# Code of Corporate Governance

<table>
<thead>
<tr>
<th>Policy Author:</th>
<th>Board Secretary</th>
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<td>Board Secretary</td>
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<td>Governance Committees / Audit Committee / Board members</td>
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## Approval Record

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<td>22 October 2015</td>
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## Equality and Diversity Rapid Impact Assessment

- Not applicable

## Version Control

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## Post holders names at last review

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<tr>
<td>Board Secretary</td>
<td>Jean Aim</td>
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NHS Orkney
If you require this or any other NHS Orkney publication in an alternative format (large print or computer disk for example) or in another language, please contact the Board Secretariat:

Telephone: (01856) 888228 or email jean.aim@nhs.net
## Introduction

### Section A: How business is organised

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### Section B: Members’ Code of Conduct

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### Section C: Standard of business conduct for NHS staff

- **C**  This section is for all staff to ensure they are aware of their duties in situations where there may be conflict between their private interests and their NHS duties  
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### Section E: Reservation of powers and delegation of authority

- **E**  This section gives details and levels of delegation across all areas of our business  
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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 – Fraud Standards
Section E – Reservation of powers and delegation of authority
Section F – Standing Financial Instructions

It uses best practice in Corporate Governance as set out in the Cadbury, Nolan and other reports, and guidance issued by the Scottish Government Health and Social Care Directorates and others.

The Board reviews and approves the Code of Corporate Governance each year. The Standing Orders are made in accordance with the Health Board’s (Membership and Procedure) (Scotland) Regulations 2005.

2 Orkney NHS Board

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

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

NHS Orkney is constituted to improve health and wellbeing, reduce health inequalities and provide high quality health care for the people of Orkney.

NHS Orkney Board’s purpose is simple, as a Board we aim to optimise health (whilst supporting the local population to do their bit in keeping well), optimise care and optimise cost.

Our vision is to offer everyone in Orkney access to a NHS that helps them to keep well and provides them with high quality care when it is needed whilst employing a skilled and committed local workforce who are proud to work for NHS Orkney.

Our corporate key themes are:
• Improve the health and wellbeing of the people of Orkney and reduce health inequalities
• Pioneer ways of working to meet local health needs
• Value and develop our people
• Nurture a culture of excellence and continuous improvement
• Demonstrate best value using our resources
• Improve the delivery of safe, effective and person centred care and our services
• As a high performing cohesive organisation demonstrate behaviours that are consistent with our values and engender a supportive and empowering environment

The Functions of the Board

• Strategy development (including regional planning and cross Board working alongside health promotion, health improvement and community planning);
• Resource allocation to address local priorities;
• Oversee implementation of the Local Delivery Plan; and
• To manage the performance of NHS Orkney, including risk management.

Responsibilities of Members of the Board

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

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

The Orkney NHS Board is a strategic body, accountable to the Scottish Government Health and Social Care Directorates and to Scottish Ministers for:

• The designated functions of the NHS Board; and
• The performance of the NHS Orkney system.

All members of Orkney NHS Board share collective responsibility for the overall performance of the NHS Orkney system. The Board, however, will not concern itself with day-to-day operational matters, except where they have a material impact on the overall performance of the system as a whole.

Co-option / attendance of Non-Board Members at meetings of the Board
The Board shall extend invitations to the following non Board Members to participate in specific agenda items relating to Orkney Health and Care (with no voting rights) in order to strengthen its governance arrangements with regard to joint working:

- Chief Officer

4 Definitions

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

**The Accountable Officer** is the Chief Executive of NHS Orkney, who is responsible to the Scottish Parliament for the economical, efficient and effective use of resources. The Chief Executive of NHS Orkney is also accountable to the Board for clinical and staff governance. This is a legal appointment made by the Principal Accountable Officer of the Scottish Government. (Public Finance and Accountability (Scotland) Act 2000).

**The Act** means the National Health Service (Scotland) Act 1978 as amended

**The 2001 Regulations** means the Health Board’s (Membership and Procedure) (Scotland) Regulations 2001.

**Board Executive Member** or ‘Executive’ means the Chief Executive, the Director of Finance, the Director of Allied Health Professions and Nursing, the Director of Public Health and the Medical Director. All other Members are Non-Executive Members.

**Budget** means money proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of the Board.

**Chair** means the person appointed by the Scottish Ministers to lead the Board and to ensure that it successfully discharges its overall responsibility for the Board as a whole. The expression “the Chair of the Board” is deemed to include the Vice-chair of the Board if the Chair is absent from the meeting or is otherwise unavailable. The Chair of a Committee is responsible for fulfilling the duties of a Chair in relation to that Committee only.

**Chief Executive** means the Chief Officer of Orkney NHS Board.

**Committee** means a committee established by the Board, and includes ‘sub-committee’.
**Committee Members** are people formally appointed or co-opted by the Board to sit on or to chair specific committees. All references to members of a committee is as ‘committee member’ and when the reference is to a member of the Board it is ‘Board Member’.

