committee Handbook. The Audit and Risk Committee will also periodically review its own effectiveness and report the results of that review to the Board and Accountable Officer.

4.2 Internal Control and Corporate Governance

4.2.1 To evaluate the framework of internal control and corporate governance comprising the following components:

- Control environment
- Review and assess the adequacy of the organisations risk management arrangements, systems, and processes
- approve the annual risk management reports on effectiveness, adequacy, and robustness of the risk management system
- Decision-making processes
- Information and communication
- Monitoring and corrective action
- Anti-fraud policies, whistle-blowing processes, and arrangements for special investigations

4.2.2 To review the system of internal financial control which includes:

- The safeguarding of assets against unauthorised use and disposition.
- Maintenance of proper accounting records and the reliability of financial information used within the organisation or for publication.

4.2.3 To ensure the NHS Board's activities are within the law and regulations governing the NHS.

4.2.4 To review and recommend approval to the NHS Board of the Risk Management Strategy.

4.2.5 To present an annual assurance statement on the above to the NHS Board to support the Governance Statement.

4.2.6 To take account of the implications of publications detailing best audit practice.

4.2.7 To take account of recommendations contained in the relevant reports of the Auditor General and the Scottish Parliament.

4.3 Internal Audit

4.3.1 To influence, review and approve the Internal Audit Strategic and Annual Plan.

4.3.2 To monitor audit progress and review audit reports.

4.3.3 To monitor the management action taken in response to the audit recommendations through an agreed follow-up mechanism.

4.3.4 To consider the Chief Internal Auditor's annual report and assurance statement.

4.3.5 To review the operational effectiveness of Internal Audit by considering the audit standards, resources, staffing, technical competency, and performance measures.

4.3.6 To ensure there is direct contact between the Audit and Risk Committee and Internal Audit and the opportunity is given for discussions with the Chief Internal Auditor as required without the presence of the Executive Directors. The Chief Internal Auditor must have appropriate access to both the Chief Executive and the Chair of the Audit and Risk Committee. Non-Executive members will have the facility to regularly meet with Internal and External Auditors for private discussions.

4.3.7 To review the terms of reference and appointment of the Internal Auditors.

4.4 External Audit

4.4.1 To review the Audit Strategy and Plan, including the Performance Audit Programme.

4.4.2 To consider all statutory audit material, in particular:

- Audit Reports (including Performance Audit Studies)
- Annual Reports
- Management Letters

relating to the certification of the NHS Board.

4.4.3 To monitor management action taken in response to all External Audit recommendations including Performance Audit Studies following consideration by the relevant Committee.

4.4.4 To hold meetings with the External Auditors at least once per year without the presence of the Executive Directors.

4.4.5 To review the extent of co-operation between External and Internal Audit.

4.4.6 Annually appraise the performance of the External Auditors.

4.4.7 To note the appointment and remuneration of External Auditors and to examine any reason for the resignation or dismissal of the Auditors.

4.5 Standing Orders and Standing Financial Instructions

4.5.1 To review changes to the Standing Orders and Standing Financial Instructions.

4.5.2 To examine the circumstances associated with each occasion when Standing Orders are waived or suspended.

4.5.3 To review the Scheme of Delegation.

4.6 Annual Accounts

4.6.1 To review annually (and approve) any changes in accounting policy.

- 4.6.2 To review schedule of losses and compensation payments.
- 4.6.3 To review and recommend approval to the NHS Board of the Annual Accounts.
- 4.6.4 To report in the Directors Report on the roles and responsibilities of the Audit Committee and actions taken to discharge those.
- 4.6.5 To review and recommend approval to the NHS Board of the Patients Funds Annual Accounts.
- 4.7** Receive reports from the FHS (Family Health Service) Performance Review / Reference Group which is responsible for dealing with Primary Care contractor issues and alleged breaches of terms of reference.

5. OTHER

- 5.1** The Committee has a duty to review its own performance, effectiveness, and terms of reference on an annual basis.
- 5.2** The Committee shall monitor the mechanism to keep up to date with changes to topical laws and regulations.
- 5.3** The Chairperson shall submit an Annual Report of the work of the Committee to the NHS Board.
- 5.4** The Committee is authorised to obtain outside legal or other professional advice it considers necessary.

CLINICAL GOVERNANCE COMMITTEE

TERMS OF REFERENCE

1. PURPOSE

The purpose of the Clinical Governance Committee is to provide the NHS Board with

- Systems Assurance – to ensure effective Clinical Governance is in place and effective throughout the local NHS system and services and is effective in services that are commissioned from independent providers and other partner agencies.
- Public Health Governance – to ensure that the principles and standards of clinical governance are applied to the health improvement and health protection activities of the NHS Board.
- Clinical Risk Management – assurance that an appropriate approach is in place to deal with clinical risk management across the system, working within the NHS Forth Valley Risk Management Strategy

2. COMPOSITION

2.1 Membership

The Membership of the Committee shall consist of:

- Five Non-Executive Members of the NHS Board
- Chair of Area Clinical Forum
- Employee Director
- Two Members of the NHS Forth Valley Public Involvement Network

2.2 Appointment of Chairperson and Vice Chair

The Chairperson of the Committee shall be appointed at a full business meeting of Forth Valley NHS Board in accordance with Standing Orders. The Chair of the NHS Board will appoint a Vice Chair in addition to the Chair. The Chair shall preside at every meeting of the Committee. The Vice Chair shall preside if the Chair is absent.

2.3 Attendance

The Chief Executive, Medical Director, Nurse Director, Director of Public Health & Strategic Planning, Human Resources Director and Director of Pharmacy will normally attend. Additionally, the Head of Clinical Governance and the Infection Control Manager shall also normally attend. The Committee can request the attendance of any officer or family practitioner of NHS Forth Valley at its meetings.

All NHS Board Members shall have the right of attendance and have access to papers except where the Committee resolves otherwise.

3. MEETINGS

3.1 Frequency

Meetings of the Committee will be timetabled annually. This schedule should also identify the key items of business to be discussed at each meeting.

The Committee shall meet as necessary to fulfil its remit and Meetings will be held at a minimum of once in every quarter.

3.2 Agenda and Papers

The agenda and supporting papers will be sent out at least five clear days in advance of the meetings. All papers will clearly state the agenda reference, the author, the purpose of the paper together with the action the Committee is asked to consider.

3.3 Quorum

No business shall be transacted unless a minimum of three Non-Executive Members are present.

3.4 Minutes

Formal Minutes will be kept of proceedings and submitted for approval at the next meeting. Recognising the issue of relative timing and scheduling of meetings, a summary of the key areas of business of the Clinical Governance Committee will be presented to the next Board Meeting to ensure NHS Board Members are aware of issues considered and decisions taken by the respective Committees.

The draft Minutes will be cleared by the Chair of the Committee and the nominated lead Director prior to distribution. Given the potential for minutes to contain In Confidence Information, these Minutes may require to be considered in a closed session of the NHS Board.

3.5 Other

If necessary, meetings of the Committee shall be convened and attended exclusively by members of the Committee.

3.6 Clinical Governance Working Group

Minutes of the Clinical Governance Working Group will be presented to the Clinical Governance Committee. Recognising the issue of relative timing and scheduling of meetings, a summary of the key areas of business of the Clinical Governance Working Group will be

presented to the next Clinical Governance Committee. The Clinical Governance Working Group reports to the Clinical Governance Committee.

3.7 Ethical Issues Sub-Committee

Minutes (or draft Minutes) of the Ethical Issues Sub-Committee will be presented to the Clinical Governance Committee following the meeting of the Sub-Committee. The Committee meets on an ad hoc basis as required. The Sub-Committee reports to the Clinical Governance Committee. The Sub-Committee delegates discussion to the Ethical Advisory Group which is a sub-group of the Clinical Governance Working Group.

3.8 Organ Donation Sub-Committee

Minutes (or draft Minutes) of the Organ Donation Sub-Committee will be presented to the next Clinical Governance Committee. The Sub-Committee reports to the Clinical Governance Committee.

4. REMIT

4.1 Objectives

The main objectives of the Clinical Governance Committee are to provide:

- Systems Assurance
- Public Health Governance
- Clinical Risk Management

4.2 Responsibilities

The responsibilities of the Committee shall be to: -

- 4.2.1 Ensure that all elements of the Clinical Governance Framework within the Quality Strategy are being adequately taken forward and coordinated within acute care, primary care, and community care.
- 4.2.2 Ensure that all elements of the Clinical Governance Framework within the Quality Strategy are implemented effectively and efficiently across the system.
- 4.2.3 Ensure that appropriate standards of clinical governance are being applied to the health improvement and health protection activities of the Board.
- 4.2.4 Ensure that follow-up action is taken in relation to external reviews to provide assurance that the quality of services is being improved.
- 4.2.5 Promote positive complaints handling, advocacy and feedback including learning from adverse events, near misses and whistleblowing cases.

- 4.2.6 Ensure review of clinical governance objectives bi-annually to gain assurance across the whole NHS system with appropriate monitoring and action planning.
- 4.2.7 Ensure systems dealing with revalidation/fitness to practice are in place.
- 4.2.8 Review performance in management of clinical and population-based risk and delivery of services, including emergency planning and service continuity planning.
- 4.2.9 Receive regular reports that allow the Committee to assure the Board on key clinical priorities within a clear forward plan.
- 4.2.10 Receive reports from the, NHS Forth Valley Area Prevention & Control of Infection Committee, and Child Protection Action Group Quarterly Report.

5. OTHER

- 5.1** The Committee has a duty to review its own performance, effectiveness, including running costs and terms of reference on an annual basis.
- 5.2** The Chairman shall submit an Annual Report on the work of the Committee to the NHS Board.
- 5.3** The Committee is authorised to obtain professional advice it considers necessary.

CLINICAL GOVERNANCE ETHICAL ISSUES SUB-COMMITTEE

TERMS OF REFERENCE

1. PURPOSE

The Ethical Issues Sub-Committee will ensure that ethical issues are given due consideration appropriate to an NHS provider of healthcare.

2. COMPOSITION

2.1 Membership

The membership of the Committee shall consist of:

- Chair of the Forth Valley Clinical Governance Committee
- Non-Executive Director of NHS Forth Valley
- Medical Director
- Head of Spiritual Care Services

2.2 Appointment of Chairperson and Vice Chair

The Chairperson of the Committee shall be appointed at a full business meeting of the Clinical Governance Committee. The Chair of the NHS Board will appoint a Vice Chair in addition to the Chair. The Chair shall preside at every meeting of the Committee. The Vice Chair shall preside if the Chair is absent.

2.3 Attendance

The Committee can obtain professional advice required and request the attendance of any officer of NHS Forth Valley to attend meetings.

All NHS Board Members shall have the right of attendance and have access to papers except where the Committee resolves otherwise.

3. MEETINGS

3.1 Frequency

The Committee shall meet as appropriate to fulfil its remit. Meetings will be held as necessary where there is business to consider.

3.2 Agenda and Papers

The agenda and supporting papers will be sent out at least five clear days in advance of the meetings. All papers will clearly state the agenda reference, the author, the purpose of the paper together with the action the Committee are asked to consider.

3.3 Quorum

No business shall be transacted unless a minimum of two Committee Members are present.

3.4 Minutes

Formal Minutes will be kept of proceedings and submitted for approval at the next meeting, recognising the issue of relative timing of meetings. Minutes of the Ethical Issues Sub-Committee will be presented in draft form to the next Clinical Governance Committee meeting to ensure Clinical Governance Committee Members are aware of issues considered and decisions taken.

The draft Minute will be cleared by the Chair of the Committee and the nominated lead Executive prior to distribution.

3.5 Other

If necessary, meetings of the Committee shall be convened and attended exclusively by Members of the Committee.

4. REMIT

4.1 Objectives

The main objectives of the Ethical Issues Sub-Committee are to ensure that the purpose is met.

To ensure the purpose is met, the group is responsible for the following:

- To consider in detail all issues remitted and bring forward advice, judgements, and recommendations to the Clinical Governance Committee, which maintain integrity a highest level of public confidence in NHS Forth Valley.
- To ensure issues referred are competent having been through an appropriate referral process
- To determine if the issue is subject to legal process or whether there is an indication it may be subject to such a process, in which case any consideration by the Committee should be suspended.
- To examine and address education and training needs of members and others asked to attend.

- To consider if other reasonable means of resolving the issue have been exhausted and refer the issue to an alternative process where this is not the case.
- To, where necessary, clarify the “question” being asked together with the options and their potential implications and impacts.
- To seek all reasonable opinion and evidence to allow informed discussion.
- To be familiar with any significant legal or regulatory issues that may relate to the matter in question; this includes “case studies” and conclusions reached by others on similar matters.
- To analyse the issue using any suitable or relevant methodologies such as risk management
- To provide reports to the Clinical Governance Committee that clearly set out the issues, analysis undertaken and recommendations.

11. OTHER

- 11.1** The Committee has a duty to review its own performance, effectiveness, including running costs and Terms of Reference on an annual basis.
- 11.2** Reports will conform to national and NHS Forth Valley Information Governance standards and should not divulge any personal information without consent.

ENDOWMENTS COMMITTEE

TERMS OF REFERENCE

1. PURPOSE

The purpose of the Endowments Committee is to ensure that endowment funds held in trust comply with the relevant laws and regulations and that an effective system of financial control is in place. In so far as they are able, the Committee would manage the Endowments Funds in accordance with the wishes of donors.

2. COMPOSITION

2.1 Trustees

All Members of the Forth Valley NHS Board shall be Members of the Endowment Fund.

2.2 Membership of Endowments Committee

The membership of the Committee shall consist of all Members of Forth Valley NHS Board.

It is expected that as a matter of routine three Non-Executive Members, the Chief Executive and the Director of Finance shall attend meetings.

2.3 Appointment of Chairperson and Vice Chair

The Chairperson of the Committee shall be appointed at a full business meeting of Forth Valley NHS Board in accordance with Standing Orders. The Chair of the NHS Board will appoint a Vice Chair in addition to the Chair. The Chair shall preside at every meeting of the Committee. The Vice Chair shall preside if the Chair is absent.

2.4 Attendance

The Lead Director for NHS Forth Valley Endowment Funds shall normally attend meetings. The Endowment Fund's Investment Advisors shall attend as required but at least annually. The appointed Endowment Auditors shall attend as required.

The Committee can request the attendance of any officer of NHS Forth Valley. All Forth Valley NHS Board Members shall have access to the papers of the Committee.

3. MEETINGS

3.1 Frequency of Meetings

Meetings of the Committee will be timetabled annually. This schedule should also identify the key items of business to be discussed at each meeting.

The Committee shall meet as necessary to fulfil its remit and meetings will be held at least four times per year of which one meeting will be held to review the audited Annual Accounts and associated year-end reports.

3.2 Agenda and Papers

The agenda and supporting papers will be sent out at least five clear days in advance of the meetings. All papers will clearly state the agenda reference, the author, the purpose of the paper, together with the action the Committee are asked to consider.

3.3 Quorum

No business shall be transacted unless a minimum of three Endowment Committee Members are present.

3.4 Minutes

Formal Minutes will be kept of proceedings and submitted for approval at the next meeting. Recognising the issue of relative timing and scheduling of meetings, a summary of the key areas of business of the Endowments Committee will be presented to the next Forth Valley NHS Board Meeting. The draft Minutes will be cleared by the Chair of the Committee and the nominated Lead Director.

3.5 Bursary Committee

The Bursary Committee reports to the Endowment Committee. Recognising the issue of relative timing and scheduling of meetings, Minutes (or draft Minutes) of the Bursary Committee will be presented to the next Endowment Committee.

4. REMIT

The main objectives of the Endowments Committee are:

- 4.1 To ensure that financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, Regulation 8 of the Charities Accounts (Scotland) Regulations 2006, United Kingdom Generally Accepted Accounting Practice, and appropriate NHS legislation.
- 4.2 To accept hold and administer legacies, donations and grants that may be used for purposes relating to Health Service functions or to research.
- 4.3 To appoint Investment Advisors to ensure best possible investment advice is available to invest in the best interests of the Fund. The Advisors should be appropriately regulated by the Financial Conduct Authority.
- 4.4 To monitor investment performance and agree distribution of investment income.

- 4.5 To consider recommendations for use of funds and to approve a Scheme of Delegation for Endowment Funds.
- 4.6 To approve an annual budget for unrestricted funds against plan and monitor expenditure of funds.
- 4.7 To review the system of internal control including evaluating the control environment and decision-making process. To receive Internal Audit Reports in respect of Endowment Funds.
- 4.8 To appoint the External Auditor for the Endowment Fund and to review the Management Letter to the Annual Accounts.
- 4.9 To adopt the audited Annual Accounts and to review the Endowment Fund Annual Report.

5. OTHER

- 5.1 The Committee has a duty to review its own performance, effectiveness including running costs and Terms of Reference on an annual basis.
- 5.2 The Chairperson shall submit an Annual Report of the work of the Committee to Forth Valley NHS Board.
- 5.3 The Committee is authorised to obtain professional advice it considers necessary.
- 5.4 The Committee should ensure compliance with the requirements of the Office of the Scottish Charity Regulator including the submission of an Annual Monitoring Return.

PERFORMANCE AND RESOURCES COMMITTEE

TERMS OF REFERENCE

1. Purpose

The purpose of the Performance and Resources Committee is:

- To scrutinise, on behalf of the Board, all financial and operational performance focusing on strategic planning, organisational priorities and ensuring that corrective actions are taken as required and improvements in performance acknowledged.
- To oversee the ongoing development of a performance management culture in the organisation where performance management is seen as part of the day job striving for excellence and focussing on improvement in all aspects of NHS Board business.
- Ensure the production of an Annual Plan, incorporating the Board's Financial Plan/Capital Plan/AOP and setting out the overall direction for the year for Board approval. The Committee will also ensure actions are in place to support the delivery of the plan acknowledging partnership delivery plans.
- Ensure NHS Forth Valley delivers its statutory obligation to comply with information governance and General Data Protection Regulation (GDPR). Maintain an overview of the work to deliver improvements in Information Governance ensuring appropriate prioritisation of this work.

2. Composition

2.1 Membership

The membership of the Committee shall consist of:

- Four Non-Executive Directors of the Board
- Chair of Area Clinical Forum
- Employee Director

2.2 Appointment of Chairperson and Vice Chair

The Chairperson of the Performance and Resource Committee shall be appointed at a full business meeting of Forth Valley NHS Board in accordance with Standing Orders. The Chair of the NHS Board will appoint a Vice Chair in addition to the Chair. The Chair shall preside at every meeting of the Committee. The Vice Chair shall preside if the Chair is absent.

2.3 Attendance

The Chief Executive, Nurse Director, Medical Director, Director of Finance, Human Resources Director, Director of Facilities and Infrastructure and Head of Policy and Performance shall normally attend meetings.

The Committee can request the attendance of any officer of NHS Forth Valley at its meetings.

All NHS Board Members shall have the right of attendance and have access to papers except where the Committee resolves otherwise.

The Committee shall have the right to invite, as required, external experts to attend meetings.

3. Meetings

3.1 Frequency

Meetings of the Performance and Resource Committee will be timetabled bimonthly on the month opposite to the NHS Board meeting. The meeting schedule should also identify the key items of business to be discussed at each meeting.

The Performance and Resource Committee shall meet as necessary to fulfil its remit and meetings will be held at a minimum of bimonthly.

3.2 Agenda and Papers

The agenda and supporting papers will be sent out at least five clear days in advance of the meetings. All papers will clearly state the agenda reference, the author, the purpose of the papers together with the action the Performance and Resource Committee is asked to consider.

3.3 Quorum

No business shall be transacted unless a minimum of three Members are present.

3.4 Minutes

Formal Minutes will be kept of proceedings and submitted for approval at the next meeting.

Recognising the issue of relative timing and scheduling of meetings, a summary of the key areas of business of the Performance and Resource Committee will be presented to the next Board Meeting to ensure NHS Board members are aware of issues considered and decisions taken.

The draft Minutes will be cleared by the Chair of the Performance and Resource Committee and the nominated Lead Director prior to distribution. Given the potential for Minutes to contain In Confidence information, these Minutes may require to be considered in a closed session of the NHS Board.

4. Remit

The main objectives of the Performance and Resources Committee shall be:

4.1 Corporate Planning

- 4.1.1 Ensure the production of an Annual Operational Plan, incorporating the Board's Financial Plan/Capital Plan, setting out the overall direction for the year for Board approval.
- 4.1.2 Ensure actions are in place to support delivery of the Annual Operational Plan.
- 4.1.3 Monitor progress against the Annual Operational Plan, ensuring delivery against plan is achieved.
- 4.1.4 Oversee Community Planning Partnership activities and receive routine reports.
- 4.1.5 Ensure appropriate focus on strategic priorities and core objectives.

4.2 Performance and Risk

- 4.2.1 Support the development of a performance culture within NHS Forth Valley which will drive continuous quality improvement.
- 4.2.2 Approve the Board Performance Management Framework.
- 4.2.3 Review the Board's overall performance, strategic policy, and planning objectives, Forth Valley Quality Programme and ensure mechanisms are in place to promote best value, improved efficiency, and effectiveness.
- 4.2.4 Ensure 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 the full Board.
- 4.2.5 Adopt a risk-based approach to performance through routine review of the Balanced Scorecard, focussing on areas of corporate concern identified as requiring an additional strategic and collective approach to ensure delivery against performance targets.
- 4.2.6 Maintain an overview of the Corporate Risk Register reviewing risk appetite and agreeing appropriate escalation to the Board.

4.3 Finance and Efficiency

- 4.3.1 Review Financial Performance, focussing on areas of corporate concern which may require corporate decision making to enable delivery against plan.
- 4.3.2 Review the Board's savings plans to ensure that these deliver as required to support the Board's financial plan.
- 4.3.3 Review the Board's performance in relation to internal and external reports including benchmarking and efficiency indicators and to support opportunities for improving the Board's performance.
- 4.3.4 Maintain overview of IJB budget process and financial performance.

4.4 Property and Asset Management

- 4.4.1 Ensure the Property and Asset Management Strategy is developed, and the procedures are in place to ensure that it is maintained, reviewed, and remains deliverable.
- 4.4.2 Review all proposed property acquisitions and disposals in accordance with the NHS Property Transactions Handbook ensuring that due process has been followed to permit Board approval to proceed.
- 4.4.3 Approve Change Control notifications exceeding £20,000 (recurring) for the Board's PFI facilities.

4.5 Capital Projects

- 4.5.1 Review overall development of major schemes including capital investment business cases and consider the implications of time slippage and / or cost overrun. Instruct and review the outcome of the post project evaluation.
- 4.5.2 Review reports on significant capital projects.
- 4.5.3 Review compliance with relevant legislation and requirements of the Scottish Capital Investment Manual (SCIM).
- 4.5.4 Review periodically policies relating to capital projects and major equipment.

4.6 Information Governance

- 4.6.1 Ensure NHS Forth valley delivers its statutory obligation to comply with information governance and General Data Protection Regulation (GDPR).
- 4.6.2 Maintain an overview of the work to deliver improvements in Information Governance ensuring appropriate prioritisation of this work.

4.7 Digital strategy

- 4.7.1 Monitor delivery of the Digital and eHealth Plan.

5. OTHER

- 5.1 The Performance and Resource Committee has a duty to review its own performance and effectiveness including running costs and terms of reference on an annual basis.
- 5.2 The Performance and Resources Committee is authorised to obtain professional advice if it considers necessary.
- 5.3 The Chairperson shall submit an Annual Report of the work of the Performance and Resources Committee to the Board.

PHARMACY PRACTICES COMMITTEE

TERMS OF REFERENCE

1. PURPOSE

- 1.1** The Committee shall be known as the Pharmacy Practices Committee and shall consider, determine and approve/reject applications for inclusion in the Pharmaceutical List in accordance with the NHS (Pharmaceutical Services) (Scotland) Regulations 2009 and the NHS (Pharmaceutical Services) (Scotland) Amendment Regulations 2011 (SSI 2011 No. 32) and 2014 (SSI 2014 No. 148).
- 1.2** The Committee shall, within 10 working days of taking its decision, give written notification of it to the Board with reasons for that decision.

2. COMPOSITION

2.1 Membership

The Pharmacy Practices Committee is appointed by the Board and shall consist of seven (unless the Application is for premises in a neighbourhood or an adjacent neighbourhood to a controlled locality, in which case an additional member will be appointed by the Board from persons nominated by the Area Medical Committees).

Members of whom:

- 2.1.1** One (Chair) shall be a Non-Executive Member of the Board appointed as Chair of the Pharmacy Practices Committee and shall not be nor have previously been, a Doctor, Dentist, Ophthalmic Optician or Pharmacist or an employee of a Doctor, Dentist, Ophthalmic Optician or Pharmacist.
- 2.1.2** Three shall be Pharmacists of whom:
- 2.1.2.1** One shall be a Pharmacist whose name is not included in a Pharmaceutical List and who is not an employee of a person whose name is so listed and who shall be appointed from a list of persons nominated by the Area Pharmaceutical Committee.
 - 2.1.2.2** Two shall be Pharmacists whose names are either included on a Pharmaceutical List or are employees of a person whose name is on such a list and shall be appointed from a list of persons nominated by the Area Pharmaceutical Committee.
- 2.1.3** Three shall be Lay Persons appointed by NHS Forth Valley, other than from members of the Board, and shall not be nor have previously been a Doctor, Dentist, Ophthalmic Optician or Pharmacist or an employee of person who is a Doctor, Dentist, Ophthalmic Optician or Pharmacist.

2.1.4 In circumstances where the premises that are the subject of the Application are located in the same neighbourhood as a controlled locality the Pharmacy Practices Committee shall have an additional member appointed by the Board from persons nominated by the Area Medical Committee.

2.2 Appointment of Deputies

The Board shall also appoint deputies including, as the case may be for 2.1.4 for each Committee Member using the same criteria as set out in 2.1.

2.3 Eligibility

The Board shall ensure in appointing Members and Deputies to the Pharmacy Practices Committee that the eligibility criterion set out in the National Health Service (General Pharmaceutical Services) (Scotland) Regulations 2009 the NHS (Pharmaceutical Services) (Scotland) Amendment Regulations 2011 and 2014 (SSI 2014 No. 148) and in accordance with the provision of The Health Act 1999 are met.

If nominations are not made available before such a date as the Board may determine, the Board may appoint as a member a person who satisfies the appropriate criteria specified in 2.1 to 2.1.4.

2.4 Review

Membership shall be reviewed annually.

2.5 Attendance

The Board may appoint an independent legal assessor to attend to provide legal and technical advice during the hearing.

A person shall attend for the purpose of taking an accurate note of the Pharmacy Practices Committee meeting.

3. MEETINGS

3.1 The Pharmacy Practices Committee shall meet as necessary to fulfil its remit.

3.2 The agenda and supporting papers will be sent at least five days before the date of the meeting. In any case where oral representations are being heard, at least 7 days notice of the date fixed for the meeting shall be given to all parties.

3.3 Quorum

No business will be conducted at the meeting of the Pharmacy Practices Committee unless five Members or deputies are present of whom:

- 3.3.1 one shall be the Chair of the Committee or deputy Chair.
- 3.3.2 one shall be a non-contractor Pharmacist in accordance with 2.1.2.1 or deputy.
- 3.3.3 one shall be a contractor Pharmacist in accordance with 2.1.2.1 or deputy.
- 3.3.4 two shall be Lay Persons in accordance with 2.1.3 or deputy.
- 3.3.5 In circumstances where the premises that are the subject of the Application are in the same neighbourhood as a controlled locality the Pharmacy Practices Committee shall have an additional member appointed by the Board from persons nominated by the Area Medical Committee.
- 3.4** Formal minutes will be kept of the proceedings of the Committee and approved by Members or deputies in accordance with 3.3, with the decision and the reasons for that decision reported to the Board. A copy of the Minutes of the NHS Forth Valley Pharmacy Practices Committee will be submitted to the NHS Board for noting.
- 3.5** Each application submitted to the Pharmacy Practices Committee under Regulation 5 (10) shall be discussed by all Members present at the meeting but shall be determined by the following Members (or their deputies) after the Non-Contractor and Contractor Pharmacists appointed by the Pharmacy Practices Committee and, if present, the member nominated by the Area Medical Committee, have withdrawn.
- 3.5.1 Lay Persons in accordance with 2.1.3.
- 3.6** The Chair or deputy Chair shall not be entitled to vote in respect of a determination of an application submitted under Regulation 5 (10) but in the case of an equality of votes under 3.5 shall have a casting vote.
- 3.7** In the case of all other matters considered under Regulation 5(10) except in respect of an application submitted under Regulation 5(10) all Members of the Committee present shall determine the matter.
- 3.8** In the case of urgent matters the Chair, or in their absence, the deputy Chair shall be empowered by the Committee to determine matters within the remit of the Committee with the exception of applications submitted under Regulation 5(10) in circumstances where it is necessary that, as a matter of urgency, a decision should be reached between scheduled meetings of the Committee.
- 3.9** Any decision taken under 3.8 shall be reported to the next meeting of the Committee for endorsement.