**Contract** includes any arrangement including a NHS contract.

**Co-opted Member** is an individual, not being a Member of the Board, who is invited to attend Board meetings or appointed to serve on a committee of the Board.

**Director of Finance** means the Chief Finance Officer of the Board.

**Meeting** means a meeting of the Board or of any committee.

**Member** means a person appointed as a Member of the Board by Scottish Ministers, and who is not disqualified from membership. This definition includes the Chair and other Executive and Non-Executive Members. (Health Boards Membership and Procedure (Scotland) Regulations 2001)

**Motion** mean proposal.

**NHS Orkney** consists of Orkney NHS Board, one Operational Unit and one Community Health and Social Care Partnership.

**Nominated Officer** means an officer charged with the responsibility for discharging specific tasks within the Code of Corporate Governance.

**Non-Executive Member** means any Member appointed to the Board in terms of the 2001 Regulations and who is not listed under the definition of Executive Member above.

**Officer** means an employee of NHS Orkney.

**SOs** means Standing Orders.

**SFI**s means Standing Financial Instructions.

**The Code** means the Code of Corporate Governance.

**Vice Chair** means the Non-Executive Member appointed by the Board to take on the Chair’s duties if the Chair is absent for any reason.

**Working day** means any day between Monday and Friday inclusive but not including public holidays.

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

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

Orkney NHS Board is responsible for:

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

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

6 **Conduct, accountability and openness**

Members of Orkney NHS Board 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
- Honesty
- Respect

7 **Understanding our responsibilities arising from the Code of Corporate Governance**

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

8 **Endowment Fund**

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

9 **Advisory and other Committees**

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

10 **Review**

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

11 **Feedback**

NHS Orkney wishes to improve continuously and reviews the Code of Corporate Governance regularly. To ensure that this Code remains relevant, we would be happy to hear from you with comments and suggestions on how we can improve the Code. These should be sent to:

The Board Secretary  
NHS Orkney  
Board Headquarters  
Garden House  
Kirkwall  
KW15 1BQ  

Telephone: 01856 888228  
Email: ork-ccg.feedback@nhs.net
How business is organised

This section explains how the business of Orkney NHS Board and its Committees is organised
## Purpose:
- As a Board we aim to optimise health (whilst supporting the local population to do their bit in keeping well), optimise care and optimise cost.

## Key Themes:
- Improve the health and wellbeing of the people of Orkney and reduce health inequalities
- Pioneer ways of working to meet local health needs
- Value and develop our people
- Nurture a culture of excellence and continuous improvement
- Demonstrate best value using our resources
- Improve the delivery of safe, effective and person centred care and our services
- As a high performing cohesive organisation demonstrate behaviours that are consistent with our values and engender a supportive and empowering environment

## Function:
- Strategy development (including regional planning and cross Board working alongside health promotion, health improvement and community planning)
- Resource allocation to address local priorities
- Oversee the implementation of the Local Delivery Plan
- To manage the performance of NHS Orkney, including risk management

### Audit Committee:
- To assist the Board to deliver its responsibilities for the conduct of public business, and the stewardship of funds under its control. In particular, to seek to provide assurance to the Board that an appropriate system of internal control is in place.

### Finance and Performance Committee:
- Review financial and non-financial targets of the Board, to ensure that appropriate arrangements are in place to deliver against organisational performance measures, to secure economy, efficiency, and effectiveness in the use of all resources, and to provide assurance that the arrangements are working effectively.

### Pharmacy Practices Committee:
- Assess and determine the need for the provision of pharmaceutical services – consider all applications for new or relocated pharmacies.

### Quality and Improvement Committee:
- Assures that mechanisms are in place and effective to support improvement; principles and standards of Partnership for Care 2003 are applied to the improvement activities; clinical / health governance mechanisms are in place and effective including social inclusion, public health and health improvement activities; strategic framework for public involvement is in place.

### Remuneration Committee:
- Agrees terms and conditions of recruitment and employment of staff in the Executive and Senior Management cohort; monitor expenses and secondment arrangements; approve performance assessments, salary uplifts, objectives, disciplinary procedures; agree new organisational structures; oversee payment of Discretionary Points; consider redundancy, early retirement or severance payments for all staff.