4. REMIT

- 4.1** The Committee shall determine and approve/reject applications for inclusion in the Pharmaceutical List as defined in terms of Regulation 5(10) and paragraph 3 of schedule 3 of the National Health Service (General Pharmaceutical Services) (Scotland) Regulations 2009, the National Health Service (Pharmaceutical Services) (Scotland) Amendment Regulations 2011 and 2014 (SSI 2014 No. 148) and in accordance with The Health Act 1999.
- 4.2** The Committee shall also be empowered to exercise other functions as are delegated to it by Forth Valley NHS Board under the National Health Service (General Pharmaceutical Services) (Scotland) Regulations 2009, the National Health Service (Pharmaceutical Services) (Scotland) Amendment Regulations 2011 and 2014 (SSI 2014 No. 148) and in accordance with The Health Act 1999 to the extent that those functions are not delegated to an Officer under the Scheme of Delegation.
- 4.3** Any Officer with delegated authority in respect of the provisions of the General Pharmaceutical Services under Part II of the National Health Service (Scotland) Act 1978, may refer to the Committee for determination of any matter within the Officer's delegated authority either as a matter of policy or in respect of a specific issue and the Committee shall be authorised to determine such matters.
- 4.4** In exercising and considering all applications submitted to it, the Committee shall have regard to the provisions of the National Health Service (General Pharmaceutical Services) (Scotland) Regulations 2009, the National Health Service (Pharmaceutical Services) (Scotland) Amendment Regulations 2011 and 2014 (SSI 2014 No. 148) and The Health Act 1999 with particular reference to:
- 4.4.1 consultation with interested parties, appropriate members of the public; and
- 4.4.2 criterion for the granting of new pharmaceutical contracts.

5. AUTHORITY

- 5.1** The Committee is authorised to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- 5.2** The Committee has a duty to review its own performance, effectiveness including running costs and terms of reference on an annual basis.

REMUNERATION COMMITTEE

TERMS OF REFERENCE

1. Role of the Committee

- 1.1 The main function of the Remuneration Committee is to ensure application and implementation of fair and equitable pay systems on behalf of the NHS Board, as determined by Ministers and Scottish Government. The Committee oversees the remuneration arrangements for Executive Directors and Senior Managers (on Executive pay grades) and Consultants of the NHS Board whilst also discharging specific responsibilities on behalf of the NHS Board as an employing organisation. The Remuneration Committee provides assurance that systems and procedures are in place to manage the responsibilities within its remit by providing an Annual Report of its work to the NHS Board.

2. Composition of the Committee

2.1 Membership

The membership of the Committee shall consist of:

- the NHS Board Chair
- the Employee Director
- the Chair of the Audit and Risk Committee
- the Chair of the Clinical Governance Committee
- the Chair of the Staff Governance Committee
- the Chair of the Performance and Resources Committee

The Committee Chair (from list above) shall be appointed by the NHS Board at its inaugural meeting. The Chair of the NHS Board will appoint a Vice Chair in addition to the Chair. The Chair shall preside at every meeting of the Committee. The Vice Chair shall preside if the Chair is absent.

Appropriate training and development will be provided to ensure that members of the Committee have the skills and knowledge to carry out this role.

2.2 Attendance

Other NHS Non-Executive Board Members may attend Meetings of the Committee and have access to papers at the Committee Chair's discretion. In such cases, NHS Board members should inform the Committee Chair in advance of their desire to attend the relevant Meeting.

The Chief Executive shall normally attend meetings.

The Director of HR shall attend all meetings for the entire agenda to ensure that professional HR advice is available at every stage of proceedings.

3. Meetings of the Committee

3.1 Frequency

The Committee shall meet as required, with Meetings normally to be held three times in each financial year, at a place and time as determined by the Committee Chair. In addition, the Committee Chair may convene Meetings to consider business which may require urgent consideration.

3.2 Agenda and Papers

The Committee Chair in conjunction with the Chief Executive and Director of HR will set the Agenda for meetings.

The agenda and supporting papers will be sent out at least five clear days in advance of the meetings.

All papers will clearly state the agenda reference, the author, the purpose of the paper and the key issues the Committee is asked to consider using the agreed Board Paper template.

3.3 Quorum

Three members of the Committee shall constitute a quorum and no business shall be transacted unless this minimum number of Members is present. For the purposes of determining whether a meeting is quorate, Members attending by either video or tele-conference link will be determined to be present.

3.4 Minutes

The Draft Minutes shall then be presented at the next Meeting of the Committee for approval.

A summary of the key items of business considered by the Committee shall be presented, through the Staff Governance Committee as appropriate and made to the next available Board Meeting by the Committee Chair.

- 3.5** In order to fulfil its remit, the Remuneration Committee can obtain whatever professional advice it requires and invite if necessary external experts to meetings.

4. Duties of the Remuneration Committee

The specific duties of the Committee are as follows:

- 4.1** In relation to Executive Directors and Health & Care Senior Managers (on executive pay grades):

- review and approve all Terms and Conditions of Employment, including job descriptions, terms of employment, basic pay, performance pay (if applicable), and all benefits associated with each post (this also refers to Senior Managers on executive pay grades)
- review and approve annual performance objectives, including overseeing the review of performance against these objectives at the mid-year point and agreeing any revisions to the objectives during the course of the year (this also refers to Health & care Senior Managers on executive pay grades)
- consider and approve the assessment of performance at the year-end and any changes to the remuneration or the Terms and Conditions of Employment arising from this assessment of performance during the review period (this also refers to Senior Managers on executive pay grades)

4.2 In relation to any other staff employed under Executive Managers' or Consultants' pay arrangements to:

- maintain an overview of remuneration arrangements for staff falling within these categories

4.3 In general:

- comply with any Scottish Government Health and Social Care Directorates directions and take into consideration any relevant guidance on remuneration or terms and conditions of employment
- provide assurance to the Board through the Staff Governance Committee, that systems and procedures are in place to manage the issues set out in Scottish Government guidance so that overarching staff governance responsibilities can be discharged; the Staff Governance Committee will not be given the detail of confidential employment issues that are considered by the Remuneration Committee
- review submissions from the Chief Executive for the terms of any Settlement Agreement; such agreements may also require the approval of the Scottish Government, in accordance with procedures applicable across the public sector

5. Authority

5.1 The Committee is authorised by the NHS Board to obtain external legal or other independent professional advice and to secure the assistance of people from outside the Board or the wider NHS, with relevant expertise, if it is considered necessary.

6. Reporting to the Board

6.1 In addition to providing the Board, through the Staff Governance Committee, with updates, the Remuneration Committee shall produce an Annual Report to the NHS Board and be presented by the Remuneration Committee Chair.

- 6.2** The Committee has a duty to review its own performance and effectiveness, and terms of reference, on an annual basis and report proposed amendments to the NHS Board.

STAFF GOVERNANCE COMMITTEE

TERMS OF REFERENCE

1. PURPOSE

1.1 The purpose of the Staff Governance Committee is to provide the NHS Board with the assurance that:

- There is a culture within NHS Forth Valley where the highest possible standard of staff management is understood to be the responsibility of everyone working in Forth Valley and is built upon partnership and collaboration.
- Staff governance mechanisms are in place and effective throughout the local NHS system.
- Performance is reviewed against the Staff Governance standard.

2. COMPOSITION

2.1 Membership

The membership of the Committee shall consist of:

- Four Non-Executive NHS Board Members
- Chair of the NHS Board
- Employee Director
- Four Lay members (from Trade Union and Professional Organisations)

2.2 Appointment of Chairperson and Vice Chair

The Chairperson of the Committee shall be appointed at a full business meeting of Forth Valley NHS Board in accordance with Standing Orders. The Chair of the NHS Board will appoint a Vice Chair in addition to the Chair. The Chair shall preside at every meeting of the Committee. The Vice Chair shall preside if the Chair is absent.

2.3 Attendance

The Chief Executive of NHS Forth Valley, Director of Nursing and the Director of Human Resources shall normally attend meetings. The Committee can routinely request the attendance of any officer of NHS Forth Valley at its meetings.

All NHS Board Members shall have the right of attendance and have access to papers except where the Committee resolves otherwise.

3. MEETINGS

3.1 Frequency

Meetings of the Committee will be timetabled annually. This schedule should also identify the key items of business to be discussed at each meeting. The Committee shall meet as necessary to fulfil its remit and Meetings will be held at a minimum of once in every quarter.

3.2 Agenda and Papers

The agenda and supporting papers will be sent out at least five clear days in advance of the meetings. All papers will clearly state the agenda reference, the author, the purpose of the paper together with the action the Committee are asked to consider.

3.3 Quorum

No business shall be transacted unless a minimum of four Members are present.

3.4 Minutes

Formal Minutes will be kept of proceedings and submitted for approval at the next meeting.

Recognising the issue of relative timing and scheduling of meetings, a summary of the key areas of business of the Performance and Resource Committee will be presented to the next Board Meeting to ensure NHS Board members are aware of issues considered and decisions taken.

The draft Minutes will be cleared by the Chair of the Committee and the nominated Lead Executive prior to distribution.

3.5 Other

If necessary, meetings of the Committee shall be convened and attended exclusively by Members of the Committee.

4. REMIT

4.1 Objectives

The main objectives of the Staff Governance Committee are to ensure that staff governance mechanisms are in place and effective throughout the local NHS System and that performance is reviewed against relevant Staff Governance standards. The Committee shall support the creation of a culture within the health system where the delivery of the highest possible standard of staff management is understood to be the responsibility of everyone working within the system and is built upon partnership and collaboration.

4.2 Systems Assurance and Staff Governance

- 4.2.1 To receive summary reports from the Area Partnership Forum in relation to Human Resource and Organisational Development Strategy and Policies. Policy development and approval is delegated to the Area Partnership Forum.
- 4.2.2 To monitor implementation of the Workforce Modernisation Agenda through the assessment of regular reports.
- 4.2.3 To commission the introduction of structures and processes which ensure that delivery against the Staff Governance Standards, including the aligned Whistleblowing Standards, is being achieved.
- 4.2.4 To ensure consistency of policy and equity of treatment of employees.
- 4.2.5 To ensure that a consistent approach to the job evaluation is in place.
- 4.2.6 To monitor Workforce Plan development and its associated action plan.
- 4.2.7 To ensure that an appropriate approach is in place to deal with staff risk management (including staff and patient safety) across the system working within NHS Forth Valley Risk Management Strategy.
- 4.2.8 To provide staff governance information for the statement of internal control.

4.3 Internal Review

- 4.3.1 To monitor and evaluate strategies and implementation plans relating to people management.
- 4.3.2 To review staff survey results and to monitor implementation of agreed action plans.
- 4.3.3 To monitor performance in NHS Forth Valley in
 - staff communications
 - learning and development
 - partnership working (through links with Area Partnership Forum)
 - safe and healthy working environment
 - Human Resource Policies and Procedures
- 4.3.4 To propose and support any policy amendment, funding, or resource submission to achieve the Staff Governance Standard recognising that such proposals will require to be assessed as part of the over-arching local prioritisation process.
- 4.3.5 To receive minutes from Health and Safety Committee and to monitor governance arrangements as they relate to staff.

4.4 External Review

4.4.1 To take responsibility for the timely submission of all staff governance information required for national monitoring arrangements and ensure follow-up action is taken in respect of relevant external reviews such as Audit Reports.

4.4.2 To oversee the implementation of Everyone Matters, the national workforce vision and related workforce strategies.

- Partnership Information Network Guidelines
- Fair for All

4.4.3 To review all appropriate Performance elements routinely.

4.4.4 To recognise the implementation of the 'Once for Scotland' Workforce Policies.

5. Other

5.1 The Committee has a duty to review its own performance, effectiveness, including running costs and Terms of Reference on an annual basis.

5.2 The Chairman shall submit an Annual Report on the work of the Committee to the NHS Board.

5.3 The Committee is authorised to obtain professional advice it considers necessary.

ANNEX C: STANDING ORDERS

SCHEME OF DECISIONS RETAINED BY FORTH VALLEY NHS BOARD

The Code of Accountability requires the NHS Board to adopt a Schedule of Decisions that are reserved for the NHS Board. The following decisions are for determination by the NHS Board: -

1. Values and aims of Forth Valley NHS Board
2. Forth Valley Corporate Plan including the Local Delivery Plan and Regional Planning issues
3. Strategic Health Service Plans, all Business Cases where Capital Investment exceeds £1m
4. Five Year Financial Plan and Annual Financial Plan
5. Five Year Capital Plan and Annual Capital Plan
6. Endorsement of jointly published plans with public sector partners
7. Standing Orders including Decisions retained by the Board and the Scheme of Delegation
8. Standing Financial Instructions
9. Establishment, terms of reference, reporting arrangements and membership of all Committees acting on behalf of the NHS Board
10. NHS Board Members' Register of Interests
11. Approval of NHS Board Annual Report and Annual Accounts
12. Financial and Performance Management Reporting Arrangements
13. Arrangements for approval of policies required as a result of national guidelines with the exception of Human Resource policies (see Staff Governance Committee remit)
14. Recommendations to the Scottish Government relating to the closure or change of use of hospitals
15. Acquisition and disposal of any land and property above £ 250,000
16. Appointment of Executive Directors of Forth Valley NHS Board
17. Appointment of Management Consultants/Advisors where contract value exceeds £100,000
18. Approval of delegation of any function to an agency out with the National Health Service

The Chief Executive is authorised to take such measures as may be required in emergency situations, subject to advising, where possible, the Chairperson and the Vice Chairperson of the Board and the relevant Standing Committee Chairperson. Where such powers are invoked these shall be formally reported to the next relevant Standing Committee or NHS Board Meeting as appropriate.

ANNEX D: STANDING ORDERS

SCHEME OF DELEGATION

A clear set of rules for delegation, inclusive of financial limits is essential to ensure that effective management control of resources is exercised.

Decisions retained by the NHS Board are identified in Annex C.

All powers not retained by the NHS Board or delegated to a Committee or Sub-Committee shall be exercised on behalf of the NHS Board by the Chief Executive. The Chief Executive shall prepare a Scheme of Delegation identifying which functions he/she shall perform personally, and which functions have been delegated to other Officers.

The Chief Executive as Accountable Officer (Revised Memorandum to National Health Service Accountable Officers: May 2002) is also accountable to the Principal Accounting Officer of the NHS in Scotland and the Scottish Parliament. The role of the Director of Finance in devising, implementing, monitoring and supervising systems of financial control is exercised on behalf of the Chief Executive and the NHS Board.

The Scheme of Delegation and the Standing Financial Instructions form a major part of the system of control. These should be used in conjunction with the system of budgetary control and other established procedures.

SECTION B

Code of Conduct

SECTION 1: Introduction to the Code of Conduct

- 1.1 This Code has been issued by the Scottish Ministers, with the approval of the Scottish Parliament, as required by the [Ethical Standards in Public Life etc. \(Scotland\) Act 2000 \(the “Act”\)](#).
- 1.2 The purpose of the Code is to set out the conduct expected of those who serve on the boards of public bodies in Scotland.
- 1.3 The Code has been developed in line with the nine key principles of public life in Scotland. The principles are listed in Section 2 and set out how the provisions of the Code should be interpreted and applied in practice.

My Responsibilities

- 1.4 I understand that the public has a high expectation of those who serve on the boards of public bodies and the way in which they should conduct themselves in undertaking their duties. I will always seek to meet those expectations by ensuring that I conduct myself in accordance with the Code.
- 1.5 I will comply with the substantive provisions of this Code, being sections 3 to 6 inclusive, in all situations and at all times where I am acting as a board member of my public body, have referred to myself as a board member or could objectively be considered to be acting as a board member.
- 1.6 I will comply with the substantive provisions of this Code, being sections 3 to 6 inclusive, in all my dealings with the public, employees and fellow board members, whether formal or informal.
- 1.7 I understand that it is my personal responsibility to be familiar with the provisions of this Code and that I must also comply with the law and my public body’s rules, standing orders and regulations. I will also ensure that I am familiar with any guidance or advice notes issued by the Standards Commission for Scotland (“Standards Commission”) and my public body, and endeavour to take part in any training offered on the Code.
- 1.8 I will not, at any time, advocate or encourage any action contrary to this Code.
- 1.9 I understand that no written information, whether in the Code itself or the associated Guidance or Advice Notes issued by the Standards Commission, can provide for all circumstances. If I am uncertain about how the Code applies, I will seek advice from the Standards Officer of my public body, failing whom the Chair or Chief Executive of my public body. I note that I may also choose to seek external legal advice on how to interpret the provisions of the Code.

Enforcement

- 1.10 Part 2 of the Act sets out the provisions for dealing with alleged breaches of the Code, including the sanctions that can be applied if the Standards Commission finds that there has been a breach of the Code. More information on how complaints are dealt with and the sanctions available can be found at Annex A.

SECTION 2: Key Principles of the Code of Conduct

- 2.1 The Code has been based on the following key principles of public life. I will behave in accordance with these principles and understand that they should be used for guidance and interpreting the provisions in the Code.
- 2.2 I note that a breach of one or more of the key principles does not in itself amount to a breach of the Code. I note that, for a breach of the Code to be found, there must also be a contravention of one or more of the provisions in sections 3 to 6 inclusive of the Code.

The key principles are:

Duty

I have a duty to uphold the law and act in accordance with the law and the public trust placed in me. I have a duty to act in the interests of the public body of which I am a member and in accordance with the core functions and duties of that body.

Selflessness

I have a duty to take decisions solely in terms of public interest. I must not act in order to gain financial or other material benefit for myself, family or friends.

Integrity

I must not place myself under any financial, or other, obligation to any individual or organisation that might reasonably be thought to influence me in the performance of my duties.

Objectivity

I must make decisions solely on merit and in a way that is consistent with the functions of my public body when carrying out public business including making appointments, awarding contracts or recommending individuals for rewards and benefits.

Accountability and Stewardship

I am accountable to the public for my decisions and actions. I have a duty to consider issues on their merits, taking account of the views of others and I must ensure that my public body uses its resources prudently and in accordance with the law.

Openness

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

Honesty

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

Leadership

I have a duty to promote and support these principles by leadership and example, and to maintain and strengthen the public's trust and confidence in the integrity of my public body and its members in conducting public business.

Respect

I must respect all other board members and all employees of my public body and the role they play, treating them with courtesy at all times. Similarly, I must respect members of the public when performing my duties as a board member.

SECTION 3: General Conduct

Respect and Courtesy

- 3.1 I will treat everyone with courtesy and respect. This includes in person, in writing, at meetings, when I am online and when I am using social media.
- 3.2 I will not discriminate unlawfully on the basis of race, age, sex, sexual orientation, gender reassignment, disability, religion or belief, marital status or pregnancy/maternity; I will advance equality of opportunity and seek to foster good relations between different people.
- 3.3 I will not engage in any conduct that could amount to bullying or harassment (which includes sexual harassment). I accept that such conduct is completely unacceptable and will be considered to be a breach of this Code.
- 3.4 I accept that disrespect, bullying and harassment can be:
 - a) a one-off incident,
 - b) part of a cumulative course of conduct; or
 - c) a pattern of behaviour.
- 3.5 I understand that how, and in what context, I exhibit certain behaviours can be as important as what I communicate, given that disrespect, bullying and harassment can be physical, verbal and non-verbal conduct.
- 3.6 I accept that it is my responsibility to understand what constitutes bullying and harassment and I will utilise resources, including the Standards Commission's guidance and advice notes, my public body's policies and training material (where appropriate) to ensure that my knowledge and understanding is up to date.
- 3.7 Except where it is written into my role as Board member, and / or at the invitation of the Chief Executive, I will not become involved in operational management of my public body. I acknowledge and understand that operational management is the responsibility of the Chief Executive and Executive Team.
- 3.8 I will not undermine any individual employee or group of employees, or raise concerns about their performance, conduct or capability in public. I will raise any concerns I have on such matters in private with senior management as appropriate.
- 3.9 I will not take, or seek to take, unfair advantage of my position in my dealings with employees of my public body or bring any undue influence to bear on employees to take a certain action. I will not ask or direct employees to do something which I know, or should reasonably know, could compromise them or prevent them from undertaking their duties properly and appropriately.
- 3.10 I will respect and comply with rulings from the Chair during meetings of:

- a) my public body, its committees; and
- b) any outside organisations that I have been appointed or nominated to by my public body or on which I represent my public body.

3.11 I will respect the principle of collective decision-making and corporate responsibility. This means that once the Board has made a decision, I will support that decision, even if I did not agree with it or vote for it.

Remuneration, Allowances and Expenses

3.12 I will comply with the rules, and the policies of my public body, on the payment of remuneration, allowances and expenses.

Gifts and Hospitality

3.13 I understand that I may be offered gifts (including money raised via crowdfunding or sponsorship), hospitality, material benefits or services ("gift or hospitality") that may be reasonably regarded by a member of the public with knowledge of the relevant facts as placing me under an improper obligation or being capable of influencing my judgement.

3.14 I will never **ask for** or **seek** any gift or hospitality.

3.15 I will refuse any gift or hospitality, unless it is:

- a) a minor item or token of modest intrinsic value offered on an infrequent basis;
- b) a gift being offered to my public body;
- c) hospitality which would reasonably be associated with my duties as a board member;
or
- d) hospitality which has been approved in advance by my public body.

3.16 I will consider whether there could be a reasonable perception that any gift or hospitality received by a person or body connected to me could or would influence my judgement.

3.17 I will not allow the promise of money or other financial advantage to induce me to act improperly in my role as a board member. I accept that the money or advantage (including any gift or hospitality) does not have to be given to me directly. The offer of monies or advantages to others, including community groups, may amount to bribery, if the intention is to induce me to improperly perform a function.

3.18 I will never accept any gift or hospitality from any individual or applicant who is awaiting a decision from, or seeking to do business with, my public body.

3.19 If I consider that declining an offer of a gift would cause offence, I will accept it and hand it over to my public body at the earliest possible opportunity and ask for it to be registered.

- 3.20 I will promptly advise my public body's Standards Officer if I am offered (but refuse) any gift or hospitality of any significant value and / or if I am offered any gift or hospitality from the same source on a repeated basis, so that my public body can monitor this.
- 3.21 I will familiarise myself with the terms of the [Bribery Act 2010](#), which provides for offences of bribing another person and offences relating to being bribed.

Confidentiality

- 3.22 I will not disclose confidential information or information which should reasonably be regarded as being of a confidential or private nature, without the express consent of a person or body authorised to give such consent, or unless required to do so by law. I note that if I cannot obtain such express consent, I should assume it is not given.
- 3.23 I accept that confidential information can include discussions, documents, and information which is not yet public or never intended to be public, and information deemed confidential by statute.
- 3.24 I will only use confidential information to undertake my duties as a board member. I will not use it in any way for personal advantage or to discredit my public body (even if my personal view is that the information should be publicly available).
- 3.25 I note that these confidentiality requirements do not apply to protected whistleblowing disclosures made to the prescribed persons and bodies as identified in statute.

Use of Public Body Resources

- 3.26 I will only use my public body's resources, including employee assistance, facilities, stationery and IT equipment, for carrying out duties on behalf of the public body, in accordance with its relevant policies.
- 3.27 I will not use, or in any way enable others to use, my public body's resources:
- a) imprudently (without thinking about the implications or consequences);
 - b) unlawfully;
 - c) for any political activities or matters relating to these; or
 - d) improperly.

Dealing with my Public Body and Preferential Treatment

- 3.28 I will not use, or attempt to use, my position or influence as a board member to:
- a) improperly confer on or secure for myself, or others, an advantage;
 - b) avoid a disadvantage for myself, or create a disadvantage for others or
 - c) improperly seek preferential treatment or access for myself or others.

- 3.29 I will avoid any action which could lead members of the public to believe that preferential treatment or access is being sought.
- 3.30 I will advise employees of any connection, as defined at Section 5, I may have to a matter, when seeking information or advice or responding to a request for information or advice from them.

Appointments to Outside Organisations

- 3.31 If I am appointed, or nominated by my public body, as a member of another body or organisation, I will abide by the rules of conduct and will act in the best interests of that body or organisation while acting as a member of it. I will also continue to observe the rules of this Code when carrying out the duties of that body or organisation.
- 3.32 I accept that if I am a director or trustee (or equivalent) of a company or a charity, I will be responsible for identifying, and taking advice on, any conflicts of interest that may arise between the company or charity and my public body.

SECTION 4: Registration of Interests

- 4.1 The following paragraphs set out what I have to register when I am appointed and whenever my circumstances change. The register covers my current term of appointment.
- 4.2 I understand that regulations made by the Scottish Ministers describe the detail and timescale for registering interests; including a requirement that a board member must register their registrable interests within one month of becoming a board member, and register any changes to those interests within one month of those changes having occurred.
- 4.3 The interests which I am required to register are those set out in the following paragraphs. Other than as required by paragraph 4.23, I understand it is not necessary to register the interests of my spouse or cohabitee.

Category One: Remuneration

- 4.4 I will register any work for which I receive, or expect to receive, payment. I have a registrable interest where I receive remuneration by virtue of being:
- a) employed;
 - b) self-employed;
 - c) the holder of an office;
 - d) a director of an undertaking;
 - e) a partner in a firm;
 - f) appointed or nominated by my public body to another body; or
 - g) engaged in a trade, profession or vocation or any other work.
- 4.5 I understand that in relation to 4.4 above, the amount of remuneration does not require to be registered. I understand that any remuneration received as a board member of this specific public body does not have to be registered.
- 4.6 I understand that if a position is not remunerated it does not need to be registered under this category. However, unremunerated directorships may need to be registered under Category Two, "Other Roles".
- 4.7 I must register any allowances I receive in relation to membership of any organisation under Category One.
- 4.8 When registering employment as an employee, I must give the full name of the employer, the nature of its business, and the nature of the post I hold in the organisation.
- 4.9 When registering remuneration from the categories listed in paragraph 4.4 (b) to (g) above, I must provide the full name and give details of the nature of the business, organisation, undertaking, partnership or other body, as appropriate. I recognise that some other employments may be incompatible with my role as board member of my public body in terms of paragraph 6.8 of this Code.

- 4.10 Where I otherwise undertake a trade, profession or vocation, or any other work, the detail to be given is the nature of the work and how often it is undertaken.
- 4.11 When registering a directorship, it is necessary to provide the registered name and registered number of the undertaking in which the directorship is held and provide information about the nature of its business.
- 4.12 I understand that registration of a pension is not required as this falls outside the scope of the category.

Category Two: Other Roles

- 4.13 I will register any unremunerated directorships where the body in question is a subsidiary or parent company of an undertaking in which I hold a remunerated directorship.
- 4.14 I will register the registered name and registered number of the subsidiary or parent company or other undertaking and the nature of its business, and its relationship to the company or other undertaking in which I am a director and from which I receive remuneration.

Category Three: Contracts

- 4.15 I have a registerable interest where I (or a firm in which I am a partner, or an undertaking in which I am a director or in which I have shares of a value as described in paragraph 4.20 below) have made a contract with my public body:
- a) under which goods or services are to be provided, or works are to be executed; and
 - b) which has not been fully discharged.
- 4.16 I will register a description of the contract, including its duration, but excluding the value.

Category Four: Election Expenses

- 4.17 If I have been elected to my public body, then I will register a description of, and statement of, any assistance towards election expenses relating to election to my public body.

Category Five: Houses, Land and Buildings

- 4.18 I have a registrable interest where I own or have any other right or interest in houses, land and buildings, which may be significant to, of relevance to, or bear upon, the work and operation of my public body.
- 4.19 I accept that, when deciding whether or not I need to register any interest I have in houses, land or buildings, the test to be applied is whether a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as being so significant that it

could potentially affect my responsibilities to my public body and to the public, or could influence my actions, speeches or decision-making.

Category Six: Interest in Shares and Securities

4.20 I have a registerable interest where:

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

Category Seven: Gifts and Hospitality

4.21 I understand the requirements of paragraphs 3.13 to 3.21 regarding gifts and hospitality. As I will not accept any gifts or hospitality, other than under the limited circumstances allowed, I understand there is no longer the need to register any.

Category Eight: Non–Financial Interests

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

Category Nine: Close Family Members

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

SECTION 5: Declaration of Interests

Stage 1: Connection

- 5.1 For each particular matter I am involved in as a board member, I will first consider whether I have a connection to that matter.
- 5.2 I understand that a connection is any link between the matter being considered and me, or a person or body I am associated with. This could be a family relationship or a social or professional contact.
- 5.3 A connection includes anything that I have registered as an interest.
- 5.4 A connection does not include being a member of a body to which I have been appointed or nominated by my public body as a representative of my public body or of which I am a member by reason of, or in implementation of, a statutory provision, unless:
 - a) The matter being considered by my public body is quasi-judicial or regulatory; or
 - b) I have a personal conflict by reason of my actions, my connections or my legal obligations.

Stage 2: Interest

- 5.5 I understand my connection is an interest that requires to be declared where the objective test is met – that is where a member of the public with knowledge of the relevant facts would reasonably regard my connection to a particular matter as being so significant that it would be considered as being likely to influence the discussion or decision-making.

Stage 3: Participation

- 5.6 I will declare my interest as early as possible in meetings. I will not remain in the meeting nor participate in any way in those parts of meetings where I have declared an interest.
- 5.7 I will consider whether it is appropriate for transparency reasons to state publicly where I have a connection, which I do not consider amounts to an interest.
- 5.8 I note that I can apply to the Standards Commission and ask it to grant a dispensation to allow me to take part in the discussion and decision-making on a matter where I would otherwise have to declare an interest and withdraw (as a result of having a connection to the matter that would fall within the objective test). I note that such an application must be made in advance of any meetings where the dispensation is sought and that I cannot take part in any discussion or decision-making on the matter in question unless, and until, the application is granted.
- 5.9 I note that public confidence in a public body is damaged by the perception that decisions taken by that body are substantially influenced by factors other than the public interest. I will not accept a role or appointment if doing so means I will have to declare interests

frequently at meetings in respect of my role as a board member. Similarly, if any appointment or nomination to another body would give rise to objective concern because of my existing personal involvement or affiliations, I will not accept the appointment or nomination.

SECTION 6: Lobbying and Access

- 6.1 I understand that a wide range of people will seek access to me as a board member and will try to lobby me, including individuals, organisations and companies. I must distinguish between:
- a) any role I have in dealing with enquiries from the public;
 - b) any community engagement where I am working with individuals and organisations to encourage their participation and involvement, and;
 - c) lobbying, which is where I am approached by any individual or organisation who is seeking to influence me for financial gain or advantage, particularly those who are seeking to do business with my public body (for example contracts/procurement).
- 6.2 In deciding whether, and if so how, to respond to such lobbying, I will always have regard to the objective test, which is whether a member of the public, with knowledge of the relevant facts, would reasonably regard my conduct as being likely to influence my, or my public body's, decision-making role.
- 6.3 I will not, in relation to contact with any person or organisation that lobbies, do anything which contravenes this Code or any other relevant rule of my public body or any statutory provision.
- 6.4 I will not, in relation to contact with any person or organisation that lobbies, act in any way which could bring discredit upon my public body.
- 6.5 If I have concerns about the approach or methods used by any person or organisation in their contacts with me, I will seek the guidance of the Chair, Chief Executive or Standards Officer of my public body.
- 6.6 The public must be assured that no person or organisation will gain better access to, or treatment by, me as a result of employing a company or individual to lobby on a fee basis on their behalf. I will not, therefore, offer or accord any preferential access or treatment to those lobbying on a fee basis on behalf of clients compared with that which I accord any other person or organisation who lobbies or approaches me. I will ensure that those lobbying on a fee basis on behalf of clients are not given to understand that preferential access or treatment, compared to that accorded to any other person or organisation, might be forthcoming.
- 6.7 Before taking any action as a result of being lobbied, I will seek to satisfy myself about the identity of the person or organisation that is lobbying and the motive for lobbying. I understand I may choose to act in response to a person or organisation lobbying on a fee basis on behalf of clients but it is important that I understand the basis on which I am being lobbied in order to ensure that any action taken in connection with the lobbyist complies with the standards set out in this Code and the [Lobbying \(Scotland\) Act 2016](#).
- 6.8 I will not accept any paid work:

- a) which would involve me lobbying on behalf of any person or organisation or any clients of a person or organisation.
- b) to provide services as a strategist, adviser or consultant, for example, advising on how to influence my public body and its members. This does not prohibit me from being remunerated for activity which may arise because of, or relate to, membership of my public body, such as journalism or broadcasting, or involvement in representative or presentational work, such as participation in delegations, conferences or other events.

ANNEX A: BREACHES OF THE CODE

Introduction

1. [The Ethical Standards in Public Life etc. \(Scotland\) Act 2000](#) (“the Act”) provided for a framework to encourage and, where necessary, enforce high ethical standards in public life.
2. The Act provided for the introduction of new codes of conduct for local authority councillors and members of relevant public bodies, imposing on councils and relevant public bodies a duty to help their members comply with the relevant code.
3. The Act and the subsequent Scottish Parliamentary Commissions and Commissioners etc. Act 2010 established the [Standards Commission for Scotland](#) (“Standards Commission”) and the post of [Commissioner for Ethical Standards in Public Life in Scotland](#) (“ESC”).
4. The Standards Commission and ESC are separate and independent, each with distinct functions. Complaints of breaches of a public body’s Code of Conduct are investigated by the ESC and adjudicated upon by the Standards Commission.
5. The first Model Code of Conduct came into force in 2002. The Code has since been reviewed and re-issued in 2014. The 2021 Code has been issued by the Scottish Ministers following consultation, and with the approval of the Scottish Parliament, as required by the Act.

Investigation of Complaints

6. The ESC is responsible for investigating complaints about members of devolved public bodies. It is not, however, mandatory to report a complaint about a potential breach of the Code to the ESC. It may be more appropriate in some circumstances for attempts to be made to resolve the matter informally at a local level.
7. On conclusion of the investigation, the ESC will send a report to the Standards Commission.

Hearings

8. On receipt of a report from the ESC, the Standards Commission can choose to:
 - Do nothing;
 - Direct the ESC to carry out further investigations; or
 - Hold a Hearing.
9. Hearings are held (usually in public) to determine whether the member concerned has breached their public body’s Code of Conduct. The Hearing Panel comprises of three members of the Standards Commission. The ESC will present evidence and/or make submissions at the Hearing about the investigation and any conclusions as to whether the member has contravened the Code. The member is entitled to attend or be represented at the Hearing and can also present evidence and make submissions. Both parties can call witnesses. Once it has heard all the

evidence and submissions, the Hearing Panel will make a determination about whether or not it is satisfied, on the balance of probabilities, that there has been a contravention of the Code by the member. If the Hearing Panel decides that a member has breached their public body's Code, it is obliged to impose a sanction.

Sanctions

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

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

Interim Suspensions

11. Section 21 of the Act provides the Standards Commission with the power to impose an interim suspension on a member on receipt of an interim report from the ESC about an ongoing investigation. In making a decision about whether or not to impose an interim suspension, a Panel comprising of three Members of the Standards Commission will review the interim report and any representations received from the member and will consider whether it is satisfied:

- That the further conduct of the ESC's investigation is likely to be prejudiced if such an action is not taken (for example if there are concerns that the member may try to interfere with evidence or witnesses); or
- That it is otherwise in the public interest to take such a measure. A policy outlining how the Standards Commission makes any decision under Section 21 and the procedures it will follow in doing so, should any such a report be received from the ESC can be found [here](#).

12. The decision to impose an interim suspension is not, and should not be seen as, a finding on the merits of any complaint or the validity of any allegations against a member of a devolved public body, nor should it be viewed as a disciplinary measure.

ANNEX B: DEFINITIONS

"Bullying" is inappropriate and unwelcome behaviour which is offensive and intimidating, and which makes an individual or group feel undermined, humiliated or insulted.

"Chair" includes Board Convener or any other individual discharging a similar function to that of a Chair or Convener under alternative decision-making structures.

"Code" is the code of conduct for members of your devolved public body, which is based on the Model Code of Conduct for members of devolved public bodies in Scotland.

"Cohabitee" includes any person who is living with you in a relationship similar to that of a partner, civil partner, or spouse.

"Confidential Information" includes:

- any information passed on to the public body by a Government department (even if it is not clearly marked as confidential) which does not allow the disclosure of that information to the public;
- information of which the law prohibits disclosure (under statute or by the order of a Court);
- any legal advice provided to the public body; or any other information which would reasonably be considered a breach of confidence should it be made public.

"Election expenses" means expenses incurred, whether before, during or after the election, on account of, or in respect of, the conduct or management of the election.

"Employee" includes individuals employed:

- directly by the public body;
- as contractors by the public body, or
- by a contractor to work on the public body's premises.

"Gifts" a gift can include any item or service received free of charge, or which may be offered or promised at a discounted rate or on terms not available to the general public. Gifts include benefits such as relief from indebtedness, loan concessions, or provision of property, services or facilities at a cost below that generally charged to members of the public. It can also include gifts received directly or gifts received by any company in which the recipient holds a controlling interest in, or by a partnership of which the recipient is a partner.

"Harassment" is any unwelcome behaviour or conduct which makes someone feel offended, humiliated, intimidated, frightened and / or uncomfortable. Harassment can be experienced directly or indirectly and can occur as an isolated incident or as a course of persistent behaviour.

“Hospitality” includes the offer or promise of food, drink, accommodation, entertainment or the opportunity to attend any cultural or sporting event on terms not available to the general public.

“Relevant Date” Where a board member had an interest in shares at the date on which the member was appointed as a member, the relevant date is – (a) that date; and (b) the 5th April immediately following that date and in each succeeding year, where the interest is retained on that 5th April.

“Public body” means a devolved public body listed in Schedule 3 of the Ethical Standards in Public Life etc. (Scotland) Act 2000, as amended.

“Remuneration” includes any salary, wage, share of profits, fee, other monetary benefit or benefit in kind.

“Securities” a security is a certificate or other financial instrument that has monetary value and can be traded. Securities includes equity and debt securities, such as stocks bonds and debentures.

“Undertaking” means:

- a) a body corporate or partnership; or
- b) an unincorporated association carrying on a trade or business, with or without a view to a profit.

SECTION C

Standards of Business Conduct For NHS Staff

1. Introduction

- 1.1** This section of NHS Forth Valleys Code of Corporate Governance provides instructions on those issues or matters which staff are most likely to encounter in carrying out their day to day duties. This is not exhaustive and is supplementary to (and therefore should be read in conjunction with the Standards of Business Conduct for NHS Staff (NHS Circular MEL (1994) 48) and A Common Understanding of 2021: Working Together for Patients.
- 1.2** The Standards of Business Conduct for NHS Staff will be incorporated into the contract of employment for each member of staff.
- 1.3** Guidance regarding accepted practice in NHS Forth Valley is detailed in these standards: however, professionally registered staff should also ensure that they do not breach the requirements in respect of their Professional Codes of Conduct.

2. The Bribery Act 2010 – NHS Forth Valley’s Aims and Objectives

- 2.1** The Bribery Act 2010 (“The Act”) has brought further obligations on NHS Forth Valley, its Non-Executive Members, and its staff.
- 2.2** NHS Forth Valley does not tolerate any form of bribery, whether direct or indirect, by, or of, its staff, agents or external consultants or any persons or entities acting for it or on its behalf. This includes Non-Executive Member, and any other co-opted members of committees or sub-committees of the Board.
- 2.3** The Board is committed to implementing and enforcing effective systems throughout NHS Forth Valley to prevent, monitor and eliminate bribery within NHS Forth Valley, in accordance with the Bribery Act 2010, and to the rigorous investigation of any such cases.
- 2.4** NHS Forth Valley will not conduct business with services 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 Forth Valley with immediate effect where there is evidence that they have committed acts of bribery.
- 2.5** The Success of NHS Forth Valley’s anti-bribery measures depends on all employees, Non-Executive Members and those acting for NHS Forth Valley, playing their part in helping to detect and eradicate bribery. Therefore, all employees, Non-Executive Members and others acting for or on behalf of NHS Forth Valley are encouraged to report and suspected bribery in accordance with bribery in accordance with The Fraud Standards, Section D, of the Code of Corporate Governance.

3. The Bribery Act 2010 – Key Points

- 3.1** The Bribery Act 2012 is on a strict piece of legislation and makes it a criminal offence for any individual (employee, contractor, agent) associated with NHS Forth Valley, to give, promise or offer a bribe, and to request, agree to receive or accept a bribe (sections 1, 2 and 6 offences). This can be punishable by imprisonment of up to ten years.
- 3.2** In addition, the Act introduces a corporate offence (Section 7 offence) which means that NHS Forth Valley can be exposed to criminal liability, punishable by an unlimited fine, if it fails to prevent bribery by not having adequate preventative procedures in place that are robust, up-to-date, and

effective. The corporate offence is not a stand-alone offence and will follow from a bribery/corruption offence committed by an individual associated with NHS Forth Valley, in the course of their work. NHS Forth Valley takes its legal responsibilities very seriously.

- 3.3** If a bribery offence is proved to have been committed by an outside body corporate with the consent or connivance of a Director or Senior Officer of NHS Forth Valley, under the Act, the Director or Senior Officer would be guilty of an offence (section 14 offences) as well as the body corporate which paid the bribe.
- 3.4** Whilst the exact definition of bribery and corruption is a statutory matter, the following working definitions are given together with some examples:

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

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

Examples of bribery:

Offering a Bribe

A bribe would occur if:

- A payment was made to influence an individual who was responsible for making decision on whether NHS Forth Valley should be selected as preferred bidder for the provision of services in a procurement process.
- A member of staff conducted private meetings, other than on NHS premises, with a public contractor hoping to tender an NHS Forth Valley contract, each time accepting hospitality far in excess of that deemed appropriate within the Standards of Business Conduct for NHS Forth Valley and without guidance being sought in advance from the line manager or Corporate Services Manager Board Secretary, or subsequently being declared.

Receiving a Bribe

A bribe would occur if:

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

- 3.5** The success of NHS Forth Valley's anti-bribery measures depends on all employees, and those acting for NHS Forth Valley, playing their part in helping to detect and eradicate bribery. Therefore,

all employees and others acting for or on behalf of NHS Forth Valley are encouraged to report any suspected bribery in accordance with following The Fraud Standards, Section D, of the Code of Corporate Governance.

4. Responsibilities of Staff

4.1 NHS Forth Valley is committed to maintaining strict ethical standards and integrity in the conduct of its business activities. All NHS Forth Valley Staff and individuals acting on NHS Forth Valley's behalf, are responsible for conducting NHS Forth Valley's business professionally, with honesty, integrity and maintain the organisation's reputation and free from bribery.

4.2 Staff must ensure that they do not place themselves in a position which risks, or appears to risk, conflict between their private interests and their NHS duties such as, for example, abusing their present position to obtain preferential rates for personal gain or to benefit family members or associates.

This primary responsibility applies to **all NHS staff**, but is of particular relevance to those who commit NHS resources directly (e.g., by the ordering of goods) or those who do so indirectly (e.g., by the prescribing of medicines).

4.3 The NHS must be impartial and honest in the conduct of its business and its employees should remain beyond suspicion.

4.4 Staff need to be aware that a breach of the provisions of the Bribery Act renders them liable to prosecution and may lead to potential disciplinary action and the loss of their employment and superannuation rights.

4.5 This Code reflects the minimum Standards of Business Conduct expected from all NHS staff. Any breaches of the Code may lead to disciplinary action.

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

5. Key Principles of Business Conduct

5.1 The Standards of Business Conduct for NHS Staff [MEL (1994) 48] provide instructions to staff in maintaining strict ethical standards in the conduct of NHS business. All staff are therefore required to adhere to the Standards of Business Conduct for NHS Staff.

5.2 Public Service values must be at the heart of the NHS Board's activities. High standards of corporate and personal conduct, based on the recognition that patients come first, are mandatory. The NHS Board is a publicly funded body, accountable to Scottish Ministers and through them to the Scottish Parliament for the services and for the economical, efficient, and effective use of resources placed at the Board's disposal.

5.3 By staff following these principles, the Board should be able to demonstrate that it adheres to the three essential public sector values.

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

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

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

6. Acceptance of Gifts, Hospitality and Prizes

6.1 Gifts

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

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

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

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

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

6.2 Hospitality

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

6.2.2 Staff should seek guidance from their Line Manager prior to accepting any such hospitality. In cases of doubt, advice should be sought from the Corporate Services Manager.

6.2.3 It may not always be clear whether an individual is being invited to an event involving the provision of hospitality (e.g., formal dinner) in a personal/private capacity or as a consequence of the position which they hold in NHS Forth Valley.

- I. If the invitation is the result of the individual's position with NHS Forth Valley, only hospitality which is modest and normal and reasonable in the circumstances should be accepted. If the nature of the event dictates a level of hospitality which exceeds this, then the individual should ensure that his/her Head of Department/Director is fully aware of the circumstances. An example of such an event might be an awards ceremony involving a formal dinner. If the Head of Department/Director grants approval to attend, the individual should declare his/her attendance for registration in the Register of Hospitality held by the Corporate Services Manager.
- II. If the individual is invited to an event in a private capacity (e.g., as result of his/her qualification or membership of a professional body), they are at liberty to accept or decline the invitation without referring to his/her Line Manager. The following matters should however be considered before an invitation to an individual in a private capacity is accepted.
 - The individual should not do or say anything at the event that could be construed as representing the views and/or policies of NHS Forth Valley.
 - If the body issuing the invitation has (or is likely to have or is seeking to have) commercial or other financial dealings with NHS Forth Valley, then it could be difficult for an individual to demonstrate that his/her attendance was in a private and not an official capacity. Attendance could create a perception that the individual's independence had been compromised, especially where the scale of hospitality is lavish. Individuals should therefore exercise caution before accepting invitations from such bodies and must seek approval from their Line Manager.
- III. Where suppliers of clinical products offer hospitality, it should only be accepted if it complies with the guidance in the Sponsorship Policy.
- IV. The Corporate Services Manager should maintain a register to record hospitality reported by staff. It is the responsibility of the recipients of such hospitality to report all such items received to the Corporate Services Manager for recording in NHS Forth Valley's Register of Hospitality. The form in Annex 2 should be used for this purpose. This register will be published on the NHS Forth Valley website.

6.3 Competitions/Prizes

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

7. Register of Staff Interests

- 7.1** To avoid conflicts of interest and to maintain openness and accountability, employees, are required to register all interests that may have any relevance to their duties/responsibilities. These include any financial interest in a business or any other activity or pursuit that may compete for an NHS Contract to supply either goods or services to the NHS or in any other way could be perceived to conflict with the interests of NHS Forth Valley. The test to be applied when considering appropriateness of registration of an interest is to ask whether a member of the public acting reasonably might consider the interest could potentially affect the individual's responsibilities to

the organisation and/or influence their actions. If in doubt the individual should register the interest or seek further guidance from the Corporate Services Manager.

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

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

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

7.3 The completed register of interests' form should be returned to the Board Secretary. The Register of Staff Interests will be retained for a period of five years.

7.4 It is the responsibility of everyone to declare any relevant interest to the Chair of any Committee/decision making group of which they are a Member so that the Chair is aware of any conflict which may arise.

8. Purchase of Goods and Services

8.1 NHS Forth Valley has a procurement function under the direction of the Director of Finance to purchase the goods and services required for the functioning of NHS Forth Valley. Except for staff who have delegated authority to purchase goods and services, no other member of staff is authorised to make a commitment to a third party for the purchase of goods or services. The procurement Officer should be contacted for advice on all aspects of the purchase of goods and services.

8.2 All staff who are in contact with suppliers and contractors (including external consultants), and in particular those who are authorised to sign Purchase Orders, or place contractors for goods, materials or services are expected to adhere to Section 13 of NHS Forth Valley's Standing Financial Instructions (SFIs).

8.3 Fair and open competition between prospective contractors or suppliers for NHS contracts is a requirement of SFIs and of EC Directives on Public Purchasing for Works and Supplies. This means that:

- No private or public company, firm or voluntary organisation which may bid for NHS business should be given any advantage over its competitors, such as advance notice of

NHS requirements. This applies to all potential contractors whether there is a relationship between them and the NHS employer, such as a long-running series of previous contracts.

- Each new contract should be awarded solely on merit in accordance with SFIs.

8.4 Types of property transactions and these rules require that, each year, all NHS Forth Valley's property transaction are subject to scrutiny by the Audit Committee. The results of this scrutiny are reported to Scottish Government. Failure to comply with the rules governing property transactions could be SFIs describe the process to be followed to purchase goods and services Key points to note are:

- (i) SFIs define the limits above which competitive quotations and competitive tenders must be obtained and describe the process which should be followed to achieve fair and open competition.
- (ii) No organisation should be given unfair advantage in the competitive process, e.g., by receiving advance notice of NHS Forth Valley's requirements.

8.5 No special favour should be shown to current or former employees or their close relatives or associates in awarding contracts to private or other businesses run by them or employing them in a senior or managerial capacity.

8.6 Contracts must be won in fair competition against other tenders and scrupulous care should be taken to ensure that the selection process is conducted impartially, and that staff who are known to have a relevant interest play no part in the selection.

8.7 All invitations to potential contractors to tender for NHS business should include a notice warning the tenderer of the consequences of engaging in any corrupt practices involving NHS Forth Valley's employees and that facilitation payments are prohibited in line with the Bribery Act 2010.

9. Purchase, Sale and Lease of Property

9.1 Scottish Government have issued a strict set of rules governing all viewed as a serious disciplinary matter.

9.2 Where it is necessary to acquire, dispose of or lease property land and/or buildings, the proposed transaction should be referred to the Head of Finance in the first instance, who is responsible for property matters, including the conduct of all property transactions.

9.3 Authority to sign off property transactions is limited to officers to who authority has been formally and specifically delegated by Scottish Ministers.

Their officers are:

- Chief Executive
- Director of Finance

9.4 No other member of staff is authorised to make any commitment in respect of the acquisition or disposal of property or interest in property, e.g., leases.

10. Benefits Accruing from Official Expenditure

The underlying principle is to obtain best value from public expenditure and decisions should not be determined by private/personal benefit.

- 10.1** Staff should not use their official position for personal gain or to benefit their family and friends.
- 10.2** Employees should not seek or accept preferential rates or benefits in kind for private transactions carried out with companies with which they have had or may have official dealings on behalf of NHS Forth Valley. This does not apply to concessionary agreements negotiated on behalf of NHS staff.

11. Free Samples

- 11.1** Free samples should not be accepted.

12. Outside Interests and Secondary Employment

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

13. Acceptances of Fees

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

An assurance will be required that:

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

- 13.2** If the work carried out is part of the employee's normal duties or could reasonably be regarded as falling within the normal duties of the post, then any fee due is the property of NHS Forth Valley and it should be NHS Forth Valley (and not the individual) that issues any invoice required to obtain

payment. The individual must not issue requests for payment in his/her own name. The individual must pass the relevant details to the Director of Finance.

- 13.3** Employees should not commit to any work which attracts a fee until they have obtained the required written approval as described in paragraph 12.1. It is possible that an individual may undertake work and not expect a fee but then receive an unsolicited payment after the work in questions have been completed. The principle set out in paragraph 12.2 applies where an unsolicited payment is received.
- 13.4** It is also possible that an individual may be offered payment in kind, e.g. book tokens. The principle is that these should be refused.
- 13.5** A gift offered in respect of work undertaken as part of the individual's normal duties should be declined.

14. Contact with the Media

- 14.1** To achieve consistency and appropriateness of sometimes sensitive public messages, only authorised staff may speak to the media. Should you be contacted by the press you should refer to the office of the Chief Executive.
- 14.2** Staff must not invite journalists, photographers, or camera crew onto any NHS Forth Valley's premises without the prior agreement of the Chief Executive.
- 14.3** Where an individual exercises the right in a private capacity to publish an article, give an interview or otherwise participate in a media event or debate in a public forum (including the internet), they should make it clear that they are acting in a private capacity and any opinions expressed are not those of NHS Forth Valley. This should be agreed in principle with your line manager.

15. Conduct During Elections

15.1 General Principles

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

- (i) There should be even-handedness in meeting information requests from candidates from different political parties. Such requests should be handled in accordance with the principals laid down in the election guidance and the Freedom of Information (Scotland) Act 2002.
- (ii) Care should be taken over the timing of announcements of decisions made by NHS Forth Valley to avoid accusations of political controversy or partisanship. In some cases, it may be better to defer an announcement until after the election, but this would have to be balanced against any implication that the deferral itself could influence the outcome of the election. Each case should be considered on its merits and any cases of doubt should be referred to the Scottish Government for advice.
- (iii) Existing advertising campaigns should be closed and there should be a general presumption against undertaking new campaigns unless agreement has been reached in advance with Scottish Government.

- (iv) In carrying out day to day work and corporate activities, care should be taken to do nothing which could be construed as politically motivated or as taking a political stance.

Public resources must not be used for party political purposes.

15.2 Freedom of Information (Scotland) Act 2002

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

16. Intellectual Property Rights

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

Full guidance is available in circulars MEL (1998) 23 and MEL (2004) 9.

17. Sponsorship

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

18. Remedies

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

19. Communication

- 19.1** This code is applicable to every NHS Forth Valley employee and therefore it is imperative that all staff are informed of its contents. Each manager with NHS Forth Valley will receive a copy of the code and will confirm their receipt and understanding of the code in writing as well as confirming that they have a permanent record of formally informing their staff.

20. Contact for further guidance

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

21. Review Process

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

SECTION D

The Fraud Standards

The Fraud Standards

Fraud Policy

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Key Contacts

Annex 1

FRAUD POLICY

1. Introduction

- 1.1 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 and the means of enforcing the rules against fraud/theft and other illegal acts involving corruption, dishonesty, or damage to property.
- 1.2 NHS Forth Valley (the Board) has procedures in place that reduce the likelihood of fraud occurring. These include Standing Orders (SOs), Standing Financial Instructions (SFIs), operational procedures, a system of internal control and risk assessment. NHS Forth Valley engages CFS to promote a fraud awareness culture through a range of products and services. The Partnership Agreement (PA) includes reference to the Board and CFS proactively detecting and investigating fraud and assessing the risk of fraud and forms a key element of the Scottish Government's determination to counter fraud against NHS Scotland. This guidance is in line with the PA between NHS Forth Valley and the NHS Scotland Counter Fraud Services.
(See: <http://www.sehd.scot.nhs.uk/publications/DC20190319CFS.pdf>)

2. Purpose of the Fraud Standards

- 2.1 The purpose of this document is to provide guidance to employees on the action, which should be taken when fraud, theft or corruption is suspected. Such occurrences may involve employees of NHS Forth Valley, Suppliers/Contractors or any third party. This document sets out the Board's policy and response plan for detected or suspected fraud. It is not the purpose of this document to provide direction on the prevention of fraud.
- 2.2 The Partnership Agreement is referenced in the Fraud section of the Scottish Public Finance Manual. This can be found at:
<https://www.gov.scot/publications/scottish-public-finance-manual/fraud-and-gifts/fraud/>
- 2.3 Whilst the exact definition of theft, fraud or corruption is a statutory matter, the following working definitions are given for guidance:
- Theft is removing property belonging to NHS Forth Valley, its staff, or patients with the intention of permanently depriving the owner of its use, without their consent.
 - Fraud or corruption 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.

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

- 2.4 NHS Forth Valley already has procedures in place, which reduce the likelihood of fraud/theft occurring. These include within the Standing Orders, Standing Financial Instructions and accounting procedures, a system of internal control and a system of risk assessment. The Board also has a payment verification system which concentrates on Primary Care expenditure.

- 2.5 It is the responsibility of NHS Forth Valley 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.

3. Public service values

- 3.1 The expectation of high standards of corporate and personal conduct 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.

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

4. NHS Forth Valley Policy, Public Interest Disclosure Act 1998, and Bribery Act 2010

- 4.1 NHS Forth Valley is committed to the NHS Scotland Counter Fraud Strategy and to the public service values outlined above. NHS Forth Valley is dedicated to maintaining an honest, open, and well intentioned atmosphere within the service and to the deterrence, detection, and investigation of any fraud within the organisation.
- 4.2 NHS Forth Valley encourages anyone having reasonable suspicion of fraud to report the incident. It is NHS Forth Valley 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 rose maliciously.
- 4.3 In addition, the Public Interest Disclosure Act 1998 protects whistleblowers from negative treatment or unfair dismissal. 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.
- 4.4 NHS Forth Valley Whistleblowing Arrangements Policy aims to ensure that staff can safely raise concerns where they are witness to risk, malpractice or wrongdoing that affects others. Employees can be assured that concerns raised in good faith will be protected under current legislation. NHS Forth Valley staff can continue to raise any concerns with their line manager in the first instance and they can also seek support and advice from Human Resources (HR), staff-side representatives and occupational health in line with existing policies and procedures. Details of the support available to staff and copies of current national and local policies (including the Bullying and Harassment Policy and Grievance Policy) can be found in the HR Connect section of the NHS Forth

Valley staff intranet. Confidential Contacts are available via email on fv.confidentialcontact@nhs.scot or by telephone 07815478106.

- 4.5 Whistleblowing standards have been introduced from 1 April 2021 across NHS Scotland. The standards include the role of an Independent National Whistleblowing Officer which forms part of the Scottish Public Services Ombudsman. The phone line, 0800 008 6112 is open to anyone who wishes to raise concerns about practices in NHS Scotland. The focus of the new National Whistleblowing Policy in NHS Scotland is to:

- help staff raise concerns as early as possible, and,
- support and provide protection for staff when they raise concerns.

The Whistleblowing standards aim to support an open fair and just culture, where concerns can be raised early and dealt with promptly and professionally. The process set out by the National Whistleblowing Standards is a formal process.

- 4.6 Whilst we would encourage staff to raise any concerns or complaints through existing Board procedures, the National Confidential Alert Line for NHS Scotland employees has been established to provide an additional level of support for NHS employees who may wish to raise a concern about practices in NHS Scotland. This service is run by Protect, an independent whistleblowing charity. The Alert Line offers independent, confidential advice from legally trained expert staff on whether and how to raise a concern and can be contacted on 020 74046609. Further choices available to staff, patients, and members of the public for reporting suspicions of fraud (either anonymously or as a named individual) are:

- the CFS Fraud Hotline, which is now powered by Crimestoppers, on 08000 15 16 28; or
- directly through the CFS Website on www.cfs.scot.nhs.uk.

- 4.7 The NHS Forth Valley Policy on Standards of Personal Business Conduct describes the minimum Standards of Business Conduct expected from all NHS staff. It is the responsibility of staff to ensure that they do not place themselves in a position which risks, or appears to risk, conflict between their private interests and their NHS duties.

Under the Bribery Act 2010:

- It is a criminal offence to give, promise or offer a bribe and to request, agree to receive or accept a bribe either at home or abroad;
- The maximum penalty for bribery was increased from seven to 10 years imprisonment with an unlimited fine;
- It is a corporate offence of failure to prevent bribery by persons working on behalf of a business, which means that NHS Forth Valley can be exposed to criminal liability, punishable by an unlimited fee if it fails to prevent bribery by not having adequate 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 Forth Valley, in the course of their work. NHS Forth Valley therefore takes its legal responsibilities very seriously.

- 4.8 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 Forth Valley, 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.

- 4.9 Staff must be aware that a breach of the provisions of this Act renders them liable to prosecution and may also lead to potential disciplinary action and the loss of their employment and superannuation rights within the NHS.
- 4.10 NHS Forth Valley 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.
- 4.11 The success of NHS Forth Valley anti-bribery measures depend on all employees, and those acting for NHS Forth Valley playing their part in helping to detect and eradicate bribery. Therefore, all employees and others acting for or on behalf of NHS Forth Valley are encouraged to report any suspected bribery (see sections 4.4 & 4.5 on ways of reporting).