### Staff Governance Committee:
- Advises the Board on its responsibility, accountability and performance against the NHS Scotland Staff Governance Standard, addressing the issues of policy, targets and organisational effectiveness.
1. The Board and its Committees – Diagram

2. How Board and Committee meetings must be organised

1. Calling and notice of meetings
2. Appointment of Chair of Orkney NHS Board
3. Appointment of Vice-Chair of Orkney NHS Board
4. Duties of Chair and Vice-Chair
5. Quorum
6. Order of business
7. Order of debate
8. Motions and amendments
9. Notice of motions
10. Questions
11. Time allowed for speaking during formal debate
12. Closure of debate
13. Voting
14. Voting in the case of vacancies and appointments
15. Adjournment and duration of meetings
16. Conflict of interest
17. Reception of deputations
18. Receipt of petitions
19. Submission of reports to the Board
20. Right to attend meetings and / or place items on agenda
21. Alteration or revocation of previous decision
22. Suspension of standing orders
23. Admission of public and press
24. Members’ Code of Conduct
25. Suspension of members from meetings
26. Minutes, agendas and papers
27. Guidance to exemptions under the Freedom of Information (Scotland) Act 2002
28. Records management

3. Committees

1. Establishing Committees
2. Membership
3. Functioning
4. Minutes
5. Frequency
6. Delegation
7. Committees
8. Purpose and remits
   a) Audit Committee
   b) Finance and Performance Committee
   c) Pharmacy Practices Committee
   d) Quality and Improvement Committee
   e) Remuneration Committee
   f) Staff Governance Committee
How Board and Committee meetings must be organised

This section regulates how the meetings and proceedings of the Board and its Committees will be conducted and are referred to as ‘Standing Orders’. The Health Boards (Membership and Procedure) (Scotland) Regulations 2005 confirms the matters to be included in the Standing Orders. The following is NHS Orkney’s practical application of these Regulations.

1 Calling and Notice of Meetings

1.1 The Chair may call a meeting of the Board at any time and the Chair of a Committee may call a meeting of that Committee at any time or when required to do so by the Board.

1.2 Ordinary meetings of the Board or Committees shall be held in accordance with the timetable approved by the Board. Meetings of the Board will normally be held every two months. In any event, Board meetings shall be held at least once every three months.

1.3 Meetings of the Board and its Committees may be conducted in any way in which each member is enabled to participate such as video conferencing or teleconferencing.

1.4 A meeting of the Board may be called if one third of the Members make the request in writing. If the Chair does not call a meeting within seven days of the request, the Members who signed the request may call the meeting provided that only the requested business is transacted.

1.5 Before each meeting (Board and Committees) the notice (agenda and papers) specifying the time, place and business to be transacted, shall be accessible to every Member by electronic means, at least five clear calendar days before the date of the meeting.

1.6 Notification of the time and place of Board meetings shall be placed on notice boards in Board Headquarters, Balfour Hospital, on NHS Orkney’s website, Facebook and Twitter social media and announced on Radio Orkney’s ‘What’s on’.

1.7 Lack of service of the notice on any Member shall not affect the validity of a meeting.

1.8 Special meetings of Committees shall be held on the dates and times that the Chairs of those Committees determine.
1.10 It is within the discretion of the Chair of any Committee to cancel, advance or postpone an ordinary meeting if there is a good reason for doing so.

1.11 Four or more members of any Committee may, by notice in writing, request a special meeting to be called to consider the business specified in the notice. Such a meeting shall be held within fourteen days of receipt of the notice by the Board Secretary or Lead Officer.

1.12 In the case of the Audit Committee a special meeting may be called by the Audit Committee Chair, Chair of Orkney NHS Board, the Chief Executive, the Director of Finance, the Chief Internal Auditor or the External Auditor.

2 Appointment of Chair of Orkney NHS Board

2.1 The Chair is appointed by the Cabinet Secretary for Health and Wellbeing. The regulations governing the period of terms of office and the termination or suspension of office of the Chair are contained in the National Health Services (Scotland) Act 1978.

3 Appointment of Vice-Chair of Orkney NHS Board

3.1 To enable the business of the Board to be conducted in the absence of the Chair, a Non-Executive Member, who is not an NHS employee or an independent Primary Care Contractor (for example Employee Director or Chair of Area Clinical Forum) shall be nominated Vice-Chair by the Non Executive members. The Vice-Chair will normally hold office for two years, provided that the individual’s membership of the Board continues throughout that period. The retiring Vice-Chair will be eligible for re-election as long as the individual remains a Non-Executive Member of the Board.

3.2 The Chair will provide the Cabinet Secretary with evidence to support the appointment. In accordance with the requirements of the 2013 Code of Practice for Ministerial Appointments to Board, the Cabinet Secretary will consider whether the individual nominated is suitable for the role, confirm the appointment, and issue a communication publicising that the individual is fulfilling the role of Vice-Chair.

3.2 The Vice-Chair may resign from office at any time by giving notice in writing to the Chair.

3.3 Where the Chair of the Board has ceased to hold office or has been unable to perform their duties as Chair, owing to illness, absence or any other cause, the Vice-Chair shall take the place of the Chair in the conduct of the business of the Board and references to the Chair shall be taken to
include reference to the Vice-Chair.

4 Duties of the Chair and Vice-Chair

4.1 At every meeting of the Board the Chair shall preside. If the Chair is absent the Vice-Chair shall preside. If the Chair and Vice-Chair are both absent, the Members present shall elect a Non-Executive Member to act as Chair for that meeting.

4.2 If both the Chair and Vice-Chair (if any) of a Committee are absent from a meeting a member of the Committee chosen at the meeting by the other members shall act as Chair for that meeting.

4.3 It shall be the duty of the Chair:

- To ensure that Standing Orders are observed and to facilitate a culture of transparency, consensus and compromise.
- To preserve order and ensure that any member wishing to speak is given due opportunity to do so and a fair hearing.
- To call members to speak according to the order in which they caught their eye.
- To decide all matters of order, competence and relevance.

4.4 The Chief Executive, Board Secretary or Committee Support Officer shall draw the attention of the Chair to any apparent breach of the terms of these Standing Orders.

4.5 The decision of the Chair on all matters referred to in this Standing Order shall be final and shall not be open to question or discussion in any meeting of the Board.

4.6 Deference shall at all times be paid to the authority of the Chair. When the Chair commences speaking, they shall be heard without interruption.

5 Membership

5.1 Non Executive Membership

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

Audit Four
Finance and Performance Four
Quality and Improvement Four
6 **Quorum**

6.1 The quorum for Board meetings is one third of the whole number of Members, of which two are Non-Executive Members, all present and entitled to vote. No business shall be transacted at a meeting of the Board unless this is met.

6.2 The quorum for Committees shall be as follows:-

One third of whole number of members including:

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<th>Committee</th>
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<tr>
<td>Audit Committee</td>
<td>Four non-executive members</td>
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<tr>
<td>Finance and Performance Committee</td>
<td>Four members including two non-executive members, one of whom must be chair or vice-chair, and one executive member</td>
</tr>
<tr>
<td>Quality and Improvement Committee</td>
<td>Four members including three non-executive members, one of whom must be chair or vice-chair, and one executive member who should be lead or deputy</td>
</tr>
<tr>
<td>Staff Governance Committee</td>
<td>Four members including two non-executive members, one of whom must be chair or vice-chair, one executive member and one lay representative from Union or Professional body</td>
</tr>
<tr>
<td>Remuneration Committee</td>
<td>Four non-executive members, one of whom must be chair</td>
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6.3 If a quorum is not present ten minutes after the time specified for the start of a meeting of the Board or Committees the Chair will seek agreement to adjourn the meeting or reschedule.

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

7 Order of Business

7.1 For ordinary meeting of the Board or its Committees, the business shown on the agenda shall (unless otherwise agreed by the Board at the meeting) proceed in the following order:

- Minutes of the previous meeting for approval;
- Business determined by the Chairperson to be a matter of urgency by reason of special circumstances;
- Reception of deputations, followed by consideration of any items of business on which the deputations have been heard;
- General Business; and
- Minutes of Committees.

672 No item of business shall be transacted at a meeting unless either:

- It is included on the agenda which has been published in advance on NHS Orkney’s website; or
- It has been determined by the Chair to be a matter of urgency by reason of special circumstances.

8 Order of Debate

8.1 ‘Informal Committee Rules’

8.1.1 The Board or any Committee will routinely conduct its business under ‘Informal Committee Rules’ on the understanding that any one Board or Committee member may at any time without giving due reason request that the Board or Committee move to the formal order of debate of motions as set out below (Formal Order of Debate 7.2).

8.1.2 All speakers will address the Chair and observe order. The Chair will have discretion to conduct the meeting, that is, limit the number of contributions any speaker makes, the amount of time for which they speak or to ask a speaker to sum up his / her contribution. At the conclusion of the discussions the Chair will summarise the decisions of the Board or Committee. Orderly debate in the public domain is essential to project a professional approach to business.

8.1.3 If any point arises which is not provided for in the Board’s Standing Orders,
the Chair shall give a ruling on the point and his / her decision will be final.

8.1.4 The Chair will seek to establish a consensus. If a consensus is not emerging, the Chair will follow the procedure set out in Section 13 – Voting.

8.1.5 The Chair will have a casting vote in the event of an equality of votes.

8.2 ‘Formal Committee Rules’

8.2.1 Any Board or Committee Member wishing to speak shall indicate this by raised hand and, when called upon, shall address the Chair and restrict their remarks to the matter being discussed by:

- Moving, seconding or leading a motion or amendment;
- Moving or seconding a procedural motion;
- Asking a question;
- Making a point of clarification; or
- Raising a point of order.

8.2.2 There shall be no discussion on any motion or amendment except by the mover until such motion or amendment is seconded.

8.2.3 No Member shall speak more than once in a debate on any one motion and amendment unless raising a point of order, making a clarification, moving or seconding a procedural motion. However, the mover of the substantive motion (or an amendment which has become the substantive motion) in any debate shall have a right of reply, but shall not introduce any new matter.