5. Roles & responsibilities

- 5.1 Responsibility for receiving information relating to suspected frauds has been delegated to the Fraud Liaison Officer (FLO). This individual is responsible for informing third parties such as CFS, Internal Audit and External Audit or the Police (where appropriate) when suspicions of potential fraud are brought to their attention, either directly or indirectly. The Scheme of Delegation included as Annex D within the Standing Orders of the Board state that the Authorised Deputy FLO is the Director of Finance.
- 5.2 The FLO shall inform and consult the Chief Executive and/or Director of Finance in cases where the loss may be above the delegated limit or where the incident may lead to adverse publicity. The FLO will advise the Director of Finance on any potential referral to CFS. The roles and responsibilities of NHS Fraud Liaison Officers are set out within Annex B of CEL 11 (2013) Strategy to Combat Financial Crime in NHS Scotland' https://www.sehd.scot.nhs.uk/mels/CEL2013_11.pdf
- 5.3 Where a fraud is suspected within the service, including the Primary Care i.e., such as independent contractors providing Medical, Dental, Ophthalmic or Pharmaceutical Services, the FLO will make an initial assessment and, where appropriate, advise CFS.
- 5.4 The roles and responsibilities of the Board's nominated Counter Fraud Champion (CFC) are set out within https://www.sehd.scot.nhs.uk/mels/CEL2013_11.pdf
The contact details of the Counter Fraud Champion are included in the Key Contacts listed in Annex 1 below.
- 5.5 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.
- 5.6 Where the incident is thought to be subject to either local or national controversy and publicity then the Board and the Scottish Government Health and Social Care Directorates should be notified before the information is subjected to publicity. 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 publicise details about a suspected fraud/theft on Social Network Sites, blogs, or Twitter. Employees must ensure that no action take, could give rise to an action for slander or libel.
- 5.7 It is 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, corruption, and other financial irregularities.

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

RESPONSE PLAN

6. Introduction

6.1 The following sections describe NHS Forth Valley's intended response to a reported suspicion of theft, fraud, or corruption. It is intended to provide procedures, which allow for gathering and collating evidence in a manner that will facilitate an 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.

7. Reporting theft, fraud, and corruption

7.1 Where an NHS colleague is suspected of theft, fraud, or corruption then it is imperative that advice is sought from HR at the earliest opportunity. However, in the first instance any suspicion of fraud, theft or corruption should be reported to the relevant Head of Department. If the suspected theft, fraud, or corruption involves the Head of Department then any suspicion should be reported in writing to a more senior officer or directly to the FLO. The contact details for the Fraud Liaison Officer are shown in the Key Contacts listed in Annex 1 below.

7.2 Once a suspicion regarding an NHS colleague has been reported then it is essential that contact should be made with HR before proceeding with any internal investigation. This will allow senior HR officers and line managers to make any decision on potential suspension or Police involvement. It will also allow discussion and agreement between the Head of Department/senior officer and HR regarding formal referral of the suspicion to the FLO. Once an agreement is reached, the suspicion and the grounds for that suspicion should be submitted to the FLO. Where the suspicion relates to potential or actual fraud or corruption, information provided will be utilised by the FLO to populate a CFS1 form for formal referral of the matter to CFS who will consider the referral and take a view on whether a criminal investigation is justified.

7.3 For incidents involving Executive Directors of the Board, the FLO should contact the Chair of the Board or the Chair of the Audit Committee. It is important to act quickly when a suspicion is reported in order to minimise further losses to the Board. This also allows action to be taken to secure evidence required for any future proceedings; criminal or disciplinary.

7.4 Where the subject of the suspected theft, fraud or corruption is not an NHS colleague then the suspicion should be reported in writing to the Head of Department. It is important to capture as much information as is readily available regarding the person (or persons) suspected of fraud, theft, or corruption for reporting to the FLO. The Head of Department and the FLO will then discuss and agree the most appropriate way forward, which may or may not include reporting the matter to Police Scotland and/or CFS.

- 7.5 For all instances where fraud or corruption is suspected a “nominated officer” will be appointed as the main point of contact for all stakeholders. For NHS Forth Valley, this officer is the FLO (see paragraph 5.1 above). In the absence of the FLO, the Deputy FLO will deal with the issue. For incidents involving any Executive Directors of the Board the nominated officer will be the Board Chairman, contacted through the FLO. It is important to act quickly when suspicions are reported in order to minimise further losses to the Board and also to allow action to be taken to secure evidence required for any future disciplinary or criminal proceedings.
- 7.6 CEL 44 (2008) updated the required reporting standards in a revised SFR 18 (Scottish Financial Return). The SFR 18 forms part of the Board’s annual accounts and the change was to improve reporting of all relevant items. The FLO will maintain a log of any reported suspicions of fraud, theft, or corruption. 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 utilised to help populate the Boards SFR 18.2 form which forms part of the Board’s annual accounts.
- 7.7 The nominated officer should consider the need to inform the NHS Forth Valley Board, the Chief Internal Auditor, External Audit, the Police and CFS, of the reported incident. In doing so, cognisance should be taken 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 Forth Valley may determine) or where the incident may lead to adverse publicity.
 - CFS should be informed immediately in all but the most trivial cases. This should be progressed via the FLO.
 - If fraud 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 that 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 is suspected, particularly fraud or corruption, it is essential that there is the earliest possible consultation with the Police. 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. 4
- 7.8 All such contact should be formally recorded in the Log. It should be noted that staff who wish to raise concerns about unprofessional behaviour or decisions (where fraud, theft or corruption are not suspected) should do so by following the guidance contained in the NHS Forth Valley 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.

8. Managing the investigation

- 8.1 The decision on whether a referral is progressed by CFS as a criminal investigation is usually taken following correspondence between the FLO and CFS and usually involves an initial meeting to consider the available evidence. If the referral involves an employee of the Board then HR involvement in any initial meeting is crucial to avoid any conflict with ongoing or future disciplinary processes. Normally, the manager leading the investigation will be an employee from CFS. The circumstances of each case will dictate who will be involved and when.
- 8.2 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.
- 8.3 CFS staff, acting on behalf of the Director of Finance on any matters related to the investigation of fraud) are 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 he 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.
- 8.4 If after initial CFS enquiries it is determined that there are to be no criminal proceedings then an internal investigation by NHS Forth Valley may be more appropriate. In this instance, all information/evidence gathered by CFS will be passed to NHS Forth Valley. The internal investigation will then be taken forward as appropriate in line with Employment Law, PIN guidelines and relevant HR policies such as the Management of Employee Conduct Policy.
- 8.5 Any 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 required;
 - 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 any recurrence.
- 8.6 Where the report confirms a criminal act and notification to the Police has not yet been made, then a formal report should be submitted to Police Scotland at that point.
- 8.7 Where recovery of a loss to NHS Forth Valley 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 (CLO), which provides legal advice and services to NHS Scotland.

- 8.8 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.

9. Disciplinary/dismissal procedures

- 9.1 Consideration should be made in conjunction with CFS/CFC/FLO on whether/when to suspend the employee(s) who are subject to any investigation, pending the results of the investigation. This should be carried out in line with NHS Forth Valley's Management of Employee Conduct Policy.
- 9.2 The disciplinary procedures of NHS Forth Valley have to be followed in any disciplinary action taken by NHS Forth Valley toward an employee (including dismissal). This may involve the person in charge of the investigation recommending a disciplinary hearing to consider the facts, reflect on the results of the investigation and recommendations on any further appropriate action, to the employee's line manager. Where the fraud involves a Primary Care Services Practitioner the Board should pass the matter over to the relevant professional body for action.

10. Gathering evidence

- 10.1 This policy cannot cover all the complexities of gathering evidence. Each case must be progressed based on the individual circumstances of the case, taking professional advice as necessary (including advice from CLO where deemed appropriate). Where CFS decides not to pursue a criminal investigation, for whatever reason, the recommended next steps may involve an internal, Board-level investigation. In these circumstances it is important that the gathering of evidence is carried out in a methodical and consistent way.
- 10.2 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 HR 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 his or her own words.
- 10.3 At all stages of the investigation, any discussions or interviews should be documented and where feasible agreed with the interviewee.
- 10.4 Physical evidence should be identified and gathered together in a secure place at the earliest opportunity. An inventory should be drawn up by the investigating officer and held with the evidence. To prevent any changes being made to the original evidence, where possible, a replacement or alternative record should be implemented for business continuity. It is essential that the evidence is kept intact. 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.

11. Disclosure of loss from fraud

- 11.1 Guidance on the referring of losses and special payments is provided in [CEL 10 \(2010\)](#) – Revised Scottish Financial Return (SFR) 18: Enhanced Reporting of NHS Frauds and Attempted Frauds. This includes reporting of all forms of irregular activity which suggest that fraud may have taken place, even if the evidence is not of a standard that can be used for prosecution. Scottish Financial Return (SFR) 18.0 on Losses and Compensation Payments is submitted annually to the Audit Committee

as part of the Annual Accounts. SFR 18 should include all losses, with appropriate description, aligned within the standard categories specified by the SGHSCD. External Audit should be notified of any loss as part of their statutory duties.

- 11.2 Management must take account of the permitted limits on writing off losses for “Category 2 Boards”, as outlined in [Annex C of CEL 10 \(2010\)](#).

12. Police Involvement

- 12.1 It shall normally be the policy of NHS Forth Valley 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.
- Outwith normal working hours, the manager on duty in the area where a criminal act is suspected should always report the matter to the Senior Manager and Executive Director On-Call. It will be the decision of the Executive Director On-Call as to the stage that the Police are contacted. In any case the manager on duty in the area where a criminal act is suspected should always report the matter to the Director of Finance and the FLO at the earliest possible time.

- 12.2 The nominated officer and investigating manager should informally notify the Police of potential criminal acts, to seek advice on the handling of each investigation at an early stage in the investigation.

- 12.3 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.

13. Press Release

- 13.1 To avoid potentially damaging publicity to the NHS and/or the suspect, NHS Forth Valley 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 Communications Team within CFS, the CLO and the Police should agree the release where applicable.

- 13.2 Under no circumstances should a member of staff speak or write to representatives of the press, TV, or radio, about a suspected fraud without the express authority of the Chief Executive.

- 13.3 The Officer in Charge of the criminal case, whether from CFS or Police Scotland, will be responsible for collaborating with the Board’s communications department in relation to preparing and agreeing the timing and content of an appropriate press release.

14. Resourcing any internal investigation

- 14.1 The Director of Finance will determine the type and level of resource to be used in investigating any suspected fraud. The choices available will include:

- Staff from within NHS Forth Valley
- Internal Audit
- Specialist Consultant
- Police

14.2 In deciding, the Director of 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 Nominated Officer. A decision to take “No action” will not normally be an acceptable option unless exceptional circumstances apply.

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

15. The law and its remedies

15.1 Criminal Law - The Board shall refer all incidences of suspected fraud/criminal acts to CFS or the Police for decision by the Procurator Fiscal as to any prosecution.

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

Annex 1 – Key Contacts

Board Key Contacts

Role	Name	Designation	Contact Details
Fraud Liaison Officer	Shona Slayford	Principal Auditor	01592 226904 shona.slayford@nhs.scot
Deputy Fraud Liaison Officer	Scott Urquhart	Director of Finance	01786 457245 scott.urquhart@nhs.scot
Counter Fraud Champion	Robert Clark	Non-Executive Member and Employee Director	01786 457226 robert.clark4@nhs.scot
Whistleblowing Champion	Gordon Johnston	Non-Executive Member and Whistleblowing Champion	gordon.johnston@nhs.scot

External Contacts

Counter Fraud Hotline – 08000 15 16 28

National Confidential Alert Line for NHS Scotland employees - 0800 0086112

Independent National Whistleblowing Officer - 0800 008 6112

<https://inwo.spsa.org.uk/whistleblowing>

SECTION E

Standing Financial Instructions

SECTION 1 INTRODUCTION

1.1 GENERAL

- 1.1.1 These Standing Financial Instructions (SFIs) are issued in accordance with the National Health Service (Financial Provisions) (Scotland) Regulations, 1974, Section 4 together with the subsequent guidance and requirements contained in NHS Circular No.1974 (GEN) 88 and Annex for the regulation of the conduct of Forth Valley NHS Board, its directors, officers, and agents in relation to all financial matters. Those regulations are the Health Boards (Membership and Procedure) Regulations 2001. Forth Valley Health Board is the common name of Forth Valley NHS Board. The Board's formal, legal title remains Forth Valley NHS Board and it will be identified as such in certain legal and financial documents. These SFIs are also issued in accordance with NHS MEL (1994) 80 and the guidance in 'Rebuilding Our National Health Service - A Change Programme For Implementing Our National Health' and they shall have the effect as if incorporated in the Standing Orders of Forth Valley NHS Board.
- 1.1.2 These SFIs detail the financial responsibilities, policies, and procedures to be adopted by Forth Valley NHS Board. They are designed to ensure that Forth Valley NHS Board financial transactions are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency, and effectiveness. They should also be used in conjunction with the Scheme of Delegation adopted by the Board.
- 1.1.3 These SFIs identify the financial responsibilities, which apply to everyone working for the Board and its constituent organisations including Trading Units. They do not provide detailed procedural advice. These statements should therefore be read in conjunction with the detailed departmental and Financial Operating Procedures. The Director of Finance must approve all Financial Operating Procedures.
- 1.1.4 Statutory Instrument (1974) No.468 requires Directors of Finance to design, implement and supervise systems of financial control and NHS circular 1974 (GEN) 88 requires the Director of Finance to:
- (a) approve the financial systems
 - (b) approve the duties of officers operating these systems
 - (c) maintain a written description of such approved financial systems, including a list of specific duties
- 1.1.5 Should any difficulties arise regarding the interpretation or application of any of the SFI's then the advice of the Director of Finance must be sought before acting. The user of these SFIs should also be familiar with and comply with the Provisions of the Board's Standing Orders.
- 1.1.6 Failure to comply with SFIs is a disciplinary matter, which could result in dismissal.

1.2 TERMINOLOGY

- 1.2.1 Any expression to which a meaning is given in Health Service Acts, or in directions made under the Acts, shall have the same meaning in these instructions; and:
- (a) "Board" means the Board of Forth Valley NHS Board or such Committee of the Board to which powers have been delegated

- (b) “Budget” means an allocation of resources, expressed in financial terms, proposed by Forth Valley NHS Board for the purpose of carrying out, for a specific period, any, or all of the functions of Forth Valley NHS Board
- (c) “Chief Executive” means the chief officer of Forth Valley NHS Board and who is directly accountable to the Board
- (d) “Director of Finance” means the chief financial officer of Forth Valley NHS Board
- (e) “Budget Holder” means the director or officer of Forth Valley NHS Board who has the delegated authority to manage finances (income and expenditure) for a specific operational area of Forth Valley NHS Board
- (f) “Legal Adviser” means the properly qualified person appointed by Forth Valley NHS Board to provide legal advice.

1.2.2 Wherever the title Chief Executive, Director of Board, or other nominated officer is used in these instructions, it shall be deemed to include such other officers and agents who have been duly authorised to represent them.

1.2.3 References in these instructions to "officer" shall be deemed to include all employees of Forth Valley NHS Board, including nursing and medical staff, and consultants who practice upon Forth Valley NHS Board premises, as well as the staff of any agency contracted to Forth Valley NHS Board and/or performing financial functions on behalf of Forth Valley NHS Board.

1.2.4 All references in these SFIs to the masculine gender shall be read as equally applicable to the feminine gender.

1.3 RESPONSIBILITIES AND DELEGATION

1.3.1 The Board shall exercise financial supervision and control by:

- (a) requiring the submission and approval of financial plans and budgets within approved allocations/overall income to a pre-determined timetable
- (b) defining and approving essential features of financial arrangements in respect of important procedures and financial systems (including the need to obtain value for money)
- (c) defining specific responsibilities placed on directors and officers as indicated in the Scheme of Delegation document

1.3.2 Within the Instructions it is acknowledged that the Chief Executive and Director of Finance shall have joint responsibility for ensuring that the Board meets its obligation to perform its functions within the financial resources available. The Chief Executive has overall responsibility for the Board’s activities and is responsible to the Board for ensuring containment within the Board’s Revenue Resource Limit, Capital Resource Limit and Cash Limit.

1.3.3 The Chief Executive’s responsibilities as Accountable Officer are set out in Section 2.

1.3.4 The Chief Executives of the NHS Health Boards have retained Accountable Officer Status under NHS arrangements.

1.3.5 The Chief Executive is ultimately accountable to Forth Valley NHS Board and as Accountable Officer to the Scottish Parliament for ensuring that the Forth Valley NHS Board meets its obligations to perform its functions within the available resources.

- 1.3.6 Forth Valley NHS Board shall delegate executive responsibility for the performance of its functions to the Chief Executive and to the senior management team. Members will exercise financial supervision and control by requiring the submission and approval of financial plans within approved allocations, by defining and approving essential features of financial arrangements in respect of important procedures and financial systems, including the need to obtain value for money and by defining specific responsibilities placed on our officers.
- 1.3.7 So far as is possible, the Chief Executive and Director of Finance will delegate their detailed responsibilities but retain their overall accountability. The extent of delegation will be kept under review by the NHS Board.
- 1.3.8 It is the duty of the Chief Executive to ensure that existing directors and employees and all new appointees are notified of and understand their responsibilities within these SFIs.
- 1.3.9 Without prejudice to any other functions of officers of Forth Valley NHS Board, the Director of Finance shall be responsible for:
- (a) provision of financial advice to the Board and its officers
 - (b) setting the Board's accounting policies consistent with Scottish Government and Treasury guidance and generally accepted accounting practice
 - (c) supervising the implementation of the Board's financial strategies and for co-ordinating any corrective action necessary to further these strategies
 - (d) ensuring that sufficient records are maintained to show and explain Forth Valley NHS Board transactions, in order to disclose, with reasonable accuracy, the financial position of Forth Valley NHS Board at any time
 - (e) the design, implementation, and supervision of systems of financial control incorporating the principles of separation of duties and internal checks
 - (f) the 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 and responsibilities
- 1.3.10 All directors and officers of Forth Valley NHS Board, severally and collectively, are responsible for:
- (a) the security of Forth Valley NHS Board property
 - (b) avoiding loss
 - (c) exercising economy and efficiency in the use of Forth Valley NHS Board resources; complying with the requirements of:
 - Standing Orders (including the Scheme of Delegation)
 - Standing Financial Instructions
 - Financial Operating Procedures
 - MEL (1994) 48 Standards of Business Conduct for Staff which will be identified in the Staff Handbook
- 1.3.11 The form in which financial records are kept and the manner in which duties are discharged by all directors and officers of Forth Valley NHS Board who carry out a financial function must be to the satisfaction of the Director of Finance.
- 1.3.12 Any contractor, agent or employee of a contractor who is empowered by Forth Valley NHS Board to commit Forth Valley NHS Board to expenditure or who is authorised to obtain income shall be

covered by these instructions. It is the responsibility of the Chief Executive to ensure that such persons are made aware of this.

SECTION 2 RESPONSIBILITIES OF HEALTH BOARD CHIEF EXECUTIVE AS ACCOUNTABLE OFFICER

2.1 INTRODUCTION

- 2.1.1 Under the terms of Section 14 and 15 of the Public Finance and Accountability (Scotland) Act 2000, the Principal Accounting Officer for the Scottish Government has designated the Chief Executive of Forth Valley NHS Board as Accountable Officer.
- 2.1.2 Accountable Officers must comply with the terms of the Memorandum to National Health Service Accountable Officers, and any updates issued to them by the Principal Accountable officer for the Scottish Government. The Memorandum was updated in April 2002.

2.2 GENERAL RESPONSIBILITIES

- 2.2.1 The Accountable Officer is personally answerable to the Scottish Parliament for the propriety and regularity of the public finances for NHS Forth Valley. The Accountable Officer must ensure that the Forth Valley NHS Board takes account of all relevant financial considerations, including any issues of propriety, regularity, or value for money, in considering policy proposals relating to expenditure, or income.
- 2.2.2 It is incumbent upon the Accountable Officer to combine his/her duties as Accountable Officer with their duty to the Forth Valley NHS Board, to whom he/she is responsible, and from whom he/she derives his/her authority. The Forth Valley NHS Board is in turn responsible to the Scottish Parliament in respect of its policies, actions, and conduct.
- 2.2.3 The Accountable Officer has a personal duty of signing the Annual Accounts of Forth Valley NHS Board for which he/she has responsibility. Consequently, he/she may also have the further duty of being a witness before the Audit Committee of the Scottish Parliament and be expected to deal with questions arising from the Accounts, or, more commonly, from reports made to Parliament by the Auditor General for Scotland.
- 2.2.4 The Accountable Officer must ensure that any arrangements for delegation promote good management, and that he/she is supported by the necessary staff with an appropriate balance of skills. This requires careful selection and development of staff and the sufficient provision of special skills and services. He/she must ensure that staff are as conscientious in their approach to costs not borne directly by their component organisation (such as costs incurred by other public bodies, or financing costs, e.g., relating to banking and cash flow) as they would be where such costs directly borne.

2.3 SPECIFIC RESPONSIBILITIES

2.3.1 The Accountable Officer must:

- (a) ensure that from the outset, proper financial systems are in place and applied, and that procedures and controls are reviewed from time to time to ensure their continuing relevance and reliability, especially at times of major changes
- (b) sign the Accounts assigned to him/her, and in doing so accept personal responsibility for

ensuring that they are prepared under the principles and in the format directed by Scottish Ministers

- (c) ensure that proper financial procedures are followed incorporating the principles of separation of duties and internal check, and that accounting records are maintained in a form suited to the requirements of the relevant Accounting Manual, as well as in the form prescribed for published Accounts
- (d) ensure that the public funds for which he/she is responsible are properly managed and safeguarded, with independent and effective checks of cash balances in the hands of any official
- (e) ensure that the assets for which he/she is responsible, such as land, buildings, or other property, including stores and equipment, are controlled, and safeguarded with similar care, and with checks as appropriate
- (f) ensure that, in the consideration of policy proposals relating to expenditure, or income, for which he/she has responsibilities as Accountable Officer, all relevant financial considerations, including any issues of propriety, regularity or value for money, are considered, and where necessary brought to the attention of the Board
- (g) ensure that any delegation of authority is accompanied by clear lines of control and accountability, together with reporting arrangements
- (h) ensure that effective management systems appropriate for the achievement of the organisation's objectives, including financial monitoring and control systems have been put in place
- (i) ensure that risks, whether to achievement of business objectives, regularity, propriety, or value for money, are identified, that their significance is assessed and that systems appropriate to the risks are in place in all areas to manage them
- (j) ensure that best value from resources is sought, by making proper arrangements to pursue continuous improvement having regard to economy, efficiency, and effectiveness, and in a manner, which encourages the observance of equal opportunities requirements
- (k) ensure that managers at all levels have a clear view of their objectives, and the means to assess and measure outputs or performance in relation to these objectives
- (l) ensure managers at all levels are assigned well defined responsibilities for making the best use of resources (both those assumed by their own commands and any made available to organisations or individuals outside NHS Forth Valley) including a critical scrutiny of output and value for money
- (m) ensure that managers at all levels have the information (particularly about costs), training and access to the expert advice which they need to exercise their responsibilities effectively

2.4 REGULARITY AND PROPRIETY OF EXPENDITURE

- 2.4.1 The Accountable Officer has a particular responsibility for ensuring compliance with parliamentary requirements in the control of expenditure. A fundamental requirement is that funds should be applied only to the extent and for the purposes authorised by Parliament in Budget Acts (or otherwise authorised by section 65 of the Scotland Act 1998). Parliament's attention must be drawn to losses or special payments by appropriate notation of the organisation's Accounts. In the case of expenditure approved under the Budget Act, any payments must be within the scope and amount specified in that Act.

SECTION 3 ALLOCATIONS, BUSINESS PLANNING, BUDGETS AND BUDGETARY CONTROL

3.1 GENERAL

- 3.1.1 The Board is required by statutory provisions made under Section 85 of the National Health Service (Scotland) Act (1978), as amended by the Health Services Act 1980, to perform its functions within the total funds allocated by the Scottish Ministers. All plans and financial approval systems shall be designed to meet this obligation.

3.2 ALLOCATIONS

- 3.2.1 The Director of Finance of the Board will review, as a minimum annually, the bases and assumptions used for distributing allocations to ensure such allocations are fair, realistic, and secure the Board's entitlement to funds.

3.3 BUSINESS PLANNING AND BUDGETS

- 3.3.1 The Chief Executive will prepare and submit to the board the Annual Operational Plan and an Annual Plan. This Plan shall include forecasts of available resources, financial targets, and spending proposals.
- 3.3.2 The Director of Finance shall, on behalf of the Chief Executive, prepare and submit to the Board for its approval, an annual financial plan for all revenue funds and capital where applicable, within the limits of available funds as determined by the notified allocations.
- 3.3.3 The Director of Finance shall ensure such plans are reconcilable to budgets that have been produced following discussion with General Managers, Chief Officers, Acute Services Director and Executive Directors. As a consequence, the Director of Finance shall have right of access to all budget holders on budgetary related matters.

3.4 BUDGETARY CONTROL

- 3.4.1 The Board shall delegate the management of the Financial Plan to the Chief Executive. The Chief Executive within limits approved by the Board, can delegate responsibility for a budget or part of a budget to individual Senior Managers. The terms of delegation shall include, in writing, a clear definition of individual responsibilities for control of expenditure, exercise of virement, achievement of performance levels and the provision of regular reports on the discharge of these delegated functions. The delivery of this delegation shall be included within the performance review of appropriate officers.
- 3.4.2 In performance of their duties:
- (a) The Chief Executive will not exceed the budgetary or virement limits or exclusions set by the Board or by the Scottish Government Health and Social Care Directorate.

- (b) Senior Managers will not exceed the budgetary or virement limits set by the Board and Chief Executive.
- (c) The Chief Executive may exercise virement or vary the budgetary limit of a Senior Manager within the Chief Executives own budgetary limit.

3.4.3 The Board shall approve and review annually a Scheme of Delegation that will form part of the Standing Orders of the Board. The Scheme of Delegation shall specify: -

- (a) areas of responsibility
- (b) nominated officers
- (c) financial value
- (d) virement levels

3.4.4 Expenditure for which no provision has been made in approved plans and budgets and outwith delegated virement limits may only be incurred after authorisation by the Chief Executive or the Director of Finance acting on their behalf, or the NHS Board dependent on the nature and level of expenditure. There shall be a financial limit of £500,000 in respect of the delegated authority of the Chief Executive on a non-recurring basis (No individual item shall exceed £100,000). The Director of Finance shall have authority within the Chief Executive's limit of £250,000.

3.4.5 The Director of Finance, on behalf of the Chief Executive, shall monitor the financial performance against the plan, the use of delegated budgets to ensure that financial control is maintained, and that the Board's plans and policies are implemented.

3.4.6 The Director of Finance has a responsibility to ensure that adequate training is delivered on an on-going basis to budget-holders to help them to manage successfully.

3.4.7 The Director of Finance shall ensure that:

- (a) the system of internal financial controls is sufficient and adequate to ensure the achievement of objectives and compliance with standards and regulations.
- (b) adequate statistical and financial systems are in place to monitor and control all agreements for patients' services and facilitate the compilation of estimates, forecasts and investigations as may be required.
- (c) reports provide all financial, statistical, and other relevant information as necessary for the compilation of estimates and forecasts.
- (d) the Chief Executive and the Board are informed of the financial consequences of changes in policy, pay awards and other events and trends affecting budgets or projections and shall advise on the financial and economic aspects of future plans and projects.
- (e) the issue of timely, accurate and comprehensible advice, and monthly financial reports

to each budget holder, covering the areas for which they are responsible.

- 3.4.8 The Director of Finance shall provide the Board with regular reports including as follows: -
- (a) monthly financial reports for all expenditure to the Board in an approved format, inclusive of:
- income and expenditure to date and forecast year-end position
 - movements in working capital
 - capital project spend and projected outturn against plan
 - explanation of significant variances from plan plus corrective action if appropriate, including an assessment as to whether such actions are sufficient to correct the situation
 - monitoring of management action to correct variances
 - cash spending to date and forecast year-end position
 - report on budgetary transfers
 - Board financial position including projections

3.5 ALIGNED AND POOLED BUDGETS

- 3.5.1 Partnership arrangements have been developing to give Health Boards and Local Authorities the flexibility to be able to work with other agencies to respond effectively to improve services, either by joining up existing services, or developing new, co-ordinated services. Such partnership arrangements provide for aligned and pooled budgets. Areas covered by Health and Social care Integration are contained in Section 4.
- 3.5.2 An Aligned Budget is the position when clearly identified financial resources are being used jointly. The funds are identified by the partner organisations and grouped together in a joint “pot”, but the funds are still technically held within each partner organisation in separate distinct budgets. This enables each partner organisation to identify and account for their own contribution to the joint “pot”.
- 3.5.3 A Pooled Budget is a mechanism by which each partner to the agreement contributes funding to form a discrete “fund” for the partnership arrangement or organisation. Initially, the funding contributed by each partner will be identifiable to each partner, but in time the origin of individual contributions may become less easily identifiable. The partners must therefore agree at the outset the purpose, scope, and outcome for services within the agreement meeting their own statutory obligations and justifying their contribution to the fund. A Pooled Budget resides in a “host” partner, either a Health Board or a Local Authority organisation, which manages it on behalf of the partners.
- 3.5.4 Partnership arrangements entered into by Forth Valley NHS Board must comply with the guidance on aligned and pooled budgets issued by the Scottish Government. The following paragraphs relate mainly to Aligned Budgets (as opposed to Pooled Budgets).
- 3.5.5 As a non-statutory body, the responsibility for the functions carried out by a partnership body will remain with each partner organisation.
- 3.5.6 A Partnership Agreement or Heads of Agreement must be drawn up between the partner organisations which will specify the services to be managed jointly, the governance

arrangements, the accountability arrangements, the budgetary control arrangements and the financial reporting and monitoring arrangements. The partnership agreement must be approved by the Director of Finance of each partner organisation before budgetary control can be devolved to a partnership body.