8.2.4 After the mover of the substantive motion has commenced their reply, no Member shall speak except when raising a point of order or moving or seconding a procedural motion.

8.2.5 Any Member wishing to raise a point of order may do so by stating that they are raising a point of order immediately after it has arisen. Any Member then speaking will cease and the Chair shall call upon the Member raising the point or order to state its substance. No other Member shall be entitled to speak to the point or order except with the consent of the Chair. The Chair shall give a ruling on the point of order, either immediately, or after such adjournment as they consider necessary. After this the Member who was previously speaking shall resume their speech, provided the ruling permits.

8.2.6 Any Member wishing to ask a question relating to the matter under consideration may do so at any time before the formal debate begins.
8 Motion and amendments

A motion is a proposal.

8.1 When called to speak, the mover of any motion or amendment shall immediately state the exact terms of the motion or amendment before proceeding to speak in support of it. The mover shall also provide the terms in writing at the request of the Chair to the Board Secretary before any vote is taken, except in the case of:

- Motions or amendments to approve or disapprove without further qualification;
- Motions or amendments to remit for further consideration; or
- Motions or amendments, the terms of which have been fully set out in a minute of a Committee or report by an Executive Member or other officer.

8.2 Every amendment must be relevant to the motion to which it is moved. The Chair shall decide as to the relevancy and shall have the power, with the consent of the meeting, to conjoin motions or amendments which are consistent with each other.

8.3 All additions to, omissions from, or variations upon a motion shall be considered amendments to the motion and shall be disposed of accordingly.

8.4 A motion or amendment once moved and seconded shall not be withdrawn without the consent of the mover and seconder.

8.5 Where an amendment to a motion has been moved and seconded, no further amendment may be moved until the result of the vote arising from the first amendment has been announced.

8.6 If an amendment is rejected, a further amendment to the original motion may be moved. If an amendment is carried, it shall take the place of the original motion and any further amendment shall be moved against it.

8.7 A motion for the approval of a minute or a report of a Committee shall be considered as an original motion and any proposal involving alterations to or rejection of such minute shall be dealt with as an amendment.

8.8 The Chair of a Committee shall have the prior right to move the approval of the Minute of that Committee.

8.9 A motion or amendment moved but not seconded, or which has been ruled by the Chair to be incompetent, shall not be put to the meeting nor shall it be recorded in the minute, unless the mover immediately gives notice to
the Board Secretary or Committee Lead Officer requesting that it be so recorded.

8.10 A Member may request their dissent to be recorded in the minuet in respect of a decision which they disagree and on which no vote has taken place.

9 Notice of motions to be placed on an Agenda

9.1 Notice of motions must be given in writing to the Board Secretary no later than noon fourteen days before the meeting and must be signed by the proposing member and at least one other member.

9.2 A member may propose a motion which does not directly relate to an item of business under consideration at the meeting.

9.3 The terms of motions of which notice have been given shall appear as items of business for consideration at the next meeting.

9.4 If a member who has given notice of a motion is absent from the meeting when the motion is considered or, if present, fails to move it, any other member shall be entitled to move it, failing which the motion shall fall.

10. Questions

10.1 A Board or Committee Member may put a question to the Chair relating to the functions of that Committee, irrespective of whether the subject matter of the question relates to the business which would otherwise fall to be discussed at that meeting, provided that notice has been given to the Board Secretary ten working days prior to the meeting.

10.2 The original questioner may ask a supplementary question, limited to seeking clarity on any answer given.

10.3 Questions of which notice has been given in terms of 10.1 above, and the answers thereto, shall be recorded in the minute of the meeting only if the questioner so requests, but any supplementary questions and answers shall not be recorded.

11 Time allowed for speaking during formal debate

11.1 The Chair is entitled to decide the time that members may be allowed to speak on any one issue.

11.2 As a guide, a member who is moving any motion or amendment shall not normally speak for more than five minutes. Other members shall not
normally speak for more than three minutes, and the mover in exercising a right of reply shall not normally speak for more than three minutes.

12 Closure of debate

12.1 A motion that the debate be adjourned, or that a question be put, or that the meeting now pass to the next business may be made at any stage of the debate and such motion, if seconded, shall be the subject of a vote without further debate.

12.2 No motion in terms of 11.1 above may be made during the course of a speech.

13 Voting

13.1 Every question coming or arising before the Board or its Committees shall be determined by a majority of the members present and voting. Majority agreement may be reached by a consensus without a formal vote but at the request of a member a formal vote will be taken.

13.2 In the case of an equality of votes, the Chair shall have a second or a casting vote, except in any vote relating to the appointment of a Member of the Board to any office, Committee, or to represent the Board on any other body, where in the case of equality of votes, the matter shall be determined by lot.