- 3.5.7 Each partner will agree the level of its contribution in advance of each financial year. The level of contribution from the Board will be agreed by the Board taking account of the need to balance the amount of flexibility that Forth Valley NHS Board want to enable through the aligned budget against the risk of being able to fulfil all service needs. Levels of contribution will have to allow, among other things, for decisions about inflation levels, developments, service pressures, Corporate Plan priorities, capital charges and savings targets.
- 3.5.8 The contribution to the Aligned Budget must be used on the agreed services set out in the partnership agreement. The aligned budget will be discrete and will be ring-fenced to the extent specified in the partnership agreement. The Partnership Agreement must also specify the mechanism for changing in-year levels of contribution.
- 3.5.9 Accountability will be discharged at two levels in Aligned Budget arrangements, i.e., within the partnership body, and to the Boards or Management Committees of each partner organisation.
- 3.5.10 Each partnership body will appoint a lead officer who will be accountable to the relevant Partnership Board for the combined budget.
- 3.5.11 The Chief Executive will remain accountable to the Scottish Government for the financial contribution made by their organisation.
- 3.5.12 Partnership bodies will be subject to both financial and value for money audit by both Internal Audit and the Auditor General for Scotland.
- 3.5.13 A Memorandum Income and Expenditure Account may require to be included in the Annual Accounts for Aligned Budget arrangements which show income received, expenditure incurred and the remaining surplus or deficit for the financial year.
- 3.5.14 The lead officer of the partnership body shall prepare a Constitution which will set out compliance with the Codes of Conduct, Accountability and Practice on Openness and the underlying principles of good Corporate Governance as set out in the Cadbury and Nolan Reports and the detailed guidance issued by the Scottish Government and others.
- 3.5.15 The lead officer of the partnership body shall issue Financial Regulations consistent with the SFIs in order to regulate the conduct of the Partnership Board, both members and officers, in all financial matters. Such regulations and instructions will specify the arrangements for the provision of financial advice to the Partnership Board.
- 3.5.16 The partnership body's Constitution and Financial Regulations shall be agreed by the Forth Valley NHS Board and shall have the effect as if incorporated in the Standing Orders and SFIs of the Board.
- 3.5.17 The above instructions will equally apply to new formal partnership arrangements with Local Authorities which the Board may develop in future years.

SECTION 4 HEALTH AND SOCIAL CARE INTEGRATION

4.1 GENERAL

- 4.1.1 The Public Bodies (Joint Working) (Scotland) Act 2014 established the framework for the integration of adult health and social care services in Scotland. Two Integrated Joint Boards (IJBs) have been established in Forth Valley under the body corporate arrangement. The approved Integration Schemes set out the detail of the integration arrangement, including those services delegated by NHS Forth Valley to the IJBs.

4.2 FINANCIAL ARRANGEMENTS

- 4.2.1 Each partner will agree the formal budget setting timelines and reporting periods as defined in the Financial Regulations.
- 4.2.2 The initial budget for the NHS contribution to the Integrated Joint Board budget for delegated functions under the Public Bodies (Joint Working) (Scotland) Act 2014 will be set in accordance with the Integration Schemes and the due diligence process as described in the Scottish Government Integrated Resource Advisory group guidance.
- 4.2.3 In subsequent financial years the NHS Board will evaluate the case for the Integrated Budget against its other priorities and will agree its contributions accordingly. The business case put forward by the IJB will be evidenced based and will detail assumptions made.
- 4.2.4 Following on from the budget process, the IJB Chief Officer and Chief Financial Officer will prepare a financial plan supporting the Strategic Plan and once approved by the IJB issue Directions with defined payment levels to the NHS Board. 'Payment' does not mean an actual cash transaction but a representative allocation for the delivery of Integration Functions in accordance with the Strategic Plan.
- 4.2.5 If at the outset the NHS Board does not believe the direction can be achieved for the payment being offered, then it shall notify the IJB that in line with section 28 (4) of the Public Bodies (Joint Working) (Scotland) Act 2014 additional funding would be necessary to comply with the direction.
- 4.2.6 Once the payments to be made by the IJB to the NHS Board for the delegated functions have been agreed they will, for the directly managed functions, form the basis of annual budgets to be issued to the relevant budget holder. The payments for the set aside budgets will form part of the budgets to be issued to the relevant NHS budget holder.
- 4.2.7 Where the Chief Officer is the budget holder, they will comply with these SFIs unless the SFIs explicitly state otherwise. In further delegating budgetary authority to managers in their structure the Chief Officer is responsible for ensuring all transactions processed by the NHS comply with these SFIs and any further detailed procedural NHS Board guidance relevant to the transaction.
- 4.2.8 It is envisaged that the Chief Officer, in due course, will have a structure including joint management posts who are responsible for both Health and Council expenditure.

4.3 DELEGATED AUTHORITY

- 4.3.1 Where a manager has delegated authority for both health and council expenditure, they must ensure the VAT treatment is in line with the Integrated Resource Advisory Group and any HMRC guidance. If in doubt they should seek advice from the Director of Finance for any expenditure that might previously have been made from NHS budgets.
- 4.3.2 Where a council employee has been given delegated authority for NHS budgets a signed declaration that they have received and will comply with these SFIs is required. This should also be signed by the Chief Officer, who will further undertake to pursue any breaches of the NHS SFIs through the council line management structure if required.
- 4.3.3 The arrangements for the virement of budgets are specified in the scheme of delegation of the Parties and virement levels will be agreed in the Strategic Plan.
- 4.3.4 Notwithstanding that a budget virement lies within the Chief Officers level of authority it can only be executed if detailed consideration of the financial impact confirms any risks associated with it are acceptable. If there is a difference of opinion between the Chief Officer and NHS finance as to the acceptability of the risk, the Chief Officer and Director of Finance of the NHS will first seek to reach an acceptable solution. Failing that the Chief Executive of the NHS will consider the level of risk, involving the SLT if necessary, for a wider view. Should there still not be agreement the IJB would be invited to review this and set out how it would mitigate the stated risk.
- 4.3.5 In managing these operational budgets, the Chief Officer will comply with these SFIs unless the SFIs explicitly state otherwise.

4.4 MANAGEMENT OF IN YEAR VARIANCES

- 4.4.1 Where there is a projected overspend against an element of the Integrated Budget, the Chief Officer, the Chief Finance Officer of the IJB and the relevant finance officer and operational manager of the constituent party must agree a recovery plan to balance the overspending budget.
- 4.4.2 Underspends on either arm of the Integrated Budget should be returned from the relevant Party to the IJB and carried forward through the reserves. This will require adjustments to the allocations from the IJB to the relevant Party for the sum of the underspend.

4.5 FINANCIAL MANAGEMENT AND REPORTING ARRANGEMENTS

- 4.5.1 The NHS Director of Finance is responsible for providing the Chief Officer (as with all budget holders) with regular financial information to allow them to manage their budgets. The NHS Director of Finance is also responsible for providing the Chief finance officer of the IJB with the financial information required by the integration scheme as expanded by subsequent agreements, to meet the reporting requirement to the IJB. In advance of each financial year a timetable will be agreed with the IJB.
- 4.5.2 The IJB Chief Financial Officer will be responsible for the preparation of the annual financial statements as required by section 39 of the Public Bodies (Joint Working) (Scotland) Act 2014 and the statutory annual accounts. The Accounting Standards as adapted for the public

sector will apply to the Integration Joint Board. The Code of Practice on Local Authority Accounting in the UK will be the applicable guidance for their interpretation. The financial statements of the Integration Joint Board will be completed to meet the audit and publication timetable specified in regulations (Regulations under section 105 of the Local Government (Scotland) Act 1973). Although the responsibility lies with the Chief Finance Officer of the IJB the Director of Finance will ensure such information is supplied from the NHS as is required to fulfil these obligations.

- 4.5.3 The financial ledger transactions relating to the Integration Joint Board will be carried out prior to the end of the financial year with post year-end adjustments for material information only. Year-end balances and transactions will be agreed timeously in order to allow completion of the Accounts in line with required timescales. This date will be agreed annually by the Integration Joint Board, the Health Board, and the Local Authority.
- 4.5.4 Detailed Financial Regulations governing the Integration Joint Board will be agreed between the Local Authority and the Health Board and approved by the Integration Joint Board. Once agreed the NHS Director of Finance will be responsible for ensuring any NHS obligations are fulfilled.
- 4.5.5 Although the Public Bodies (Joint Working) (Scotland) Act 2014 will supersede most of the previous joint working arrangements, it remains possible that there could be pooled or aligned budgets with community partners, such as for children's services, that fall outwith that. Section 3 has therefore been retained in case they should be required.

SECTION 5 COMMISSIONING OF HEALTHCARE

5.1 FINANCIAL TARGETS

- 5.1.1 The Scottish Government sets 3 budget limits at a Health Board level on an annual basis. These limits are:
- (a) Revenue Resource Limit: a resource budget for ongoing operations
 - (b) Capital Resource Limit: a resource budget for net capital investment
 - (c) Cash requirement: a financing requirement to fund the cash consequences of the ongoing operations and net capital investment
- 5.1.2 Health Boards are required to contain their net expenditure within these limits and will report on any variation from the limits as set.
- 5.1.3 The Director of Finance shall be responsible for ensuring that an adequate system of monitoring financial performance is in place to enable the Board to fulfil its statutory responsibility while achieving its financial targets.

5.2 GENERAL - HEALTH NEEDS ASSESSMENT

- 5.2.1 The Director of Public Health, on behalf of the Chief Executive is responsible for the production of Health Needs Assessments, and for the monitoring of Health Status.
- 5.2.2 The Health Needs Assessment Reports incorporate historical and projected financial information. The Director of Finance is responsible for the provision of historical financial details and for the financial impact/implication of each Needs Assessment.

5.3 GENERAL - HEALTH PLANNING

- 5.3.1 The Chief Executive is responsible for the production of the Corporate Plan (Healthcare Strategy). The Corporate Plan will be informed amongst others by
- (a) plans arising from Health Needs Assessments
 - (b) socio-demographic trends
 - (c) public opinion
 - (d) resource availability
 - (e) Business unit pressures
- 5.3.2 To prepare health strategies or develop plans for individual care groups or service areas, planning groups may be established. The Director of Finance has responsibility for ensuring that where appropriate the remit of such groups outlines the financial parameters within which the group may operate. On occasion these groups may also cover Local Authority services. In this instance the parameters should be agreed with the appropriate individuals within Local Authorities.

5.3.3 The Director of Finance is responsible for the provision of financial advice and plans in respect of the affordability of the Corporate Plan.

5.4 PRIMARY HEALTH CARE

5.4.1 Primary Health Care Services include:

- (a) all Family Practitioner Services
- (b) Practice Staff
- (c) Primary Health Care Computing
- (d) Cost Rent and Improvement Grant Schemes

5.4.2 Primary Health Care Services fall within the scope of Integration Authorities. Resources are allocated from the Integration Authority via direction in line with the Strategic Plans. Any variations proposed to budgets must be approved by the Director of Finance of Forth Valley NHS Board.

5.5 COMMUNITY SERVICES

5.5.1 Community Services include

- (a) mental health (inclusive of elderly, frail elderly, long-stay, and community)
- (b) learning disability
- (c) palliative hospice care
- (d) community health services
- (e) drugs and alcohol
- (f) healthcare in prisons

5.5.2 Local Community Health Care Services are managed by either the Chief Officers or a General Manager. Resources managed by the Chief Officers fall within the scope of Integration Authorities. Resources managed by the General Manager may fall within the scope of Integration Authorities. Resources are allocated from the Integration Authority via direction in line with the Strategic Plans. Any variations proposed to budgets must be approved by the Director of Finance of Forth Valley NHS Board.

Resources are managed by the General Manager which do not fall within the scope of Integration Authorities. Resources are transferred on a monthly basis in accordance with the annual financial plan and any subsequent agreed variations. Such variations must be signed by the Director of Finance of Forth Valley NHS Board.

5.5.3 NHS Boards outwith the Forth Valley area may also provide these services to local residents. In such instances service agreements will be prepared. Resources are transferred on a

monthly basis in accordance with the annual financial plan and any subsequent agreed variations. Such variations must be signed by both the Director of Finance of the Forth Valley NHS Board and the Director of Finance of the appropriate Health Board.

5.6 INPATIENT AND OTHER SERVICES

5.6.1 These include:

- (a) Emergency and urgent care
- (b) Acute inpatients and Community Hospital beds
- (c) Ambulatory Care and Day Surgery
- (d) Outpatient Services
- (e) Cancer Services
- (f) Allied Health Professionals
- (g) Diagnostic Services
- (h) Women and Children Services

5.6.2 Local Acute Services are managed by the relevant General Manager.

Resources managed by the General Manager may fall within the scope of Integration Authorities. Resources are allocated from the Integration Authority via direction in line with the Strategic Plans. Any variations proposed to budgets must be approved by the Director of Finance of Forth Valley NHS Board.

Resources are managed by the General Manager which do not fall within the scope of Integration Authorities. Resources are transferred on a monthly basis in accordance with the annual financial plan and any subsequent agreed variations. Such variations must be signed by the Director of Finance of Forth Valley NHS Board.

5.6.3 NHS Boards outwith the Forth Valley area may also provide these services to local residents. In such instances service agreements will be prepared. Resources are transferred on a monthly basis in accordance with the annual financial plan and any subsequent agreed variations. Such variations must be signed by both the Director of Finance of the Forth Valley NHS Board and the Director of Finance of the appropriate Health Board.

SECTION 6 BANKING AND INVESTMENTS

6.1 INTRODUCTION

- 6.1.1 The Director of Finance is responsible for managing Forth Valley NHS Board banking arrangements and for advising Forth Valley NHS Board on the provision of banking services and the operation of bank accounts. This advice will take into account such guidance and directions as may be issued by the Scottish Government Health and Social Care Directorate.

6.2 BANK ACCOUNTS

- 6.2.1 The Director of Finance is responsible for:
- (a) Establishing exchequer bank accounts as directed by Scottish Government Health and Social Care Directorate
 - (b) establishing separate bank accounts for Forth Valley NHS Board non exchequer funds
 - (c) ensuring payments made from accounts do not exceed the amount credited to the account except where arrangements have been made
 - (d) reporting to the Board all arrangements made with Forth Valley NHS Board bankers for accounts to be overdrawn
- 6.2.2 All funds shall be held in accounts in the name of Forth Valley NHS Board. No officer other than the Director of Finance plus one other signatory shall open or close any bank account in the name of Forth Valley NHS Board.
- 6.2.3 The Director of Finance will advise the Bankers in writing of the conditions under which each account shall be operated.

6.3 BANKING PROCEDURES

- 6.3.1 The Director of Finance shall prepare procedural instructions on the operation of accounts. These instructions must include:
- (a) the conditions under which each account is to be operated
 - (b) the limit to be applied to any overdraft
 - (c) those authorised to sign cheques or other payments on Forth Valley NHS Board accounts
- 6.3.2 The Director of Finance shall ensure appropriate arrangements are in place for the use of debit/credit card transactions.
- 6.3.3 An authorised signatory shall advise the bankers of the officers authorised to release money from or make electronic payment from each bank account.
- 6.3.4 An authorised signatory shall notify the bankers promptly of the cancellation of any authorisation to draw on Forth Valley NHS Board accounts
- 6.3.5 Where an agreement is entered into with a Health Board or other body for payment to be made on behalf of Forth Valley NHS Board from bank accounts maintained in the name of

that Health Board or other body, or by electronic funds transfer (BACS), the Director of Finance shall ensure that satisfactory security regulations of the Health Board or other body relating to any such accounts exist and are observed.

6.4 INVESTMENTS

- 6.4.1 Temporary cash surpluses shall be held only in accordance with SGHSCD guidance.
- 6.4.2 All balances remain within National accounts with required amounts transferred to the commercial bank accounts as required.
- 6.4.3 In accordance with HDL (2001) 49 the amount of working cash held in commercial bank accounts at Board level should be limited to no more than £50,000. Any excess funds available at Board level sit in the NatWest Account.

SECTION 7 CAPITAL INVESTMENT, PRIVATE FINANCING, FIXED ASSET REGISTERS AND SECURITY OF ASSETS

7.1 CAPITAL INVESTMENT

- 7.1.1 The overall control of all capital investment and fixed assets shall be the responsibility of the Chief Executive, advised by the Director of Finance and Director of Facilities and Infrastructure.
- 7.1.2 Whilst the Board reserves decision making with regard to the Five Year Capital Plan and the Annual Capital Plan, the Chief Executive:
- (a) shall ensure that there is an adequate appraisal and approval process in place for determining capital investment priorities and the effect of each proposal on the Board Health Strategy and Annual Plan in accordance with the guidance contained in the Scottish Capital Investment Manual (SCIM)
 - (b) is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost
 - (c) will ensure that capital investment is not undertaken without confirmation of the availability of resources to finance all revenue consequences
- 7.1.3 The Chief Executive will also ensure that, for every capital expenditure proposal:
- (a) where required, a business case is prepared setting out an option appraisal of potential benefits compared with known costs to determine the option with the most favourable ratio of benefits to costs in accordance with the guidance contained in the Scottish Capital Investment Manual (SCIM)
 - (b) the Director of Finance has certified professionally to the costs and revenue consequences
 - (c) appropriate project management and control arrangements are set in place
- 7.1.4 On approval of a capital investment scheme in accordance with the Scheme of Delegation, the Director of Finance shall issue the following to the manager responsible for the capital investment project:
- (a) specific authority to commit expenditure
 - (b) authority to proceed to tender
 - (c) authority to accept a successful tender
- 7.1.5 The Director of Finance shall ensure that procedures are in place for the regular reporting of actual expenditure against authorisation of capital expenditure.

- 7.1.6 For capital schemes where the contracts stipulate stage payments, the Chief Executive will issue procedures for their management, incorporating the recommendations of the Scottish Capital Investment Manual (SCIM).
- 7.1.7 The Chief Executive will issue a scheme of delegation for capital investment management which will be in accordance with:
- (a) SCIM guidance
 - (b) Forth Valley NHS Board Standing Orders
 - (c) the schedule of financial limits
- 7.1.8 Competitive tendering processes as per Section 8 must be followed with the exception being when the supply is proposed under special arrangements negotiated by the Scottish Government in which event the said special arrangements must be complied with. This is applicable to processes under the auspices of Frameworks Scotland and Hub Company where the formal tendering process has been deemed to have been completed in arriving at the principal supply chain partners.
- 7.1.9 The Director of Finance will issue procedures governing the financial management of capital investment projects, including variations to contract and valuation for accounting purposes.

7.2 PRIVATE FINANCE

- 7.2.1 When Forth Valley NHS Board proposes to use finance, which is to be provided other than through NHS Finances (as determined by its Capital Allocation), the following procedures shall apply:
- (a) the Director of Finance shall demonstrate that the use of private finance represents value for money and genuinely transfers risk to the private sector
 - (b) where the sum involved exceeds the limits of approval delegated to the Board, a business case must be prepared, and approved by the Board
 - (c) the Business case must then be referred to the Scottish Government Health and Social Care Directorate for approval

7.3 FIXED ASSET REGISTERS

- 7.3.1 The Chief Executive who has overall control of fixed assets will delegate responsibility for ensuring the maintenance of registers of assets and for prescribing the form and content of any register and the method of updating.
- 7.3.2 The minimum data set to be held within these registers shall be as specified in the NHS Scotland Capital Accounting Manual as issued by the Scottish Government Health and Social

Care Directorate.

- 7.3.3 A fixed asset control procedure shall be approved by the Director of Finance. This procedure shall make provision for:
- (a) recording the managerial responsibility for each asset
 - (b) identification of additions and disposals
 - (c) physical security of assets
 - (d) periodic verification of the existence of condition of and title to assets
- 7.3.4 Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:
- (a) properly authorised and approved agreements, architect's certificates, supplier's invoices, and other documentary evidence in respect of purchases from third parties
 - (b) stores requisitions and wages records for own materials and labour including appropriate overheads
 - (c) lease agreements in respect of assets held under a finance lease and capitalised
- 7.3.5 The Director of Finance shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.
- 7.3.6 The value of each asset shall be indexed to current values in accordance with the methods specified in the NHS Scotland Capital Accounting Manual as issued by the Scottish Government Health and Social Care Directorate.
- 7.3.7 The value of each asset shall be depreciated using methods and rates as specified in the NHS Scotland Capital Accounting Manual as issued by the Scottish Government Health and Social Care Directorate.
- 7.3.8 The value of each asset shall be indexed to current values in accordance with the methods specified in the Capital Accounting Manual by the Scottish Government Health and Social Care Directorate.
- 7.3.9 Registers shall also be maintained by responsible nominated officers and receipts retained for:
- (a) equipment on loan; and
 - (b) all contents of furnished lettings.
- 7.3.10 On the closure of any facility, a check shall be carried out and a responsible officer will certify an inventory of items held pending eventual disposal.

7.3.11 The Director of Finance shall approve a procedure for the calculation and payment of capital charges as specified in the NHS Scotland Capital Accounting Manual issued by the Scottish Government Health and Social Care Directorate.

7.4 SECURITY OF ASSETS

7.4.1 The Chief Executive is responsible for the overall control of the fixed assets of Forth Valley NHS Board, but all staff have a responsibility for the security of property of the Board. It shall be the responsibility of senior staff in all disciplines to apply appropriate routine security practices in relation to NHS property. Persistent breach of agreed security practices should be reported to the Chief Executive.

7.4.2 Wherever practicable, items of equipment shall be indelibly marked as Forth Valley NHS Board property.

7.4.3 The Director of Finance shall prepare procedural instructions on the security and checking and disposal of assets (including cash, cheques, and negotiable instruments, and also including donated assets). This procedure shall make provision for:

- (a) recording managerial responsibility for each asset
- (b) identification of additions and disposals
- (c) identification of all repairs and maintenance expenses
- (d) physical security of assets
- (e) periodic verification of the existence of condition of, and title to, assets recorded
- (f) identification and reporting of all costs associated with the retention of an asset
- (g) reporting, recording and safekeeping of cash, cheques, and negotiable instruments (see Section 8)

7.4.4 Any damage to Forth Valley NHS Board premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by directors, heads of department or employees in accordance with the procedure for reporting losses.

SECTION 8 PURCHASING OF SUPPLIES AND SERVICES

8.1 DELEGATION OF AUTHORITY

- 8.1.1 The Forth Valley NHS Board will approve the total level of non-pay expenditure on an annual basis and the Director of Finance will determine the level of delegation to budget holders.
- 8.1.2 The Director of Finance will set out:
- (a) the list of managers who are authorised to approve requisitions for the supply of goods and services
 - (b) the maximum level of each requisition and the process for authorisation above that level
 - (c) the procedures to be adopted for the seeking of professional advice regarding the supply of goods and services
- 8.1.3 All non-pay expenditure will be incurred within the limits of the non-pay budgets delegated to budget holders.
- 8.1.4 Section 21 sets out Standards of Business Conduct, which must be adhered to by members and officers of Forth Valley NHS Board.

8.2 SYSTEMS AND PROCEDURES FOR REQUISITIONING, ORDERING AND RECEIVING GOODS AND SERVICES

- 8.2.1 Supplies and services must be purchased through national contracts including framework agreements in accordance with CEL 05 (2012) where these are available. Only in exceptional circumstances and only with the authority of the Head of Procurement and the Director of Finance shall supplies and services available on contract be ordered outwith national contracts.

All formal contract arrangements must include Information Governance requirements including appropriate patient confidentiality, information security, data protection and Freedom of Information requirements. The Head of Information Governance should be contacted for clarification in terms of use of standard wording and to resolve any queries that arise. The Caldicott Guardian has overall responsibility for Patient Information security.

Standard wording for inclusion within contracts has been prepared and the Head of Procurement should be contacted to confirm / advise on standard clauses. The Head of Procurement is responsible for compliance with this component of SFIs and ensuring compliance with CEL 05 (2012).

- 8.2.2 In line with the Procurement Reform (Scotland) Bill competitive tenders for the supply of all goods and services not available to the Board through national or regional contracts

will be invited by advertising on the Public Contracts Scotland website unless:

- (a) the estimated value of the contract is (exclusive of VAT):
 - less than £50,000 for building and engineering works
 - less than £50,000 for other supplies
 - less than £1,000 for disposals
- (b) the supply or disposal is for goods or services of a special nature or character in respect of which it is not possible or desirable to obtain competitive tenders
- (c) in cases of emergency where it is not practicable or where the delay would result in further expense to the NHS Board. Such cases must be reported immediately to the Chief Executive

8.2.3 Written quotations shall be obtained from firms on approved lists (where possible) where the expenditure will be more than £5,000 but less than £50,000.

8.2.4 Where competitive tenders have been obtained, the lowest shall normally be accepted or, for disposals, the highest. If other than the lowest (highest for disposals) is being recommended, the approval of the Chief Executive or the Director of Finance shall be obtained before acceptance and the reasons entered in the Register of Tenders.

8.2.5 Any Board Member or Officer concerned with a contract who has a pecuniary interest in that contract shall declare his interest in writing to the Chief Executive who shall maintain a register of all such declarations. The NHS Board Member or Officer concerned must withdraw from the decision making process of the purchasing/contracting arrangements concerning that item. (See Section 20 – Standards of Business Conduct).

8.2.6 The requisitioner, in choosing the item to be supplied (or the service to be performed) shall always obtain the best value for money for Forth Valley NHS Board. In so doing, the advice of Forth Valley NHS Board sourcing adviser on supply shall be sought. Where this advice is not acceptable to the requisitioner, the Director of Finance (and/or the Chief Executive) shall be consulted before any order is placed.

8.2.7 The Director of Finance shall:

- (a) advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and, once approved, the thresholds must be incorporated in Forth Valley NHS Board Standing Financial Instructions and regularly reviewed; and
- (b) prepare procedural instructions on the obtaining of goods, services and works, incorporating the thresholds set by the Board.

- 8.2.8 No order may be placed for any item or items for which there is no budget provision unless authorisation is provided by the Director of Finance on behalf of the Chief Executive.
- 8.2.9 All goods, services, or works must be ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash. Suppliers/Contractors shall be notified that they should not accept orders unless on an official form.
- 8.2.10 Managers must ensure that they comply fully with the guidance and limits specified by the Director of Finance and that:
- (a) all contracts, leases, tenancy agreements and other commitments which may result in a liability are notified to the Director of Finance in advance of any commitment being made
 - (b) contracts above specified thresholds are advertised and awarded in accordance with EC and GATT rules and comply with other such legislation on public procurement
 - (c) where consultancy advice is being obtained, the procurement of such skills must be in accordance with guidance issued by the Scottish Government Health and Social Care Directorate
 - (d) in accordance with Section 21 – Standards of Business Conduct, no order is issued for any item or items to any firm which has made an offer of gifts, reward or benefit to Directors or employees, other than:
 - isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars
 - conventional hospitality, such as lunches in the course of working visits
 - (e) verbal orders are only issued in exceptional circumstances, in cases of emergency or urgent necessity, and only by an officer designated by the Chief Executive; these must be confirmed by an official order no later than the next working day, and clearly marked “Confirmation Order”
 - (f) orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds
 - (g) goods are not taken on trial or loan in circumstances that could commit Forth Valley NHS Board to a future uncompetitive purchase
 - (h) changes to the list of directors/employees authorised to certify invoices are notified to the Head of Financial Services
 - (i) purchases from petty cash are restricted in value and by type of purchase in

accordance with instructions issued by the Director of Finance

- (j) petty cash records are maintained in a form as determined by the Director of Finance

8.2.11 All tenders shall be addressed to the Chief Executive.

8.2.12 Official orders must:

- (a) be consecutively numbered
- (b) be in a form approved by the Director of Finance
- (c) include such information concerning prices or costs as may be appropriate
- (d) incorporate an obligation on the contractor to comply with the conditions printed thereon as regards delivery, carriage, documentation, variations, etc.

8.2.13 The Chief Executive must ensure that Forth Valley NHS Board Standing Orders are compatible with the requirements issued by the Scottish Government Health and Social Care Directorate in respect of building and engineering contracts (PROCEDURE) and land and property transactions (ESTATECODE). The technical audit of these contracts shall be the responsibility of the relevant Director. The Director of Finance shall ensure that the arrangements for financial control and audit of building and engineering contracts and property transactions comply with the guidance contained within these codes.

8.2.14 In accordance with Scottish Procurement Policy Note SPPN 2/2010 any contractor or sub-contractor performing security industry services will be required to be registered with the SIA Approved Contractors Scheme for the category of security service being provided/performed under the contract.

SECTION 9 INCOME, FEES AND CHARGES, SECURITY OF CASH AND OTHER NEGOTIABLE INSTRUMENTS

9.1 INCOME SYSTEMS

- 9.1.1 The Director of Finance shall be responsible for designing and maintaining systems for the proper recording and collection of all monies due, including income due under service agreements for the provision of patient care services. The Director of Finance shall be responsible for establishing reliable systems for financial coding to properly record all transactions.

9.2 FEES AND CHARGES

- 9.2.1 Forth Valley NHS Board shall follow the guidance and advice of the Scottish Government Health and Social Care Directorate in setting prices for Service Agreements.
- 9.2.2 The Director of Finance is responsible for approving and regularly reviewing the level of fees and charges other than those determined by the Scottish Government Health and Social Care Directorate or by Statute.
- 9.2.3 All officers shall inform the Accounting Services Manager of money due to Forth Valley NHS Board arising from transactions which they initiate, including all contracts, leases, tenancy agreements, private patient undertakings and other transactions.

9.3 DEBT RECOVERY

- 9.3.1 The Director of Finance is responsible for taking appropriate recovery action on all outstanding debts.
- 9.3.2 Income not received should be dealt with in accordance with losses procedures.
- 9.3.3 All staff dealing with income transactions are responsible for ensuring that underpayments against sums due are prevented, but where these occur recovery action, as determined by the Director of Finance, should be initiated.
- 9.3.4 The Director of Finance shall establish procedures for the write-off of debts after all reasonable steps have been taken to secure payment.

9.4 SECURITY

- 9.4.1 All receipt books, tickets, agreement forms or other means of officially acknowledging or recording amounts received or receivable shall be in a form approved by the Director of Finance. Such stationery shall be ordered and controlled by him and subject to the same precautions as are applied to cash.
- 9.4.2 All officers whose duty it is to collect or hold cash shall be provided with a safe or with a lockable cash box, which will normally be deposited in a safe. The officer concerned

shall hold only one key and all duplicates shall be lodged with the Board's bankers or other officer authorised by the Director of Finance, and suitable receipts obtained. The loss of any key shall be reported immediately to the Director of Finance. The Director of Finance, on receipt of a satisfactory explanation, shall authorise the release of the duplicate key. The Director of Finance shall arrange for all new safe keys to be dispatched directly to him from the manufacturers. The Director of Finance shall be responsible for maintaining a register of authorised holders of safe keys.

- 9.4.3 All cash, cheques, postal orders, and other forms of payment received by an officer other than the cashier shall be entered immediately in an approved form of register. All cheques and postal orders shall be crossed immediately 'Not negotiable - A/C Forth Valley NHS Board'. The remittances shall be passed to the cashier from whom a signature shall be obtained.
- 9.4.4 The opening of coin operated machines (including telephones) and the counting and recording of takings shall be undertaken by two officers together, at frequent intervals, and the coin box keys shall be held by a nominated officer. A reconciliation of monies collected should be carried out where appropriate.
- 9.4.5 The Director of Finance shall prescribe the system for the transporting of cash and uncrossed pre-signed cheques and shall approve, where appropriate, the use of the services of a specialist security firm.
- 9.4.6 Official money shall not, under any circumstances, be used for the encashment of private cheques.
- 9.4.7 All cheques, postal orders, cash etc. shall be promptly banked intact in accordance with Financial Services Operating Procedure Income Collection to the credit of the main receipts account. Disbursements shall not be made from cash received except under arrangements approved by the Director of Finance.
- 9.4.8 The holders of safe keys shall not accept unofficial funds for depositing in their safes.
- 9.4.9 During the absence (e.g., on holiday) of the holder of a safe key or cash box key, the officer who acts in his place shall be subject to the same controls as the normal holder of the key. There shall be written discharge for the safe and/or cash box contents on the transfer of responsibilities and the discharge document must be retained for inspection.
- 9.4.10 All cheques shall be in a form approved by the Director of Finance. All unused cheques and other orders shall be ordered and controlled by him and subject to the same security precautions as are applied to cash. Bulk stocks of cheques shall normally be retained by the Board's Bankers and released by them only against a requisition signed in accordance with instructions issued by the Director of Finance.
- 9.4.11 The use of cheques with a pre-printed signature included shall be subject to such special security precautions as may be required from time-to-time by the Director of Finance.

9.4.12 Any loss or shortfall of cash, cheques, or other negotiable instruments, however occasioned, shall be reported immediately in accordance with the agreed procedure for reporting losses. (See Section 11 - Condemnations, Losses and Special Payments).

9.5 OTHER

9.5.1 Staff, on appointment, shall be informed in writing by the appropriate departmental or Senior Manager, of their responsibilities and duties for the collection, handling or disbursement of cash, cheques etc.

9.5.2 Operating Procedure - Cash describes detailed guidance in respect of the handling of cash and cheques.

SECTION 10 TERMS OF SERVICE AND PAYMENT OF DIRECTORS AND STAFF

10.1 REMUNERATION AND TERMS OF SERVICE

- 10.1.1 The Board shall establish a Remuneration Committee whose composition and remit will be set out in the Forth Valley NHS Board, Corporate Governance- Standing Orders.
- 10.1.2 The Remuneration Committee will operate within the Terms of Reference described in the Forth Valley NHS Board, Corporate Governance – Standing Orders.
- 10.1.3 The remuneration of the Chairman and Non-Executive Directors will be set in accordance with the instructions issued by the Scottish Ministers.
- 10.1.4 The Committee shall report in writing to the Board the bases for its recommendations. The Board shall use the report as the basis for their decisions but remain accountable for taking decisions on the remuneration and terms of service of executive directors.

10.2 FUNDED ESTABLISHMENT

- 10.2.1 The establishment plans incorporated within the annual budget will form the funded establishment of the Forth Valley NHS Board.
- 10.2.2 The Director of Finance shall be responsible for designing a system of funded establishment control. The funded establishment of any department may only be varied in accordance with the approved establishment control system.

10.3 STAFF APPOINTMENTS

- 10.3.1 No director or officer may engage, re-engage or re-grade staff, either on a permanent or temporary basis, or hire agency staff, or agree to changes in any aspect of remuneration unless
 - (a) so authorised by the Chief Executive; and
 - (b) within the limit of the approved budget and funded establishment.
- 10.3.2 The Board will approve procedures presented by the Chief Executive for the determination of commencing pay rates, conditions of service, etc., for employees.
- 10.3.3 A certified appointment form and such other documents as may be required shall be sent to the Payroll Services Manager immediately upon the employee commencing duty.

10.4 CONTRACT OF EMPLOYMENT

- 10.4.1 Each employee shall be issued with a Contract of Employment by the Director of Human Resources, which shall comply with current employment legislation and be in a form

approved by the Board.

10.4.2 The Director of Human Resources shall be responsible for dealing with variations to, or termination of, contracts of employment.

10.5 STAFF CHANGES

10.5.1 A variation to contract of employment shall be issued in all cases of changes to existing contract.

10.5.2 Confirmation of a change in the status of employment shall be completed and submitted electronically to the Payroll Services Manager.

10.5.3 A termination of employment form and such other documents as he/she may require shall be completed and submitted electronically to the Payroll Services Manager immediately upon the effective date of an employee's resignation, retirement or termination being known. Where an employee fails to report for duty in circumstances which suggest he has left without notice, the Director of Human Resources shall be informed and Payroll Services Manager thereafter.

10.6 PAYROLL

10.6.1 All pay records, related electronic records and their notification shall be in a form approved by the Director of Finance and shall be certified and submitted in accordance with their instructions.

10.6.2 The Director of Finance shall be responsible for the final determination of any pay including the verification that the rate of pay and relevant conditions of service are in accordance with current agreements, the proper compilation of the payroll and for payments made.

10.6.3 The Director of Finance shall determine the dates on which the payment of salaries and wages are to be made, having regard to the general rule that it is undesirable to make payments in advance.

10.6.4 All employees shall be paid monthly (by bank electronic transfer) (BACS) unless otherwise agreed by the Director of Finance.

10.6.5 It is the duty of each member of staff to report, immediately in the first instance, to the Payroll Services Manager, any irregular payment which has been made from funds for payroll purposes.

10.7 TRAVEL AND OTHER STAFF EXPENSES

10.7.1 All claims for payment of car allowances, subsistence, removal, and disturbance allowances, travelling and incidental expenses shall be submitted in a form approved by the Director of Finance.

- 10.7.2 The Director of Finance shall reimburse all expenses claimed by employees of the Board or outside parties in line with the relevant Whitley Council regulations. Arrangements for the certification of such claims by the appropriate Head of Department shall be subject to the approval of the Director of Finance
- 10.7.3 The Director of Finance shall ensure that Inland Revenue regulations with regard to travel and other staff expenses are complied with.

SECTION 11 PAYMENTS FOR ACCOUNTS AND CLAIMS

11.1 RESPONSIBILITIES FOR NOTIFYING AND MAKING PAYMENTS

- 11.1.1 All employees must comply with the approved scheme of delegation contained in the Board's Standing Orders when initiating all non-pay transactions.
- 11.1.2 The Director of Finance shall be responsible for the prompt payment of all properly authorised accounts and claims. Payment of contract invoices shall be undertaken promptly in accordance with contract terms, or otherwise, in accordance with national guidance.
- 11.1.3 All Directors, officers and agents shall inform the Director of Finance promptly of all monies payable by Forth Valley NHS Board arising from transactions which they initiate, including contracts, leases, tenancy agreements and other transactions.
- 11.1.4 Family Health Service Payments and Administration has been delegated to NSS under a Partnership Agreement. NSS will act as agents of the Board in accordance with the Partnership Agreement.

11.2 SYSTEMS AND PROCEDURES FOR MAKING PAYMENTS

- 11.2.1 The Director of Finance shall be responsible for designing and maintaining a system for the verification, recording and payment of all amounts payable by Forth Valley NHS Board. The system shall provide for:
- (a) a list of officers authorised to certify invoices, together with specimens of their signatures
 - (b) certification that:
 - where contracts are based on measurement of time, materials, or expenses, that each are in accordance with the appropriate independent certified measures
 - where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained
 - the account is arithmetically correct
 - the account is in order for payment
 - (c) a timetable and system for submission to the Director of Finance of accounts for payment; provision shall be made for the early submission of accounts where cash discounts can be obtained or for those accounts which otherwise require early payment
 - (d) instructions to employees regarding the handling and payment of accounts within

Financial Services;

- (e) a process which ensures that payment for goods and services is only made once the goods and services have been received by Forth Valley NHS Board (except as allowed for below)

11.2.2 In the case of contracts for building or engineering works, which require payment to be made on account during progress of the works, the Director of Finance shall make payment on receipt of a certificate from the appropriate technical consultant. Without prejudice to the responsibility of any consultant or works officer appointed to a particular building or engineering contract, a contractor's account shall be subject to such financial examination by the Director of Finance and such general examination by a works officer as may be considered necessary, before the person responsible to Forth Valley NHS Board for the contract, issues the final certificate.

11.2.3 Where a contract is based on the measurement of time, materials or expenses, the checks to be carried out must provide confirmation that:

- (a) the time charged is in accordance with the time sheets
- (b) the rates of labour are in accordance with the appropriate rates
- (c) the materials have been checked as regards quantity, quality, and price
- (d) the charges for the use of vehicles, plant and machinery have been examined

11.2.4 Where an officer certifying accounts or claims relies upon other officers to do preliminary checking, he shall, wherever possible, ensure that those who check delivery or execution of work act independently of those who have placed orders and negotiated prices and terms.

11.3 OTHER

11.3.1 All employees must comply with the terms of NHS Circular MEL (1994) 48 which specifies Standards of Business Conduct for NHS Staff. Any query on the application of the standards must be raised with the Director of Human Resources.

SECTION 12 CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

12.1 FRAUD POLICY AND RESPONSE PLAN

12.1.1 The Director of Finance shall prepare a Fraud Policy and Response Plan, which shall be approved by the Board.

12.2 DISPOSALS AND CONDEMNATIONS

12.2.1 The Director of Finance shall prepare detailed procedures for the disposal of assets including condemnations and ensure that these are notified to managers.

12.2.2 When it is decided to dispose of an 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.

12.2.3 All unserviceable articles shall be:

- (a) condemned or otherwise disposed of by an employee authorised for that purpose by the Director of Finance;
- (b) 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.

12.2.4 The condemning officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report such evidence to the Director of Finance who will take the appropriate action.

12.3 LOSSES AND SPECIAL PAYMENTS

12.3.1 The Director of Finance shall prepare procedural instructions on the recording of and accounting for losses and special payments.

12.3.2 Any officer discovering or suspecting a loss of any kind shall forthwith inform his Head of Department, who shall immediately inform the Chief Executive and Director of Finance.

12.3.3 Where a criminal offence is suspected, the Board's Fraud Policy and Response Plan will be implemented.

12.3.4 The Director of Finance shall notify the Scottish Government Health and Social Care Directorate of all frauds in accordance with Board Manual of Accounts (SFR 18).

12.3.5 For losses apparently caused by theft, fraud, arson, neglect of duty or gross carelessness, except if trivial and where fraud is not suspected, the Director of Finance shall immediately notify:

(a) the Forth Valley NHS Board

(b) the Statutory Auditor

12.3.6 For all Family Health Service reported instances of fraud and other cases as may be determined by Scottish Government Health and Social Care Directorate, the Board will refer these matters to the NHS in Scotland Counter Fraud Service in accordance with guidance received from Scottish Government Health and Social Care Directorate.

12.4 WRITING OFF OF LOSSES

12.4.1 The Director of Finance shall maintain a losses and compensation register in which details of all losses shall be recorded, as they are known. Write-off action shall be recorded against each entry in the register.

12.4.2 The Chief Executive and Director of Finance acting jointly will approve the writing off of losses within the delegated limits to the Board. The Director of Finance will make recommendations to the Board for the writing off of losses and compensation, which exceed the delegated limits of Forth Valley NHS Board.

12.4.3 The Director of Finance shall be authorised to take any necessary steps to safeguard Forth Valley NHS Board interest in bankruptcies and company liquidations.

12.4.4 No special payments exceeding the delegated limits determined by the Board shall be made without the prior approval of the Director of Finance.

12.4.5 Losses are classified in accordance with SFR 18.1 “Details of Losses and Special Payments” issued by the Scottish Government Health and Social Care Directorate in the NHS Boards Accounts Manual for Accounts.

12.4.6 In accordance with the Scheme of Delegation, the Chief Executive may, acting together with the Director of Finance, approve the writing off of losses within the limits delegated to the Board by the Scottish Government Health and Social Care Directorate.

12.4.7 The delegated limits of authority for each type of loss are contained in the Scheme of Delegation shown in the Forth Valley NHS Board Corporate Governance: Standing Orders (June 2012)

SECTION 13 ENDOWMENTS AND TRUST FUNDS (NON-EXCHEQUER FUNDS)

13.1 INTRODUCTION

- 13.1.1 Endowment and Trust Funds are those gifts, donations and endowments made under the relevant charities legislation and held on trust for purposes relating to the National Health Service, the objects of which are for the benefit of the National Health Service in Scotland. They are administered by the Board acting as trustees or by Special Trustees appointed by the Scottish Ministers or by other persons under a trust. An Endowments Committee will be responsible for the management of Forth Valley NHS Board Endowment and Trust Funds.
- 13.1.2 The discharge of the Board's corporate trustee responsibilities are distinct from its responsibilities for exchequer funds and may not necessarily be discharged in the same manner, but there must still be adherence to the overriding general principles of financial regularity, prudence, and propriety.
- 13.1.3 These Standing Financial Instructions shall apply equally to Non-Exchequer Funds as to other funds except that expenditure from Non-Exchequer Funds shall be restricted to the purpose(s) of the appropriate Fund.
- 13.1.4 The Director of Finance shall maintain such accounts and records as may be necessary to record and protect all transactions and funds of Forth Valley NHS Board as trustees of non-exchequer funds, including an Investments Register.
- 13.1.5 All share and stock certificates and property deeds shall be deposited either with Forth Valley NHS Board Bankers or Investment Advisers, or in a safe, or a compartment within a safe, to which only a designated responsible officer will have access.
- 13.1.6 The Director of Finance shall prepare detailed procedural instructions concerning the receiving, recording, investment, and accounting for endowment funds.
- 13.1.7 The Director of Finance shall be required to advise the Board on the financial implications of any proposal for fund raising activities, which Forth Valley NHS Board may initiate, sponsor, or approve.
- 13.1.8 The Director of Finance shall be kept informed of all enquiries regarding legacies and shall keep an appropriate record. After the death of a testator all correspondence concerning a legacy shall be dealt with on behalf of Forth Valley NHS Board by the Director of Finance who alone shall be empowered to give an executor a good discharge.
- 13.1.9 Endowment and Trust Funds shall be invested by the Director of Finance in accordance with Forth Valley NHS Board policy and subject to statutory requirements. The Director of Finance shall have authority to obtain professional advice on investments.
- 13.1.10 Where it becomes necessary for Forth Valley NHS Board to obtain Grant of Probate, or to make application for grant of letters of administration, in order to obtain a legacy

due to Forth Valley NHS Board under the terms of a Will, the Director of Finance shall be Forth Valley NHS Board nominee for the purpose.

SECTION 14 INFORMATION

14.1 RESPONSIBILITIES

- 14.1.1 The Chief Executive shall be responsible for ensuring the maintenance of archives for all documents required to be retained under the direction contained in CEL (31)2010 and the requirements of the Freedom of Information Act 2002 which is effective from 1st January 2005.
- 14.1.2 The documents held in archives shall be capable of retrieval by authorised persons.
- 14.1.3 Documents held shall only be destroyed at the express instigation of the Chief Executive.
- 14.1.4 The Director of Finance shall be primarily responsible for the accuracy and security of the computerised financial data of Forth Valley NHS Board.
- 14.1.5 The Director of Finance shall ensure that an updated Information Work Plan is prepared annually with associated information systems and technology plans as required by NHS Circular MEL (1994) 64.

14.2 FINANCIAL SYSTEMS MANAGEMENT

- 14.2.1 The Director of Finance shall:
- (a) devise and implement any necessary procedures to ensure adequate (reasonable) protection of Forth Valley NHS Board and individuals from inappropriate use or misuses of any financial and other information held on computer files, for which he is responsible after taking account of the Data Protection Act 1998, the Computer Misuse Act 1990, and the Freedom of Information Act 2002
 - (b) ensure that adequate data controls exist over data entry, processing, storage, transmission, and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system, including the use of any external agency arrangement
 - (c) ensure that adequate controls exist such that the computer operation is separated from development, maintenance, and amendment
 - (d) ensure that an adequate management (audit) trail exists through the computerised system and that such computer audit reviews as he/she may consider necessary are being carried out
 - (e) ensure that contingency planning is undertaken and that adequate contingency arrangements are in place
- 14.2.2 The Director of Finance shall satisfy themselves that new financial systems and amendments to current financial systems are developed in a controlled manner and

thoroughly tested prior to implementation. Where this is undertaken by another organisation, assurances of adequacy will be obtained from them prior to implementation.

14.2.3 Where computer systems have an impact on corporate financial systems the Director of Finance shall satisfy themselves that:

- (a) systems acquisition, development and maintenance are in line with corporate policies such as an Information Technology Strategy
- (b) data produced for use with financial systems is adequate, accurate, complete, timely and in a form determined by the Director of Finance, and that a management (audit) trail exists
- (c) finance staff have access to such data
- (d) such computer audit reviews as are considered necessary are being carried out

SECTION 15 INTERNAL AND EXTERNAL AUDIT

15.1 AUDIT COMMITTEE

15.1.1 In accordance with Standing Orders (and as set out in guidance issued by the Scottish Government Health and Social Care Directorate), the Board shall establish an Audit Committee which will provide an independent and objective view of when considering the following;

- (a) Internal control and corporate governance
- (b) Internal Audit including the approval of the Strategic Audit Plan
- (c) External Audit
- (d) Standing Orders and Standing Financial Instructions
- (e) Accounting Policies
- (f) Annual Accounts (including the schedule of losses and compensations)
- (g) Risk Management

15.1.2 Where the Audit Committee consider 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. Exceptionally, the matter may need to be referred to the Scottish Government Health and Social Care Directorate.

15.1.3 It is the responsibility of the Director of Finance to ensure an adequate internal audit service is provided to Forth Valley Health Board and that this is reviewed regularly by the Audit Committee. The Audit Committee should be consulted on any decision to change the internal audit service provider and shall participate in the selection process for any new service provider.

15.2 DIRECTOR OF FINANCE

15.2.1 The Director of Finance shall be responsible for ensuring that internal audit is adequate for the needs of Forth Valley Health Board and meets the NHS mandatory audit standards. The Director of Finance will ensure that there are arrangements to measure, evaluate and report on the effectiveness of internal control and efficient use of resources by the establishment of an adequate internal audit function headed by a Chief Internal Auditor of sufficient status.

15.2.2 It shall be the responsibility of the Director of Finance to review, appraise, and to report to management upon the adequacy of follow-up action to Audit Reports in accordance with the policy approved by the Audit Committee, which shall be reviewed at least

biennially.

15.2.3 The Director of Finance shall ensure that an annual internal audit report is prepared by the Chief Internal Auditor and presented to the Audit Committee, in accordance with its timetable which contains:

- (a) a clear statement on the adequacy and effectiveness of internal control
- (b) details of major internal control weaknesses discovered
- (c) a summary of progress against plan in the previous year
- (d) quality measures as defined within the service specification

15.2.4 The Director of Finance shall be notified immediately whenever any matter arises which involves, or is thought to involve, irregularities involving cash, stores, other property of Forth Valley Health Board, or any suspected irregularity in the exercise of any function of a financial nature and shall inform the Chief Internal Auditor. The Director of Finance shall comply with the requirements of the Scottish Government Health and Social Care Directorate and of the Board's Fraud Policy in the resolution of these matters.

15.3 INTERNAL AUDIT

15.3.1 The Chief Internal Auditor shall be responsible directly to the Director of Finance for the provision of a professional and comprehensive Internal Audit Service to Forth Valley Health Board. In carrying out this responsibility the Chief Internal Auditor shall normally attend the meetings of the Audit Committee and will have the right of direct access to the Chief Executive, the Chairperson, or other members of the Audit Committee.

15.3.2 The objectives and scope of Internal Audit are set out in the Government Internal Audit Standards (GIAS). Internal Audit will review, appraise, and report upon:

- (a) the extent of compliance with, and the financial effect of, relevant established policies, plans and procedures
- (b) the adequacy and application of financial and other related management controls
- (c) the suitability of financial and other related management data
- (d) the extent to which Forth Valley Health Board assets and interests are accounted for and safeguarded from loss of any kind, arising from:
 - fraud and other offences
 - waste, extravagance, or inefficient administration
 - poor value for money

- other causes.

15.3.3 The Chief Internal Auditor shall be 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 he shall have a duty to safeguard the confidentiality);
- (b) access to any land, premises, or employee of the Board
- (c) the production or identification by any employee of any Board cash, stores, or other property under the employee's control
- (d) explanations concerning any matter under investigation or review

15.3.4 Where a matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property of the Board, or any suspected irregularity in the function of a pecuniary nature, officers shall act in accordance with the provisions of Section 11, the Board's Fraud Policy and the requirements of the Scottish Government Health and Social Care Directorate.

15.3.5 The Chief Internal Auditor shall report in accordance with the reporting protocol approved by the Audit Committee which shall be reviewed at least biennially.

15.3.6 Counter Fraud Service (CFS) staff acting on the Director of Finance's behalf may require and receive access to:

- All records, documents and correspondence relating to transactions relevant to an investigation
- At all reasonable times to any premises or land of NHS Forth Valley

15.4 EXTERNAL AUDIT

15.4.1 The External Auditors for Forth Valley Health Board are appointed by the Auditor General for Scotland.

15.4.2 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.

15.4.3 The appointed External Auditor has a general duty to satisfy himself that:

- (a) The Board's accounts have been properly prepared in accordance with the directions given under the Public Finance and Accountability (Scotland) Act 2000
- (b) Proper accounting practices have been observed in the preparation of the accounts
- (c) The Board has made proper arrangements for securing economy, efficiency, and effectiveness in the use of its resources

15.4.4 Additionally, Audit Scotland's Code of Audit Practice which covers the conduct of the audit, requires the appointed External Auditor to consider whether the statement of accounts represents a true and fair view of the financial position of the Board.

15.4.5 The External Auditor is required to provide an Audit Certificate and opinion to Forth Valley Health Board, Scottish Ministers and Audit Scotland. He is also required to submit a final report to members of Forth Valley Health Board, which summarises significant matters arising during the statutory audit. The auditor will also normally issue management letters to the Chief Executive and the Director of Finance highlighting any significant matters during the course of the audit.

15.4.6 The appointed External Auditor has special duties to report directly to the Auditor General should he have reason to believe that a Board decision would involve unlawful expenditure or would be unlawful and cause a loss or deficiency.

SECTION 16 ANNUAL ACCOUNTS AND REPORTS

16.1 GENERAL

- 16.1.1 Forth Valley NHS Board is required under the terms of Section 86(3) of the National Health Service (Scotland) Act 1978 to prepare and transmit Annual Accounts to Scottish Ministers.
- 16.1.2 The Director of Finance, on behalf of the Forth Valley NHS Board, shall prepare, certify, and submit annual accounts to the Chief Executive in such a form as directed by the Scottish Ministers and in accordance with the guidance and timetable laid down by the Scottish Government Health and Social Care Directorate.
- 16.1.3 The Board's Annual Accounts must be independently audited by an auditor appointed by the Auditor General for Scotland under the terms and provisions of the Public Finance and Accountability (Scotland) Act 2000.
- 16.1.4 On receipt of the audited Annual Accounts and the associated Management Letter, the Director of Finance shall:
- (a) present the proposed management response to the Audit Committee; and
 - (b) ensure that the accounts are submitted by the 30th of June each year to the Scottish Executive to be laid before Parliament before being published.
- 16.1.5 The Director of Finance shall prepare and submit annually a financial report to the Board detailing the overall performance for the preceding financial year.
- 16.1.6 The Board shall produce an Annual Report in accordance with the Guidelines issued on 15 October 2007. The document will comply with the NHS Boards Manual for Accounts and be submitted to the Scottish Government Health and Social Care Directorate.

SECTION 17 STORES AND RECEIPT OF GOODS

17.1 GENERAL RESPONSIBILITIES

- 17.1.1 The Chief Executive shall delegate to an officer of Forth Valley NHS Board the responsibility for the overall control of stores.
- 17.1.2 The Director of Finance shall be responsible for design and implementation of the systems of control.
- 17.1.3 The day to day management of stores 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.

17.2 SECURITY ARRANGEMENTS

- 17.2.1 The responsibility for security arrangements and the custody of keys for all stores locations shall be clearly defined in writing by an officer delegated by the Chief Executive and agreed with the Director of Finance.

17.3 SYSTEMS AND STORES CONTROL

- 17.3.1 All stores' records shall be in such form and shall comply with such system of control as the Director of Finance shall approve.
- 17.3.2 The Director of Finance shall set out procedures and systems to regulate stores transactions including records for receipt of goods from store and returns to store.
- 17.3.3 Wherever practicable stocks shall be marked as health service property.
- 17.3.4 Controlled stores and department stores established for immediate use should be:
 - (a) maintained at the minimum practicable store levels related to operational requirements
 - (b) subject to annual stock take
 - (c) valued at the lower of cost or net realisable value
- 17.3.5 The nominated manager/pharmaceutical officer shall be responsible for a system, approved by the Director of Finance, for a review of slow moving and obsolete items and for the condemnation, disposal, and replacement of unserviceable articles. The designated officer shall report to the Director of Finance any evidence of significant overstocking and of any negligence or malpractice (See Section 11). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

- 17.3.6 Stock levels should be kept to a minimum consistent with operational efficiency.
- 17.3.7 Stocktaking arrangements shall be agreed with the Director of Finance and there shall be a physical check covering all items of stores at least once a year. However, depending on the value and marketability of some items, a system of perpetual inventory checking may be applied.
- 17.3.8 Those stores designated by the Director of Finance as comprising more than 7 days of normal use should be:
- (a) subjected to annual or continuous stock-take
 - (b) valued at the lower of cost and net realisable value

SECTION 18 PATIENTS' PROPERTY

18.1 GENERAL

- 18.1.1 The Forth Valley NHS Board has a responsibility under the Adults With Incapacity (Scotland) Act 2000 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.
- 18.1.2 The Chief Executive shall be responsible for informing patients or their guardians, as appropriate, before or at admission that the Board will not accept responsibility or liability for patient's property brought into health service premises, unless it is handed in for safe custody and a copy of an official patient's property record is obtained as a receipt.
- 18.1.3 The Director of Finance shall provide detailed written instructions for the receipt, custody, recording, safekeeping, and disposal of patient's property (including instructions on the disposal of the property of deceased patients and patients transferred to other premises) for all staff who have responsibility for the property of patients. The Director of Finance will also have procedures in place to deal with the loss of patients' property.
- 18.1.4 Where Scottish Government Health and Social Care Directorate instructions require the opening of separate accounts for patients' monies, these shall be opened and operated under arrangements agreed by the Director of Finance.
- 18.1.5 In all cases where property of a deceased patient is of a total value in excess of £5,000 (or such other amount as may be prescribed by any amendment to the Administration of Estates, Small Payments, Act 1965). The production of Probate or Letters of Administration shall be required before any of the property is released. Where the total value of property is £5,000 or less, forms of indemnity shall be obtained.
- 18.1.6 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.
- 18.1.7 Where patients' property or income is received for specific purposes and held for safekeeping, the property of income shall be used only for that purpose, unless any variation is approved by the donor or patient in writing.
- 18.1.8 The Director of Finance shall prepare an abstract of receipts and payments of patients' private funds in the form laid down in the Board Manual for Accounts. This abstract shall be audited independently and presented to the Audit Committee annually, with the auditor in attendance at the meeting.

SECTION 19 RISK MANAGEMENT

19.1 GENERAL

19.1.1 The Chief Executive shall ensure that Forth Valley NHS Board has a programme of risk management, which will be approved and monitored by the Forth Valley NHS Board.