13.3 Where a formal vote is taken, this shall be done by a show of hands except:

- Where the members present agree unanimously that it be taken by a roll call;
- Where the members present resolve by simple majority that it be taken by secret ballot; or
- In the case of any matter relating to the appointment of a member of staff or relating to any disciplinary or grievance proceedings affecting a member of staff, when the vote shall be taken by a show of hands, or by secret ballot.

13.4 Immediately before any vote is taken, the question on which the vote is to be held shall be read out. Thereafter, no-one shall interrupt the proceedings until the result of the vote has been announced.
14 Voting in the case of vacancies and appointments

14.1 In filling vacancies in the membership of any Committee and making appointments of Board Members to any other body, where more than one candidate has been nominated and seconded, members shall be entitled to vote for up to as many candidates as there are places to be filled. Candidates shall be appointed in the order of number of votes received until all vacant places have been filled.

14.2 In the event of two or more candidates tying with the lowest number of votes to fill the last vacant place, a further vote shall be taken between or among those candidates. Each member shall have one vote.

14.3 In the event of a further tie, the appointment shall be determined by lot.

15 Adjournment and duration of meetings

15.1 During any meeting of the Board, any Member may move that the meeting be adjourned, at any time, except in the course of a speech by another member. No motion for adjournment may be made within thirty minutes of a motion for adjournment having previously been rejected if the Board is still considering the same item of business.

15.2 A motion for adjournment has precedence over all other motions and if moved and seconded, shall be put to the meeting without discussion or amendment.

15.3 If carried, the meeting shall be adjourned until the time and place specified in the motion. Unless the time and place are specified, the adjournment shall be until the next ordinary meeting of the Board or Committee.

15.4 Where a meeting is adjourned without a time for its resumption having been fixed, it shall be resumed at a time fixed by the Chair.

15.5 When an adjourned meeting is resumed, the proceedings shall be commenced at the point at which they were interrupted by the adjournment.

15.6 In case of disorder the Chair may adjourn the meeting to a time fixed then or decided afterwards. Vacating the Chair shall indicate that the meeting is adjourned.

15.7 Every meeting of the Board or its Committees shall last no longer than four hours.

15.8 It shall, however, be competent, before the expiry of the time limit, for any Member to move that the meeting be continued for such further period as
is deemed appropriate.

16  Conflict of Interest

16.1 If a Board or Committee Member, or associate of theirs has any interest, direct or indirect, in any contract or proposed contract or other matter, they shall disclose the fact, and shall not take part in the consideration and discussion of the contract, proposed contract, or other matter or vote on any question with respect to it. Except a contract for the provision of any of the services mentioned in Part II of the Act.

16.2 The Scottish Ministers may, subject to such conditions as they may think fit to impose, remove any disability imposed by the 2001 Regulations in any case in which it appears to them in the interests of the health service that the disability should be removed.

16.3 Remuneration, compensation or allowances payable to a Chair or other member shall not be treated as an interest for the purpose of the 2001 Regulations. (Paragraphs 4, 5 or 14 of Schedule 1 to the Act)

16.4 A member or associate of theirs shall not be treated as having an interest in any contract, proposed contract or other matter if the interest is so remote or insignificant that they cannot reasonably be regarded as likely to effect any influence in the consideration or discussion of or in voting on, any question with respect to that contract or matter.

16.5 The 2001 Regulations apply to a Committee as they apply to the Board and apply to any member of any such Committee (whether or not they are also a Member of the Board), as they apply to a Member of the Board.

16.6 For the purposes of the 2001 Regulations, the word ‘associate’ has the meaning given by Section 74 of the Bankruptcy (Scotland) Act 1985 (a).

16.7 You must consider whether you have an interest to declare in relation to any matter which is to be considered as soon as possible. You should consider whether agendas for meetings raise any issue of interest. Your declarations should be made as soon as practicable at a meeting where that interest arises. If you do identify the need for a declaration of interest only when a particular matter is being discussed you must declare the interest as soon as you realise it is necessary.

16.8 The oral declaration of interest should identify the item of business to which it relates. The declaration should begin with the words “I declare an interest”. The declaration must be sufficiently informative to enable those at the meeting to understand the nature of the interest but need not give a detailed description of the interest.
17 Reception of deputations

17.1 Every application for the reception of a deputation must be in writing, duly signed and delivered, faxed or e-mailed to the Board Secretary or Committee Support Officer at least three clear working days prior to the date of the meeting at which the deputation wished to be received. The application must state the subject and the action which it proposes the Board or Committee should take.

17.2 The deputation shall consist of not more than ten people.

17.3 No more than two members of any deputation shall be permitted to address the meeting, and they may speak in total for no more than ten minutes.

17.4 Any member may put any relevant question to the deputation, but shall not express any opinion on the subject matter until the deputation has withdrawn. If the subject matter relates to an item of business on the agenda, no debate or decision shall take place until the relevant minute or other item is considered in the order of business.