19.1.2 The programme of risk management shall include, inter alia:

- a) a process for identifying and quantifying risks and potential liabilities and addressing CNORIS
- b) engendering among all levels of staff a positive attitude towards the control of risk
- c) management processes to ensure that all significant risks and potential liabilities are addressed, including effective systems of internal control and decisions on the acceptable level of retained risk
- d) contingency plans to offset the impact of adverse events
- e) audit arrangements including external and internal audit, clinical audit, health, and safety review
- f) arrangements to review the risk management programme
- g) development of a financial risk management strategy to cope with possible in-year variations to the initially set budget

19.1.3 The existence, integration and evaluation of the above elements will provide a basis for the Audit Committee to make a statement on the effectiveness of internal control and corporate governance to Forth Valley NHS Board.

SECTION 20 PRIMARY CARE CONTRACTORS

20.1 GENERAL

20.1.1 In line with Scottish Executive arrangements, the Practitioner Services Division (PSD) of the National Services Scotland (NSS) is the payment agency for all Family Health Service (FHS) contractor payments:

- (a) General Practitioners
- (b) Dentists
- (c) Community Pharmacists
- (d) Optometrists

20.1.2 The Director of Finance shall conclude a “Partnership Agreement” with the PSD covering validation, payment, monitoring and reporting and the provision of an audit service by the NSS service auditors. The agreement will be signed off by the Chief Executive of NHS Forth Valley.

20.1.3 The relevant Committee will approve additions to, and deletions from, approved lists of contractors, taking into account the health needs of the local population, and the access to existing services. All applications and resignations received will be dealt with equitably, within any time limits laid down in the contractors’ NHS terms and conditions of service.

20.1.4 The Director of Finance will:

- (a) ensure that lists of all contractors are maintained and kept up to date; and
- (b) ensure that systems are in place to deal with applications, resignations, inspection of premises, etc., within the appropriate contractor’s terms and conditions of service.

20.1.5 The Director of Finance shall ensure that NSS systems are in place to provide assurance that:

- (a) only contractors who are included on the Board’s approved lists receive payments;
- (b) all valid contractors’ claims are paid correctly, and are supported by the appropriate documentation and authorisations
- (c) all payments to third parties are notified to the General Practice Independent Contractors on whose behalf payments are made
- (d) ensure that regular independent post payment verification of claims is undertaken to confirm that:

- rules have been correctly and consistently applied
- overpayments are prevented wherever possible; if, however, overpayments are detected, recovery measures are initiated
- fraud is detected and instances of actual and potential fraud are followed up

(e) exceptionally high/low payments are brought to his/her attention

(f) payments made via the NSS are reported to NHS Forth Valley

(g) payments made on behalf of the Board by the NSS are pre-authorised

(h) payments made by the NSS are reconciled with the cash draw-down reported by the Scottish Executive to Health Boards

20.1.6 The Director of Finance shall prepare operating procedures to cover all payments made by the NSS (both payments made directly, or payments made on behalf of the Board).

20.1.7 Payments made to all Primary Care independent contractors and community pharmacists shall comply with their appropriate contractor regulations.

SECTION 21 STANDARDS OF BUSINESS CONDUCT

Detailed information is available in the NHS Forth Valley Policy on Standards of Business Conduct.

MEL (1994) 80 also provides details of the principles for standards of conduct and accountability in situations when there is potential conflict between the private interests of NHS staff and their duties.

21.1 GENERAL RESPONSIBILITY

21.1.1 It will be the responsibility of the Chief Executive to:

- (a) ensure that Scottish Government Health and Social Care Directorate guidelines on standards of business conduct for NHS staff (MEL (1994) 48) are brought to the attention of all staff, and are effectively implemented
- (b) develop local conflict of interest policies and the machinery to implement them, in consultation with staff and local staff representatives
- (c) ensure that such policies and procedures are kept up to date
- (d) ensure that a full operational policy on the Standards of Business Conduct is developed and communicated to staff

21.1.2 The business of the Board will be conducted in accordance with the Ethical Standards in Public Life etc (Scotland) Act 2002. All members of staff have a duty to maintain strict ethical standards in the conduct of their business as an employee of Forth Valley NHS Board.

21.1.3 It is the responsibility of all staff when acting on NHS Forth Valley's behalf to:

- conduct the business of the organisation professionally, with honesty, integrity, free from bribery and maintain the organisations reputation
- if staff are in any doubt as to what they can or cannot do they must seek advice from their line manager or from the Corporate Services Department

Breaches may lead to disciplinary action or to dismissal.

21.1.4 BRIBERY ACT 2010

The Bribery Act 2010 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 Forth Valley to give, promise or offer a bribe or to request, agree to receive or accept a bribe (section 1,2 and 6 offences). This can be punishable for an individual by imprisonment of up to 10 years.

In addition, the Act introduces a corporate offence (section 7 offence) which means that NHS Forth Valley 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 would follow a bribery/corruption offence committed by an individual associated with NHS Forth Valley in the course of their work.

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 Forth Valley, under the Act the Director or Senior Officer would be guilty of an offence (Section 14 offences) as well as the body corporate which paid the bribe.

Whilst the exact definition of bribery and corruption is a statutory matter the following working definitions are given

- Bribery is an inducement or reward offered, promised, or provided in order to gain any commercial, contractual, regulatory, or personal advantage.
- Broadly, the Act defines bribery as giving or receiving a financial or other advantage in connection with the improper performance of a position of trust, or a function that is expected to be performed impartially or in good faith.
- Bribery does not have to involve cash, or an actual payment exchanging hands and can take many forms such as a gift, lavish treatment during a business trip or tickets to an event.
- Corruption relates to a lack of integrity or honesty including the use of trust for dishonest gain. It can broadly be 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.

21.2 GIFTS, HOSPITALITY, AND INDUCEMENTS

21.2.1 The policy on the Standards of Business Conduct applies to all members of staff at all times.

21.2.2 Officers of Forth Valley NHS Board should not accept business gifts, but articles of a low intrinsic value such as chocolates, biscuits, business diaries or calendars, need not necessarily be refused. No gifts of alcohol should be accepted.

21.2.3 Care should be taken when accepting hospitality. All hospitality offered, such as lunches and dinners, corporate hospitality events, etc should be reported to the officer's superior before acceptance.

21.2.4 Any inducements offered should be reported to the officer's superior.

21.2.5 Visits at suppliers' expense to inspect equipment etc should not be undertaken without the prior approval of the Chief Executive and in the case of the Chief Executive by the prior approval of the Chairperson.

21.2.6 A register to record gifts reported by staff will be maintained and it is the responsibility of the recipients of such gifts to report all such items received to the Corporate Services Department for recording. The form 'Declaration of Staff interests and Gifts/Hospitality' (Annex 2 of the Policy on Standards of Business Conduct' should be used for this purpose. This register will be published on the NHS Forth Valley website.

21.3 ACQUISITION OF GOODS AND SERVICES

21.3.1 If officers are involved in the acquisition of goods and services, they should adhere to the ethical code of the Institute of Purchasing and Supply.

21.3.2 Officers should ensure that acceptance of commercial sponsorship will not influence or jeopardise purchasing decisions.

21.4 DECLARATION OF INTERESTS

21.4.1 To avoid conflicts of interest and to maintain openness and accountability all directors, members of staff and non-executive board members have a responsibility to promptly declare relevant interests and any changes to those interests that may arise from time to time.

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

Interests that it may be appropriate to register include:-

- (i) Other employment including self-employment
- (ii) Directorships including Non-Executive Directorships held in private companies or public limited companies whether remunerated or not
- (iii) Ownership of, or an interest in private companies, partnerships, businesses, or consultancies
- (iv) Shareholdings in organisations likely or possibly seeking to do business with the NHS (the value of shareholdings need not be declared)
- (v) Ownership of or an interest in land or buildings which may be significant to, of relevance to, or bear upon the work of NHS Forth Valley

- (vi) Any position of authority held in another public body, trade union, charity, or voluntary body
- (vii) Any connection with a voluntary or other body contracting for NHS services
- (viii) Any involvement in joint working arrangements with Clinical or other Suppliers

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

21.4.2 Forth Valley NHS Board will maintain a Register of Interests and make this available for inspection by members of the public.

SECTION 22 SUSPECTED THEFT, FRAUD & OTHER FINANCIAL IRREGULARITIES

22.1 INTRODUCTION

22.1.1 The following procedures should be followed, as a minimum, in cases of suspected theft, fraud, embezzlement, corruption or other financial irregularities to comply with the Counter Fraud Service Strategy (CEL (2008) 3) and protocols. This procedure also applies to any non-public funds.

22.2 THEFT, FRAUD, EMBEZZLEMENT, CORRUPTION AND OTHER FINANCIAL IRREGULARITIES

22.2.1 The Chief Executive has the responsibility to designate an officer within the Board with specific responsibility for co-ordinating action where there are reasonable grounds for believing that an item of property, including cash has been stolen.

22.2.2 It is the designated officer's responsibility to inform as he deems appropriate the police, the Counter Fraud Services (CFS), the appropriate director, the Appointed Auditor, and the Chief Internal Auditor where such an occurrence is suspected.

22.2.3 Where any officer of the Board has grounds to suspect that any of the above fraud related activities has occurred, his or her local manager should be notified without delay. Local managers should in turn immediately notify the Board's Director of Finance, who should ensure consultation with the CFS, normally by the Chief Internal Auditor. It is essential that preliminary enquiries are carried out in strict confidence and with as much speed as possible.

22.2.4 If, in exceptional circumstances, the Director of Finance and the Chief Internal Auditor are unavailable the local manager will report the circumstances to the Chief Executive who will be responsible for informing the CFS. As soon as possible thereafter the Director of Finance should be advised of the situation.

22.2.5 Where preliminary investigations suggest that prima facie grounds exist for believing that a criminal offence has been committed, the CFS will undertake the investigation, on behalf of, and in co-operation with, the Board. At all stages the Director of Finance and the Chief Internal Auditor will be kept informed of developments on such cases. All referrals to the CFS must also be copied to the Appointed Auditor.

22.3 REMEDIAL ACTION

22.3.1 As with all categories of loss, once the circumstances of a case are known the Director of Finance will require to take immediate steps to ensure that so far as possible these do not recur. However, no such action will be taken if it would prove prejudicial to the effective prosecution of the case. It will be necessary to identify any defects in the control systems, which may have enabled the initial loss to occur, and to decide on any measures to prevent recurrence.

22.4 REPORTING TO THE SCOTTISH GOVERNMENT HEALTH AND SOCIAL CARE DIRECTORATE

22.4.1 While normally there is no requirement to report individual cases to the Scottish Government Health and Social Care Directorate (SEHD) there may be occasions where the nature or scale of the alleged offence or the position of the person or persons involved, could give rise to national or local controversy and publicity. Moreover, there may be cases where the alleged fraud appears to have been of a particularly ingenious nature or where it concerns an organisation with which other health sector bodies may also have dealings. In all such cases the SEHD must be notified of the main circumstances of the case at the same time as an approach is made to the CFS.

22.4.2 The Director of Finance shall ensure submission of quarterly monitoring forms to Counter Fraud Services as set out in CEL 44 (2008).

22.5 RESPONSES TO PRESS ENQUIRIES

22.5.1 Where the publicity surrounding a particular case of alleged financial irregularity attracts enquiries from the press or other media, the Chief Executive should ensure that the relevant officials are fully aware of the importance of avoiding issuing any statements, which may be regarded as prejudicial to the outcome of criminal proceedings.

APPENDIX A TENDERING AND CONTRACT PROCEDURES

1. TENDERING PROCESS

- 1.1 The Chief Executive shall prescribe standard conditions of contract appropriate to each class of supplies and services and for the execution of all works. All contracts entered into shall incorporate the appropriate set of conditions.
- 1.2 All invitations to potential contractors to tender shall include a notice, warning tenderers of the consequences of engaging in any corrupt practices involving Board employees.
- 1.3 In the event of tenders being required notification should be sent to the Head of Corporate Services (Chief Executive's Office) indicating tender request sent out, details of the tender, closing date and time and the number of anticipated submissions.
- 1.4 A record will be maintained of all invitations to tender.
- 1.5 Tenders shall be invited in plain sealed envelopes addressed to the Chief Executive. The envelope shall be marked 'Tender for ' but shall not bear the name or identity of the sender.
- 1.6 Unopened tenders shall be date stamped and stored unopened in a secure place until after the closing date or time.
- 1.7 Tenders shall be opened as soon as possible after the stated closing date or time by the officer nominated by the Chief Executive, in the presence of an independent witness, normally from the Finance Directorate.
- 1.8 Details of each tender received should be entered into a register or record of tenders and will be signed by both officers. Tender documents shall also be date stamped and signed on the front page and all priced pages initialled by both officers.
- 1.9 Where it is in the interests of the Board, late, amended, incomplete, qualified, or not strictly competitive tenders may be considered. In such circumstances a full report shall be made to the Chief Executive who may admit such tenders. This approval must be given in writing by the Chief Executive. Where a Company invited to tender requests a delay in the submission, deferment, if approved, shall be notified to all the Companies concerned. A record of all delays requested, and the outcome of the request shall be maintained.
- 1.10 The examination of the tenders received shall include a technical assessment, and a written report on the result, containing a recommendation should be made to the Chief Executive. At the same time, staff responsible for making this recommendation shall declare in writing that they have no pecuniary interest in the recommended Company.
- 1.11 The Chief Executive may accept the tender provided it is the lowest (or for disposals the highest) and has been recommended for acceptance, and that on the advice of the

Director of Finance, financial provision is available within the overall Board resource. If it is proposed to accept a tender other than the lowest, the Chief Executive will record the reason for this decision. e.g., best overall lifetime cost.

- 1.12 All officers shall follow guidance from Scottish Government Health and Social Care Directorate.
- 1.13 Payment under the contract shall be made by the Director of Finance who shall have the right to carry out such financial examinations and checks as considered necessary before making payment.
- 1.14 Approval for increases in prices allowed under an appropriate variation of prices clause in a contract for supplies and services shall be given by the Chief Executive
- 1.15 No contract for the purchase of computer equipment or software outwith the IM&T Department shall be entered into without the Director of Finance's prior written approval.
- 1.16 Post-tender negotiation may be undertaken where it is anticipated that such action will reduce cost to the Board and where such negotiation has specially been approved in advance by the Chief Executive and Director of Finance. In such circumstances the negotiation must take place with not less than two employees of the Board present both of whom must be approved for the purpose by the Chief Executive. A record of the names of those present at the negotiation must be kept along with a record to the final prices and conditions agreed.
- 1.17 Where post-tender negotiation is undertaken with some but not all of the companies who submitted tenders a record of criteria for the selection must be kept by the managers concerned. Companies invited to post-tender negotiation must include those in the following categories:
 - (a) Companies who, following analysis of the original tender offers, are one of the cheapest three for each product item.
 - (b) The two companies "winning" the highest number total value of business following analysis of the original tender offers.
- 1.18 In addition to complying with the sections above officers involved in post-tender negotiation should familiarise themselves with the guidance produced by the Central Unit on Purchasing issued by HM Treasury.
(See: www.hm-treasury.gov.uk/pub/html/docs/cup/guidance.html)
- 1.19 For the period between opening of tenders and completion of the post-tender negotiation the tender documents shall be stored in a secure place when not actively under analysis.

1.20 Consultants appointed by the Board to be responsible for the supervision of a contract on its behalf shall comply with these Standing Financial Instructions as though they were officers of the Board.

1.21 In circumstances where the need for additional work is identified, the process is as follows

- (a) potential for additional work, if feasible, should be identified at the tender specification stage. Tenders should identify a call-off rate applicable should additional work be required.
- (b) if additional work is identified during the process a written specification must be provided to the tenderer. A written quotation must be received. Approval to accept the written quotation must be provided by the Chief Executive or the Director of Finance together with confirmation that resources are available to meet the quotation. A monitoring report must be prepared on completion of the additional work to confirm work has been undertaken in line with the specification.
- (c) a separate tender exercise is required if the value of additional work exceeds £20,000.

SECTION F

Risk Management

1. Introduction

The Risk Management Strategy sets out the principles and approaches to risk management which are to be followed throughout NHS Forth Valley. Its objective is to achieve a consistent and effective application of risk management and enable it to be embedded into all core processes, forming part of the day-to-day management activity of the organisation. Risk Management, when deployed effectively, should add value by supporting day-to-day activities as opposed to being seen as a separate, self-contained process and this Strategy supports this approach.

1.1 What is a Risk?

A risk can be defined as ‘the effect of uncertainty on objectives’ (*ISO31000*). It is essentially any uncertain event which can have an impact upon the achievement of an organisation’s objectives – either reducing the likelihood of achievement or stopping it altogether.

Not every perceived problem or adverse event is a risk. An important distinction must be made between what is a risk and what is an issue – or in other words, an uncertainty, and a certainty. A risk is an event that may or may not happen. An issue or adverse event is something that is currently happening or has already happened. Issues and adverse events should therefore not be recorded and treated as risks.

1.2 What is Risk Management?

Risk management is a systematic way of dealing with that uncertainty which involves the identification, analysis, control, and monitoring of risk. Risk Management activities are designed to achieve the best possible outcomes and reduce the uncertainty. An effective system of risk management will draw together all types of risks and enable an interrelated view of the organisation’s risk profile.

1.3 Why do we need Risk Management?

An effective system of risk management will deliver a range of outputs:

- Ensuring that decision making is informed and risk-based, to maximise the likelihood of achieving key strategic objectives and effective prioritisation of resources
- Ensuring compliance with legislation, regulations, and other mandatory obligations
- Providing assurance to internal and external governance groups that risks are being effectively controlled
- Supporting organisational resilience
- Raising awareness of the need for everyone to adopt consistent risk management behaviours and actions in our everyday business
- Empowering all staff to make sound judgements and decisions concerning the management of risk and risk taking – fostering a “risk aware” rather than “risk averse” culture
- Achievement of effective and efficient processes throughout the organisation

- Anticipating and responding to changing political, environmental, social, technology and legislative requirements and / or opportunities
- Preventing injury and / or harm, damage and losses.

Effective risk management will be achieved by:

- Clearly defining roles, responsibilities and governance arrangements for individuals, teams, and assurance committees within NHS Forth Valley
- Incorporating risk management in all System Leadership Team, Health Board, Integration Joint Board and Assurance Committee reports and when taking decisions
- Maintaining risk registers at all levels that are linked to the organisation's strategic objectives
- Staff at all levels understanding risk management principles, and consistently applying them through their everyday activities, confidently identifying risks and taking actions to bring them down to an acceptable level for the organisation
- Monitoring and reviewing arrangements on a regular basis
- Seeking assurance that controls relied on to mitigate risks are effective

2. Risk Architecture

The arrangements for communication, governance, reporting, roles, and responsibilities forms the organisation's overarching risk architecture. Defining a consistent approach to how and where risk information is communicated is essential to developing a positive risk culture and to ensuring risk management is appropriately deployed to support NHS Forth Valley.

Risks, once identified, are captured on risk registers. Each Department and Specialty will hold a risk register for its area – these form the bottom level of risk registers. Overall, there are four levels of risk register and an escalation route exists for risks that cannot be fully mitigated at the Department / Specialty level. This risk register hierarchy is detailed below.

Risk Register Hierarchy



Strategic Risk Register

Risks contained in the Strategic Risk Register (previously known as the Corporate Risk Register) are the high level risks that could impact the delivery of longer term strategic objectives of the organisation. Risks are not escalated/de-escalated from lower level risk registers to the Strategic Risk Register. Instead, risk identification for the Strategic Risk Register is facilitated through twice yearly review and horizon scanning sessions led by SLT.

Organisational Risk Register

Risks contained in the Organisational Risk Register are top level, cross cutting risks that present a significant short-medium term threat to multiple Directorates. Risks are escalated and de-escalated via the Directorate Risk Register(s).

Directorate Risk Registers

Each Directorate holds a risk register that contains a cut of the most significant risks from its component Departments / Specialties. Risks are escalated to the Directorate level via the individual Department / Specialty risk registers.

Department

Each Department and Specialty will hold a risk register for its area – these form the bottom level of risk registers.

2.1 Risk Escalation

Risk escalation is a process that ensures significant risks identified that cannot be managed by a local team, department or specialty are escalated appropriately following the risk register hierarchy and line management arrangements. The following questions should be asked when deciding whether to escalate a risk:

- Does the risk present a significant threat to the achievement of Government objectives and/or standards?
- Is the risk score assessed to be intolerable or beyond the organisation's risk appetite?
- Does the risk have a widespread impact beyond a local area, e.g., does it affect multiple Departments or Directorates, or does it have dependencies on multiple Departments or Directorates to mitigate?
- Does the risk present a significant cost beyond the scope of the budget holder?

Risk score and organisational risk appetite should be key considerations when recommending risks for escalation.

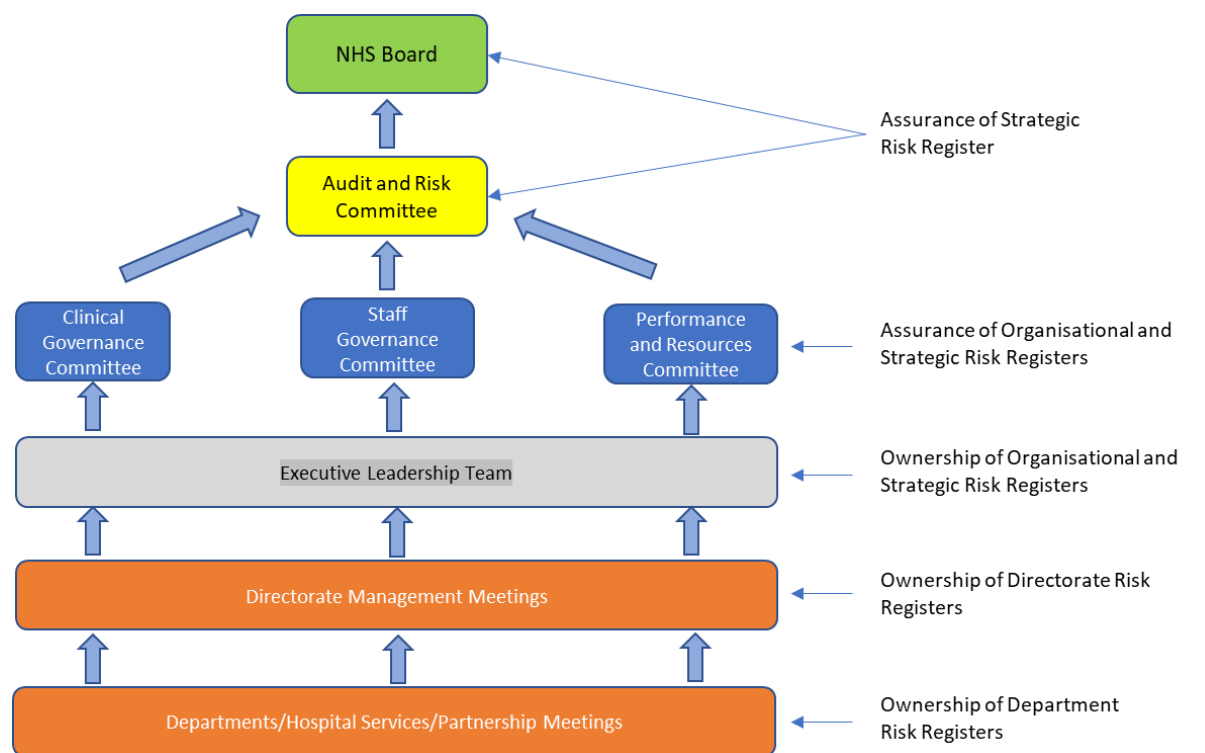
2.2 Governance & Reporting

The Board of NHS Forth Valley is corporately responsible for the Risk Management Strategy and for ensuring that significant risks are adequately controlled. To support the Board a number of formal

committees have been established and are responsible for various aspects of risk management, principally these are the Audit, Performance & Resources, Clinical Governance and Staff Governance Assurance Committees. All Health Board Committees are responsible for providing assurance on the effective management of risks relevant to their area of responsibility. In addition, the Audit and Risk Committee has a responsibility for overseeing the operation of the Risk Management Strategy, taking assurance from the Executive Leadership Team.

Diagram 1 illustrates NHS Forth Valley's risk management governance structure.

Diagram 1: Risk Management Governance Structure



2.3 Risk Management Roles & Responsibilities

NHS Board

- Provide Oversight and Scrutiny of NHS Forth Valley's risk management arrangements to seek assurance on their effectiveness
- Approve risk appetite within NHS Forth Valley

Chief Executive

- To have overall accountability for the management of risk across NHS Forth Valley

Executive Leadership Team

- Set risk appetite within NHS Forth Valley
- Ensure risk management processes are supported to provide them with adequate information and assurance related to strategic and organisational risks

Audit & Risk Committee

- To evaluate and recommend approval of the strategies and frameworks in respect of risk management to the NHS Board, and provide assurance on the effectiveness of the risk management arrangements, systems and processes
- To approve updates and provide direction in respect of risks held within the strategic and organisational risk registers
- To review the organisation's risk culture and maturity and direct action in pursuit of continuous improvement in this area
- To formally approve the strategic risk register for onward reporting to the NHS Board

Assurance Committees

- To ensure that an appropriate approach is in place to deal with risk management across the system working within the NHS Forth Valley Risk Management Strategy, and consider the assurance provided by the Executive Leadership Team and Senior Management regarding the effective management and escalation of risks

Executive and Non-Executive Directors

- To ensure that risk management processes are providing appropriate information and assurances relating to risks in Directorates
- Promote the importance of risk management and foster a good risk culture within their area of responsibility
- Approve escalation of Directorate level risks where appropriate

Corporate Risk Manager

- Responsible for the implementation of the Risk Management Strategy
- Ensure risks are properly identified, understood, and managed across all levels within the organisation
- Report on the organisation's risk profile at various levels to Directorates, Assurance and Audit Committees and NHS Board
- Periodically review the Risk Management Strategy and arrangements, identifying areas for potential improvement
- Drive an improving risk culture through risk education, awareness and embedding into day to day management

Risk Owner

- Accountable for ensuring the effective management of a risk, and providing assurance that key controls are operating effectively

Risk Lead

- Responsible for managing a risk on a day-to-day basis, assessing the risk score and updating the management plan, reviewing the risk on a regular basis and identifying sources and levels of assurance regarding control effectiveness, to allow risk owners to provide assurance

Risk Champion

- Responsible within an individual speciality, department or Directorate area for maintaining lines of communication with the risk function, administering the risk register and co-ordinating all risk activities

Integrated Risk Management: Health & Social Care Partnerships

In order to ensure strong risk management partnership arrangements, it will be necessary to agree how some emerging risks have an impact on more than one partner at a strategic level. Risks will be discussed and agreed across partners, with particular focus on:

- Where the risk was first identified
- Date of identification
- Nature of emerging risk
- Impact areas (e.g., service delivery, performance, strategic commissioning intentions etc)
- Mitigation required

Risks with the potential to impact more than one partner will be identified for inclusion in one or more of the following risk registers:

- NHS Forth Valley Strategic Risk Register
- Clackmannanshire and Stirling IJB Strategic Risk Register
- Falkirk IJB Strategic Risk Register

Any such emerging risks will be submitted to the NHS Forth Valley Executive Leadership Team for approval to the Strategic Risk Register.

Operational risks will continue to be managed by partner bodies, with relevant risk specialists working together to ensure consistent practice, and that respective Risk Management strategies are aligned. The IJBs will also have a defined risk appetite acting as a trigger point for escalation. It is recognised that partners may not have the same appetite, however these variances will be taken into consideration when the risks are being managed and reported.

Reciprocal assurances on the operation of the Risk Management arrangements and of the adequacy and effectiveness of key controls will be provided to/from partners. Receipt/provision of assurance will be facilitated by risk specialists from partner bodies, who will attend regular meetings to discuss risks and provide relevant advice.

3. Risk Appetite

Utilising risk appetite principles can help the organisation identify and set appropriate thresholds for risks, whereby the Board establishes the level of risk impact they are willing and able to absorb in pursuit of objectives.

The delivery of public services can be inherently high risk and the concept of applying risk appetite can be challenging. However, the application of risk appetite, particularly in a resource-finite environment, is essential to avoid over or under management of risk. Deployed effectively, risk appetite can act as an enabler to the delivery of key services.

Risk Appetite:

The amount and type of risk we, as an organisation, are willing to seek or accept in the pursuit of our objectives.

Key considerations when applying risk appetite:

- It is not always possible to manage every risk down the minimum or most desirable level and maintain service delivery
- It is not always financially affordable or manageable to fully remove risk and uncertainty from decision making and service delivery
- Risk management is concerned with balancing risk and opportunity (or downside risk and upside risk)

When a risk increases to a point where it is no longer within appetite, it may initially fall within a range which is not desirable, but the organisation has the capacity to tolerate. This is known as the risk tolerance range.

Risk Tolerance:

The maximum level of risk the organisation can tolerate regarding each type of risk before it is significantly impacted.

If a risk is out of appetite and falls within the tolerance range, this indicates that close monitoring and corrective action is required to bring the risk back within appetite. A risk with a current score out with the tolerance range requires escalation and immediate corrective action.

There are benefits to the practical application of Risk Appetite:

- supports decision making (resources can be allocated to risks further away from the desired appetite level)
- allows further prioritisation (if you have several risks with the same score, mitigate those further from appetite first)
- subjectivity is taken away from the setting of target scores (the appetite range becomes the target score)

Risk appetite is also useful when budget setting or considering approval of business cases, such as those relating to innovation activity. Identifying associated risks and their appetite levels allows focus on activities which mitigate the risks furthest from the organisation's desired risk appetite/tolerance levels.