18 Receipt of petitions

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

19 Submission of reports

19.1 Reports shall be submitted by the Executive Members or other Senior Officers when requested or when, in the professional opinion of such an officer, a report is required to enable compliance with any statute, regulation or Ministerial Direction, or other rule of law, or where the demands of the service under their control require.

19.2 Any report to be submitted shall be provided to the Board Secretary, Committee Lead Officer or the Committee Support Officer in the standard format no later than the deadline set out within the agreed timetable for the Board and Committee meetings (eleven days prior to the meeting). The Director of Finance should be consulted on all proposals with significant financial implications. No paper with significant financial implications should be presented at a meeting when this has not been done. Any observations by those officers on matters within their professional remit shall be incorporated into the report.
19.3 Only those reports which require a decision to be taken by the Board or Committee to discharge its business or exercise its monitoring role, will normally be included on the agenda. It shall be delegated to the Board Secretary or Committee Lead Officer in conjunction with the Chair of the Committee to make the final determination on whether or not an item of business should be included on an Agenda.

19.4 All reports requiring decisions will be submitted in writing. Verbal reports will only be accepted in exceptional circumstances, and with the prior approval of the Chair of the Board or Committee.

20 Right to attend meetings and / or place items on an agenda

20.1 Any Board or Committee Member shall be entitled to attend any meeting of any Committee, and shall, with the consent of the Committee, be entitled to speak but not to propose or second any motion or to vote. Executive Members cannot attend the Remuneration Committee, when matters pertaining to their terms and conditions of service are being discussed and the Audit Committee when deemed necessary by the Chair of that Committee.

20.2 A Board Member, who is not a member of a particular Committee and wishes that Committee to consider an item of business which is within its remit, shall inform in writing the Lead Officer not later than the deadline set out within the agreed timetable for the Committee prior to the meeting of the issue to be discussed. The Lead Officer shall arrange for it to be placed on the agenda of the Committee. The Member shall be entitled to attend the meeting and speak in relation to the item, but shall not be entitled to propose or second any motion or to vote.

20.3 Board or Committee Members who wish to raise any item of business which is within its remit shall inform in writing the Committee Lead Officer not later than the deadline set out within the agreed timetable for that Committee prior to the meeting the issue to be discussed. The Committee Lead Officer shall arrange for it to be placed on the agenda of the Committee.

20.4 The Chief Internal Auditor and External Auditor have a right of attendance at all Committees. The Chief Internal Auditor and External Auditor shall have the right of direct access to the Chairs of the Board and all Committees.

20.5 The Public Partnership Forum shall be invited to send a maximum of two representatives to attend Board and Committee meetings held in public except ‘In Committee’ and Remuneration Committee.
20.6 Those in attendance at public sessions of Board meetings, including co-opted members, will not routinely attend sessions held in private. Those in attendance at private sessions will normally be:

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

21 Alteration of revocation of previous decision

21.1 Subject to 21.2 below, a decision shall not be altered or revoked within a period of six months from the date of such decision being taken.

21.2 Where the Chair rules that a material change of circumstances has occurred to such extent that it is appropriate for the issue to be reconsidered, a decision may be altered or revoked within six months by a subsequent decision arising from:

- A recommendation to that effect, by An Executive Member or other officer in a formal report; or
- A motion to that effect of which prior notice has been given in terms of 9.1.

21.3 This does not apply to the progression of an issue on which a decision is required.

22 Suspension of Standing Orders

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

23 Admission of public and press

23.1 Members of the public and representatives of the press will be admitted to every meeting of the Board but will not be permitted to take part in discussion. (Public Bodies (Admission to Meetings) Act 1960)

23.2 The Board may exclude the public and press while considering any matter that is confidential. Freedom of Information (Scotland) Act 2002 (the Act) and Environmental Information (Scotland) Regulations 2004 (the
Regulations)

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

For guidance on application of the Act and Regulations, please contact the Board Secretary or the Freedom of Information Officer (ork-hb.foirequests@nhs.net). More information can be found on NHS Orkney’s website http://www.ohb.scot.nhs.uk/article.asp?page=13&parent=5

23.3 The terms of any such resolution specifying the part of the proceedings to which it relates and the categories of exempt information involved shall be specified in the minutes.

23.4 Members of the public and representatives of the press admitted to meetings shall not be permitted to make use of photographic or recording apparatus of any kind unless agreed by the Board. (1960 Act)

23.5 Members of the public and press should leave when the meeting moves into reserved business (In Committee). It is at the discretion of the Chair of that meeting if NHS Orkney staff or co-opted members can remain.

24 Members’ code of conduct

24.1 All those who are appointed or co-opted as members of the Board must comply with the Members’ Code of Conduct as incorporated into the Code of Governance and approved by the Scottish Ministers. This also applies equally to all members of Committees whether they are employed by NHS Orkney or not when undertaking Committee business.

24.2 For the purposes of monitoring compliance with the Members’ Code of Conduct, the Board Secretary has been appointed as the designated monitoring officer.