3.1 Risk Appetite Levels

There are four levels of risk appetite within NHS Forth Valley. Each risk category in the risk assessment matrix is assigned one of the risk appetite levels described below. The risk appetite levels and their application to each risk category is set and approved by the NHS Board. Risk

appetite may vary depending on internal and external circumstances; therefore, the levels will be reviewed on an annual basis.

Averse:

- Very little appetite for this type of risk
- Avoidance of risk and uncertainty is a key organisational objective
- Exceptional circumstances are required for any acceptance of risk

Cautious:

- Minimal appetite for this type of risk.
- Preference for ultra-safe delivery options that have a low degree of inherent risk and only reward limited potential.

Moderate:

- Acceptance that a level of risk will be required to pursue objectives, or that a greater level of risk must be tolerated in this area.
- Preference for safe delivery options that have a low degree of inherent risk and may only have limited potential reward.

Open:

- Acceptance that risk must be more actively taken in the pursuit of transformation or that a high level of risk must be tolerated.
- Willing to consider all potential delivery options and choose the one most likely to result in successful delivery while also providing an acceptable level of reward (and Value for Money).
- Eager to be innovative and confident in setting high level of risk appetite as controls are robust.

Each risk appetite level correlates with risk score levels on our risk assessment matrix as shown below. Refer to the NHS Forth Valley Risk Appetite Statement for details on risk appetite levels for each risk category.

Risk Appetite: Averse

Likelihood	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
		Impact				

Demonstrates that if the risk appetite is 'Averse', a risk score of between 1-3 and the range of associated outcomes is within appetite

Risk Appetite: Cautious

Likelihood	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
		Impact				

Demonstrates that if the risk appetite is 'Cautious', a risk score of between 4-9 and the range of associated outcomes is within appetite

Risk Appetite: Moderate

Likelihood	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
		Impact				

Demonstrates that if the risk appetite is 'Moderate', a risk score of between 10-16 and the range of associated outcomes is within appetite

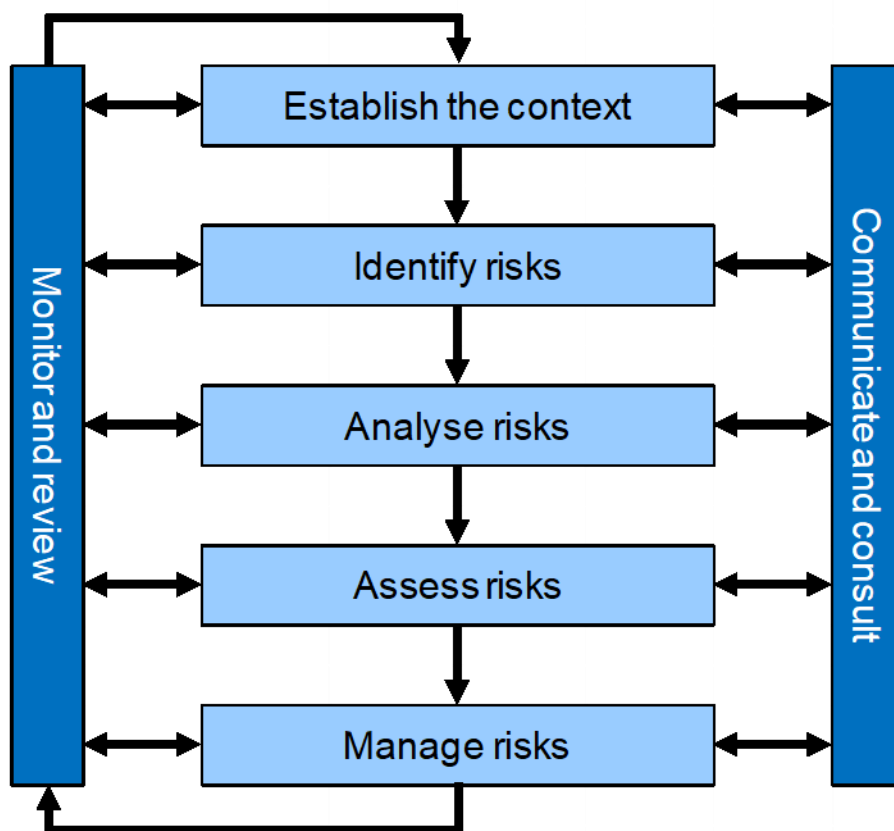
Risk Appetite: Open

Likelihood	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
		Impact				

Demonstrates that if the risk appetite is 'Open', a risk score of between 20-25 and the range of associated outcomes is within appetite

4. Approach to Risk Management

4.1 Risk Management Process – ISO31000



The above diagram demonstrates the whole process and cycle of risk management under the international standard ISO 31000.

The standard as outlined above makes clear that risk management is a dynamic process, with frequent review of existing risks and monitoring of the environment necessary to ensure the risks captured represent the current profile of the organisation.

Continual communication of risks within the organisation is essential to allow for informed decision-making. Communication to the Health Board and other stakeholders is also imperative to allow effective scrutiny and provide assurance that our risk profile is being effectively managed. It is also imperative to consult with and receive information from other departments within the organisation and our stakeholders to inform the management of our risks.

4.2. Step 1: Establish Context

The purpose of establishing context is to customise the risk management process, enabling effective risk analysis and appropriate risk treatment. In order to identify risks, we need to understand what we are assessing risk *against*. We must set risks within the context of the team, specialty, department and overall organisation. In addition, we need to recognise the internal and external drivers that could create risk.

Risks should be set against what we are trying to achieve as an organisation – our strategic objectives. In this stage it is important to ensure there is a common understanding of what those

objectives mean at a team, specialty, department and organisational level in order that risk identification is not based on an inconsistent set of assumptions.

4.3. Step 2: Identify Risks

Once a clear, common set of objectives are agreed, the next step of the process is to identify potential risks that will prevent us from achieving them.

A range of techniques can be used for risk identification. Some prompts to consider:

- What might impact on your ability to deliver your objectives
- What does our performance data tell you?
- What do our audit and scrutiny reports and external reviews tell us?
- Do you have experience in this area? Do you know or do you need to involve others?
- Should you involve partners or specialists in your risk identification?
- Lessons learned – what happened before?

Risk can be identified in a multitude of ways, through focused identification sessions or as a product of other work:

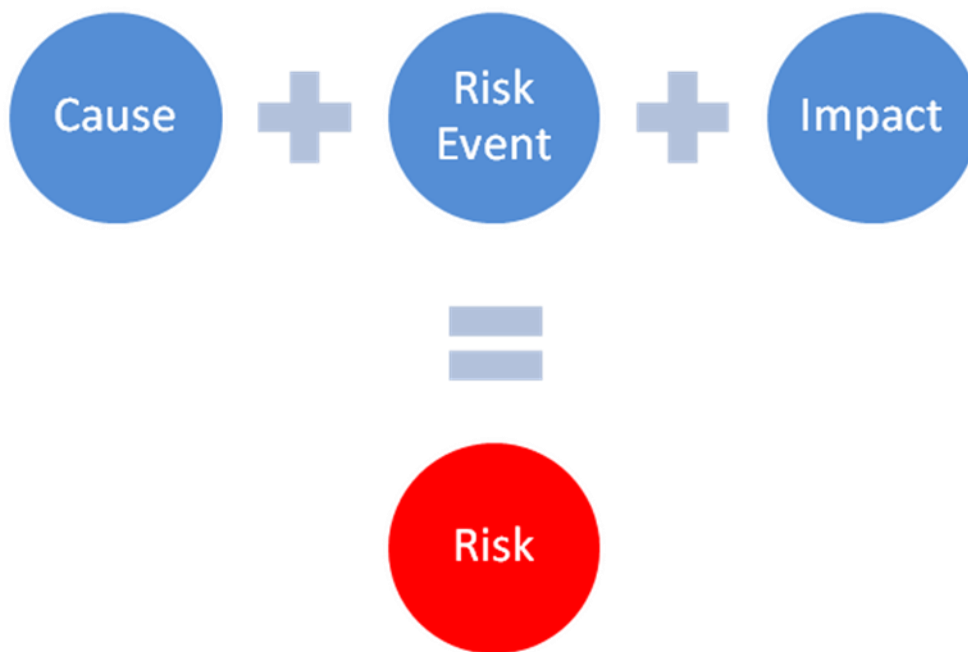
Focused Identification Methods	Other Identification Opportunities
<ul style="list-style-type: none">• Risk Identification Workshops• Risk Questionnaires• Review & refresh of existing risk registers• Interviews	<ul style="list-style-type: none">• Horizon scanning• Board meetings / working groups / management meetings• Audit & scrutiny reports• Performance data• Risk Management training

The Risk Management function facilitates risk identification workshops with Departments to direct an in-depth review of new or emerging risks.

It is important to note that just because a risk cannot be fully mitigated by the organisation alone does not mean that it should not be captured. If the risk exists to the organisation, then it should be captured, managed as far as practicable and then monitored. Ongoing management of the risk may well be in conjunction with partner agencies or influence can be exerted over those capable of mitigating the risk to within an acceptable level.

4.4. Step 3: Analyse Risk

Once a risk has been identified it must be described in a certain way in order to effectively understand, manage and mitigate it. The risk description should contain three essential components:



These three components can be included within the description as follows:

**“If [insert cause here], there is a risk that
[a certain event that may happen], resulting in
[describe impact this will have if it manifests]”**

An example of an effective risk description might be:

If there is insufficient in external funding and continued uncertainty over our cost base there is a risk that NHS FV will be unable to achieve financial sustainability, resulting in Scottish Government intervention and a detrimental impact on service delivery.

Without understanding the underlying causes of the risk and all the potential impacts, it would be very difficult to design and implement effective controls.

4.5. Step 4: Assess Risks

The assessment, or scoring, of risk allows for prioritisation by severity. Determining the likelihood and impact of a risk and utilising a standardised assessment criteria to assign a score based on these factors allows us to understand and prioritise which risks to mitigate first. Three scores must be assigned to cover the full trajectory and lifespan of the risk:

Untreated Score

This is the inherent risk score, that is the score with no controls applied. This score represents the “worst case scenario” for the risk. If there were no controls, mitigation or contingency plans in place, how likely is it the risk would materialise and what would the impact be?

Current Score

Considering any controls that are currently in place to manage the risk, how does the risk score compare to the untreated score? This is the current score. Current risk score is assessed on a regular basis to establish the effectiveness of the controls applied to the risk. It is also the current score that is the key indicator used to determine if the risk should be considered for escalation.

Target Score

The target risk score is the optimum position for the risk. Once all controls have been adequately implemented, what will the residual risk score be? Target risk scores should reflect the organisation's risk appetite and align with the amount and type of risk NHS Forth Valley is willing to accept (refer to section 3 on Risk Appetite). Risk controls should be designed to actively reduce the risk score towards the target level.

Risk Assessment Matrix

The risk assessment matrix is a 5x5 scoring mechanism which will identify a score between 1 (1x1) at the lowest and 25 (5x5) at the highest possible score.

When utilising the impact criteria on the assessment matrix, a score must be applied for every category of impact applicable to that risk. For example, one risk may have a financial impact, an impact to patient experience and reputational/public confidence implications. The impact category with the highest scoring criteria will identify the overall impact score for that risk.

Assessment of likelihood is considered on a sliding scale from 1 to 5, with 1 representing 'very unlikely' and 5 'very likely.'

Once both scores have been identified, they are multiplied giving the overall score at *untreated*, *current* and *target* levels.

The risk assessment matrix is summarised below, and a full copy included at Appendix B.

LIKELIHOOD	5	Medium 5	High 10	High 15	Very High 20	Very High 25
4	Medium 4	Medium 8	High 12	High 16	Very High 20	
3	Low 3	Medium 6	Medium 9	High 12	High 15	
2	Low 2	Medium 4	Medium 6	Medium 8	High 10	
1	Low 1	Low 2	Low 3	Medium 4	Medium 5	
		1	2	3	4	5
		IMPACT				

Categorisation

All risks, once identified, must be categorised into one of the recognised impact categories in order to understand the overall risk profile for the organisation. Categorisation of a risk is based upon the impact score, with the impact category which has the highest scoring criteria for that particular risk determining the risk category.

For example, a risk scoring a 3 for impact in Patient Experience but scoring a 5 in Finance will categorise that risk as Finance overall. Risk categories are outlined in the risk assessment matrix:

- Patient Experience
- Objectives / Project
- Injury / Illness (physical and psychological) to patient / staff / visitors
- Complaints / claims
- Service / Business interruption
- Staffing and competence
- Financial (including damage / loss / theft / fraud)
- Inspection / audit
- Public Confidence

Where more than one category has the same impact score, select the category which has the lower risk appetite level. For example, if Patient Experience and Finance both score 5, but Patient Experience has an averse appetite but Finance has a cautious appetite, select Patient Experience. If both categories have the same risk appetite level, use professional judgement.

4.6. Step 5: Manage Risks

The purpose of this step is to select and implement the appropriate action to respond to the risk. There are four broad ways we can respond to risk, known as the 4 Ts:

- **Tolerate:** this is the decision to accept the risk at its current level (usually after treatment). The ability to do anything may be limited, or the cost of taking action may be disproportionate to the benefit gained. Generally, it is risks that are within appetite that are tolerated.
- **Treat:** this is the decision to retain the activity or process creating the risk and to take action to implement risk controls that reduce either the likelihood of the risk occurring or minimising the impact. Risks which are out of appetite or tolerance will have to be treated.
- **Transfer:** this is the decision to transfer the impact of the risk either in full, or in part, to a third party. The most common form of risk transfer is insurance.
- **Terminate:** this is the decision to stop doing the activity associated with the risk. This may not always be possible and may create risks elsewhere as a result.

Risk Controls

Risk controls are management measures put in place to effectively manage a risk to within acceptable levels (i.e., to target score range). It is essential that the controls put in place to manage a risk are effective. The identification of effective controls is the most important part of the whole risk management process as without this element we would simply be identifying risks and doing nothing to manage them.

To assess whether the controls we identify are or will be effective, it is important to consider the following:

- What do you already have in place to manage the cause and / or impact of the risk? e.g. policies, procedures, projects, training courses, business continuity plans etc
- Do they work and what evidence do you have of the effectiveness? A policy which is in place but never complied with is not an effective one.
- Are there any gaps in your controls?
- Do you have all the information that you need about this risk or do you need to find out more?
- What more should you do?
- If several activities are required to manage the risk, how will you prioritise these?
- Are these controls within the remit of your department? If not, you will need to liaise with stakeholders to ensure that appropriate controls are put in place.

If you implement the controls you have identified, will this manage the risk to within acceptable levels for that risk category? If the answer is no, further controls are required. There are two main types of control measure that can be put in place to manage a risk:

- *Preventative Controls*: These are mitigating actions which will work to control the cause of the risk and prevent it happening in the first place
- *Contingency Controls*: These are actions that can be put in place to reduce the impact of the risk if it does materialise. Contingency controls are often aligned to the business continuity plans of an organisation.

As an example, consider fire safety measures. Segregation of flammable materials and sources of ignition is a control which prevents the risk of fire. Smoke detectors, sprinkler systems and fire evacuation plans are contingency controls should the risk of fire materialise.

If a risk has been effectively analysed (see section 4.4), it will be much easier to identify appropriate preventative and/or contingency controls.

4.7. Monitor and Review

Risk Review

Once the process of identifying, analysing and assessing a risk are complete, it is imperative that it is subject to regular review. Ongoing management and review of a risk is the most important part of the process, as maintaining or reducing the risk score to within an acceptable level assures the overall management of the organisation's risk profile.

Required risk review timescales are outlined below:

Very High (20-25)	Monthly
High (10-16)	Monthly
Medium (4-9)	Quarterly
Low (1-3)	Quarterly

During a risk review, the risk score must be re-assessed. If it is identified that the risk continues to exist, the list of current controls and further controls required must be checked and added to where necessary. On the basis of progress with controls and an assessment of the risk environment (i.e. are there any significant changes to the internal/external context), a re-assessment of the current score must be made using the risk assessment matrix. This will show whether the risk is decreasing, increasing or remaining static. Depending on its escalation level, a change to risk score will be reported at the appropriate assurance committee.

Review of the Risk Management Process

In addition to review of the risks themselves, the Risk Management team also reviews the whole system of risk management – are the right risks being escalated at the right time? Are the tools we provide sufficient to allow staff to effectively identify, analyse, assess and manage their risks? This enables learning and improvement and ensures that risk management adds value to the organisation's activities.

Assurance

A fundamental component of any risk management framework is the expert and objective assessment of risk controls to ensure they are well designed and operate effectively. Implementing a process to critically review risk controls provides the Board with assurance on the effective management of key strategic risks. To facilitate the provision of assurance, NHS Forth Valley utilises the "three lines of defence" model.

Operating as the first line, operational management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks, understanding what the key controls are, and how effectively and consistently those controls are operating, in order to provide assurance to the Board. The second line is provided by governance/compliance functions such as Risk Management, who will assist the first line in developing an approach to fulfilling their assurance responsibilities. Internal Audit forms the third line, (providing independent assurance, and checking that the risk management process and framework are effective and efficient).

The levels of assurance and associated system and control descriptors are shown below:

Overall Risk Assurance Assessment		
Level of Assurance	System Adequacy	Controls
Substantial Assurance	<i>A sound system of governance, risk management and control, with internal controls operating effectively and being consistently applied to support the achievement of objectives.</i>	Controls are applied continuously or with only minor lapses
Reasonable Assurance	<i>There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement identified which may put at risk the achievement of objectives.</i>	Controls are applied frequently but with evidence of non-compliance
Limited Assurance	<i>Significant gaps, weaknesses or non-compliance identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives.</i>	Controls are applied but with some significant lapses
No Assurance	<i>Immediate action is required to address fundamental gaps, weaknesses or non-compliance. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives.</i>	Significant breakdown in the application of controls

Assurance should be provided to the relevant committees for their consideration on an ongoing basis. Any papers submitted as a source of assurance for the committee should explicitly reference the related strategic risk and should provide a conclusion as to whether performance indicates that controls are operating effectively and as intended. At the start of the year, assurance mapping principles will be used to determine the assurance requirements, and this will be set out in the committee assurance workplan. Assurance provision over the course of the financial year will be tracked and managed utilising the Pentana system.

Risks on the strategic risk register are subject to a rolling programme of 'deep dives' managed by the relevant assurance committee. Deep dive reviews are facilitated by the Risk Owner and Corporate Risk Manager and provide expert, objective assessment of the following key areas:

- Comparison of current risk score and target risk score

- Requirements to achieve the target risk score – success criteria for managing the risk
- Assessing the importance and effectiveness of implemented controls
- Assessing the proportionality of further controls required – i.e. will they help to achieve target score?
- Reviewing the assurance activity aligned to the risk controls in order to establish an overall assurance statement for the risk

Refer to Appendix C for guidance on risk controls assurance.

4.8. Communicate and Consult

Communication at all levels is important to allow for informed decision making, and provision of assurance that our risk profile is effectively managed – this is achieved through risk reporting.

Risk Reporting

A quarterly risk management report is presented to the Health Board which reports on our strategic risks. In addition, Assurance Committees are provided with a regular risk management report on strategic and organisational risks assigned to their area of scrutiny.

The Executive Leadership Team acts as the Risk Management Steering Group and provides recommendations to the Board on the status of strategic level risks. Directorates and Departments are expected to carry out regular review, monitoring and reporting on their risk registers (supported by the risk management function) to ensure that risks are identified and escalated to the appropriate level at an early stage.

The risk management reporting in place includes a range of risk management KPIs and trend analysis that enhances oversight and assurance for the Health Board. An annual report on risk management is also produced for the Health Board.

The Health and Social Care Integration Schemes for both Falkirk Integration Joint Board (IJB) and Clackmannanshire and Stirling IJB, detail the requirements and responsibilities regarding Risk Management for the IJBs and constituent parties. The IJBs will establish a Risk Management Strategy including a risk monitoring framework. Risks to delegated services which are identified will require to be communicated across partner organisations with clear responsibilities, ownership and timescales, and with mechanisms to ensure that assurance can be provided to the relevant Boards. Risk specialists from all parties will work together to ensure that Risk Management strategies are aligned to facilitate effective escalation of risks and provision of assurance.

APPENDIX A: GLOSSARY

Assurance. Stakeholder confidence in our service gained from evidence showing that risk is well managed, achieved by risk owners and leads confirming that significant risks are being adequately managed, that critical controls have been identified, implemented and are effective.

Contingency. An action or arrangement that can be implemented to minimise impact and ensure continuity of service when things go wrong.

Current Risk Score. The risk score identified considering any controls that are currently in place to manage the risk.

Governance. The system by which organisations are directed and controlled to achieve objectives and meet the necessary standards of accountability, probity, and openness in all areas of governance.

Internal Control. Corporate governance arrangements designed to manage the risk of failure to meet objectives.

Issue. Something that has happened and is currently affecting the organisation in some way and needs to be actively dealt with and resolved.

Likelihood. Used as a general description of probability or frequency which can be expressed quantitatively or qualitatively.

Risk. An uncertain event, or set of events, which, should it occur, will have an effect on the organisation's ability to achieve its objectives.

Risk Appetite. The level of risk that an organisation is prepared to accept in pursuit of its objectives.

Risk Architecture. All of the Risk Management arrangements within an organisation – sets out lines of communication and reporting, delegation, and roles / responsibilities.

Risk Assessment. The scoring of a risk to allow prioritisation. Determining the likelihood and impact of a risk.

Risk Champion. The person / role with responsibility within an individual department or business area for maintaining lines of communication with the Risk Management team, administering the risk register and co-ordinating all risk activities.

Risk Control. Management measures put in place to effectively manage a risk to within an acceptable level. Can be preventative or contingency in nature and will reduce the likelihood or impact of consequence.

Risk Culture. The reflection of the overall attitude of every part of management of an organisation towards risk.

Risk Target Score. An acceptable level of risk based on the category of risk and risk appetite.

Risk Escalation. The process of delegating upward, ultimately to the Board, responsibility for the management of a risk deemed to be impossible or impractical to manage locally.

Risk Lead. The person / role responsible for managing a risk on a day-to-day basis, assessing the risk score, and updating the management plan, reviewing the risk on a regular basis.

Risk Management. The integrated approach (culture, processes, structures) to the identification, analysis, control, and monitoring of risk.

Risk Management Policy. Statement outlining the objectives of the risk management practices within the organisation.

Risk Management Strategy. Sets out the basis for the principles, processes, and approaches to risk management to be followed in order to achieve a consistent and effective application of risk management and allow it to be embedded into all core processes.

Risk Matrix. A scoring mechanism used to identify the severity of a risk, using a multiplication of likelihood and impact, across pre-set categories.

Risk Maturity. The level of risk management capability within an organisation.

Risk Owner. The person / role with accountability for ensuring the effective management of a risk.

Risk Register. A tool used to capture and monitor risks. Includes all information required about that particular risk and is intended to be used both as a management tool and conduit for risk reporting.

Risk Tolerance. The maximum level of risk the organisation can tolerate regarding each type of risk before the organisation is significantly impacted.

Threat. A negative scenario which could give rise to risks.

Untreated Risk Score. The risk score identified by assessing the risk with no controls, mitigation, or contingency plans in place.

APPENDIX B: RISK ASSESSMENT MATRIX

Impact – What could happen if the risk occurred? Assess for each category and use the highest score identified.

The impact scale is from an organisational level perspective. It reflects the key areas that if impacted could prevent the organisation achieving its priorities and objectives. The scale is a guide and cannot cover every type of impact therefore judgement is required.

Category	Negligible (1)	Minor (2)	Moderate (3)	Major (4)	Extreme (5)
Patient Experience	Reduced quality patient experience/clinical outcome not directly related to delivery of clinical care	Unsatisfactory patient experience/clinical outcome directly related to care provision – readily resolvable	Unsatisfactory patient experience/ clinical outcome, short term effects – expect recovery less than 1wk Increased level of care/stay less than 7 days	Unsatisfactory patient experience /clinical outcome, long term effects - expect recovery over more than 1week Increased level of care/stay 7 -15 days	Unsatisfactory patient experience/clinical outcome, continued ongoing long term effects
Objectives/ Project	Barely noticeable reduction in scope/quality/schedule	Minor reduction in scope/quality/ schedule	Reduction in scope/quality/project objectives or schedule	Significant project over-run	Inability to meet project/corporate objectives, reputation of the organisation seriously damaged
Health & Safety (Injury /illness [physical and psychological] to patient/visitor/staff)	Adverse event leading to minor injury not requiring first aid No staff absence	Minor injury or illness, first aid treatment required Up to 3 days staff absence	Agency reportable, e.g., Police (violent and aggressive acts) Significant injury requiring medical treatment and/or counselling	Major injuries/long term incapacity /disability (e.g., loss of limb), requiring, medical treatment and/or counselling RIDDOR over 7- day absence due to major	Incident leading to death(s) or major permanent incapacity

			RIDDOR over 7- day absence due to injury/dangerous occurrences	injury/dangerous occurrences	
Complaints/Claims	Locally resolved verbal complaint	Justified written complaint peripheral to clinical care	Below excess claim. Justified complaint involving lack of appropriate care	Claim above excess level. Multiple justified complaints	Multiple claims or single major claim Complex Justified complaint
Service/ Business Interruption	Interruption in a service which does not impact on the delivery of patient care or the ability to continue to provide service	Short term disruption to service with minor impact on patient care/service provision	Some disruption in service with unacceptable impact on patient care Temporary loss of ability to provide service Resources stretched Potentially impaired operating capability Pressure on service provision	Sustained loss of service which has serious impact on delivery of patient care resulting in major contingency plans being invoked Potentially impaired operating capability Temp service closure	Permanent loss of core service/ facility Disruption to facility leading to significant “knock on” effect -- Inability to function
Staffing and Competence	Short term low staffing level temporarily reduces service quality (less than 1 day)	Ongoing low staffing level reduces service quality	Late delivery of key objective/service /care due to lack of staff	Uncertain delivery of key objective/service/care due to lack of staff	Non-delivery of key objective/ service/care due to lack of staff.

	Short term low staffing level (>1 day), where there is no disruption to patient care	Minor error due to lack of/ ineffective training/ implementation of training	Moderate error due to lack of/ ineffective training / implementation of training ongoing problems with staffing levels	Major error due to lack of/ ineffective training / implementation of training	Loss of key staff Critical error due to lack of/ ineffective training/ implementation of training
Financial (including Damage/Loss/Theft/ Fraud)	Negligible organisational/ personal financial loss up to £100k	Minor organisational/ personal financial loss of £100k - £250K	Significant organisational/personal financial loss of £250k - £500k	Major organisational/personal financial loss of £500k - £1m	Severe organisational financial loss of more than £1m
Inspection/ Audit	Small number of recommendations which focus on minor quality improvement issues	Recommendations made which can be addressed by low level of management action	Challenging recommendations that can be addressed with appropriate action plan Improvement Notice	Enforcement/prohibition action Low Rating Critical report	Prosecution Zero rating Severely critical report
Adverse Publicity/ Reputation	Rumours, no media coverage Little effect on staff morale	Local media coverage – short term Some public embarrassment Minor effect on staff morale/public attitudes	Local media - long-term adverse publicity Significant effect on staff morale/public perception of the organisation Local MSP/SEHD interest	National media adverse publicity less than 3 days Public confidence in the organisation undermined Use of services affected	National/International media/ adverse publicity, more than 3 days MSP/MP/SEHD concern (Questions in Parliament) Court Enforcement/Public Enquiry/FAI

Likelihood – What is the likelihood of the risk occurring? Assess using the criteria below.

Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
It is assessed that the risk is <u>very unlikely</u> to ever happen.	It is assessed that the risk is <u>not likely</u> to happen.	It is assessed that the risk <u>may</u> happen.	It is assessed that the risk is <u>likely</u> to happen.	It is assessed that the risk is <u>very likely</u> to happen.
Will only occur in exceptional circumstances	Unlikely to occur but potential exists	Reasonable chance of occurring - has happened before on occasions	Likely to occur - strong possibility	The event will occur in most circumstances

Risk Assessment Table – Multiply likelihood score by impact score to determine the risk rating (score)

LIKELIHOOD	5	Medium 5	High 10	High 15	Very High 20	Very High 25
	4	Medium 4	Medium 8	High 12	High 16	Very High 20
	3	Low 3	Medium 6	Medium 9	High 12	High 15
	2	Low 2	Medium 4	Medium 6	Medium 8	High 10
	1	Low 1	Low 2	Low 3	Medium 4	Medium 5
		1	2	3	4	5
		IMPACT				

Review Timescales – When a risk rating has been assigned the criteria below should be used to assess the review timescales.

Very High or High	Requires monthly monitoring and updates.
Medium	Requires quarterly monitoring and updates.
Low	Requires quarterly monitoring and updates.

APPENDIX C: RISK CONTROLS ASSURANCE GUIDANCE – NHS Forth Valley

Risk Controls Assurance Guidance – NHS Forth Valley

Overall Risk Assurance Assessment		
Level of Assurance	System Adequacy	Controls
Substantial Assurance	<i>A sound system of governance, risk management and control, with internal controls operating effectively and being consistently applied to support the achievement of objectives.</i>	Controls are applied continuously or with only minor lapses
Reasonable Assurance	<i>There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement identified which may put at risk the achievement of objectives.</i>	Controls are applied frequently but with evidence of non-compliance
Limited Assurance	<i>Significant gaps, weaknesses or non-compliance identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives.</i>	Controls are applied but with some significant lapses
No Assurance	<i>Immediate action is required to address fundamental gaps, weaknesses or non-compliance. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives.</i>	Significant breakdown in the application of controls