24.3 Board and Committee Members having any doubts about the relevance of a particular interest should discuss the matter with the Board Secretary.

24.4 Board and Committee Members should declare on appointment any material or relevant interest and such interests should be recorded in the Board and Committee minutes. Any changes should be declared and recorded when they occur. Interests will also be entered into a register that is available to the public, details of which will be disclosed in the Board’s Annual Report. Arrangements for viewing the register shall also be publicised.
25 **Suspension of members from meetings**

25.1 If any Board or Committee Member disregards the authority of the Chairperson, obstructs the meeting or, in the opinion of the Chair, acts in an offensive manner at a meeting, the Chair may move that such Member be suspended for the remainder of the meeting. If seconded, such a motion shall be put to the vote immediately without discussion.

25.2 If such a motion is carried, the suspended Member shall leave the meeting room immediately. If the member fails to comply, the Chair may order the suspended member to be removed from the meeting.

25.3 A member who has been suspended in terms of this Standing Order shall not re-enter the meeting room except with the consent of the meeting.

25.4 In the event of a motion for suspension of a Member being defeated, the Chair may, if they think it appropriate to do so, adjourn the meeting as if a state of disorder had arisen.

26 **Minutes, agendas and papers**

26.1 The Board Secretary is responsible for ensuring that minutes of the proceedings of a meeting of the Board or its Committees, including any decision or resolution made at that meeting, shall be drawn up. The minutes shall be submitted to the next meeting of the Board, or relevant Committee, for approval by Members as a record of the meeting subject to any amendments proposed by Members and shall be signed by the person presiding at that meeting.

26.2 The names of Members present at a meeting of the Board or of a Committee of the Board shall be recorded in the Minute, together with the apologies for absence from any Member.

26.3 The Freedom of Information (Scotland) Act 2002 gives the public a general right of access to all recorded information held. Therefore, when minutes of meetings are created, it should be assumed that what is recorded will be made available to the public.

26.4 The Minute of a meeting being held where authority or approval is being given by the committee and the Minutes are intended to act as a record of the business of the meeting, then the Minute should contain:

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

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

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

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

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


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

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

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

- Where disclosure might be harmful to an important public interest, such as national security or international relations;
- Where disclosure is prohibited by statute;
- Where responding to the request might involve providing personal information; or
- Where disclosure might breach a duty of confidentiality.
Because the Act strikes a balance between different and important issues, a decision to withhold or release information will require careful consideration. Access to information legislation is about providing the framework within which decisions can be made on where the balance of public interest lies on the release or withholding of information on a case by case basis. The Act contains a number of exemptions to the general right of access. The exemptions ensure that decisions to release or withhold information are taken with the interest of the public as a whole firmly to the fore.

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

**Absolute Exemptions:**

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

**Qualified Exemptions:**

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

For further guidance contact the Freedom of Information Officer (ork-hb.foirequests@nhs.net)

28 Records Management

Under the Freedom of Information (Scotland) Act 2002, NHS Orkney must have comprehensive records management systems and process in place.

Separate guidance has been produced for records management. This can be found on NHS Orkney’s intranet.

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

This gives clear guidance on time limits for the retention of records and documents.
3 Committees

1 Establishing Committees

1.1 The Board shall create such Committees as are required by statute, guidance, regulation and Ministerial direction and as are necessary for the economical efficient and effective governance of its business.

1.2 The Board shall delegate to such Committees those matters it considers appropriate. The matters delegated shall be set out in the Purpose and Remit of those Committees detailed in Paragraph 8, Purpose and Remits.

1.3 The Board may by resolution of a simple majority of the whole number of Members of the Board, present and voting, vary the number, constitution and functions of Committees at any meeting of which due notice has been given specifying the proposed variation.

2 Membership

2.1 The Board shall appoint the membership of Committees. By virtue of their appointment the Chair of the Board is an ex officio member of all Committees except the Audit Committee.

2.2 Any Committee shall include at least one Non-Executive Member of the Board, and may include persons, who are co-opted, and may consist wholly or partly of Members of the Board.

2.3 In determining the membership of Committees, the Board shall have due regard to its purpose, role and remit, and accountability requirements. Certain members may not be appointed to serve on a particular Committee as a consequence of their positions. Specific exclusions are:

- Audit Committee – Chairs of the Board together with any Executive Member or Officer.
- Remuneration Committee – any Executive Member or Officer.

2.4 The Board has the power to vary the membership of Committees at any time, provided that:

- In any case this is not contrary to statute, regulation or Direction by Scottish Ministers.
- Each Member of the Board is afforded proper opportunity to serve on Committees.
2.5 The Board shall appoint Chairs and Vice-Chairs of Committees who shall hold office for two years. In the case of Members of the Board, this shall be dependent upon their continuing membership of the Board.

2.6 The persons appointed as Chairs of Committees shall usually be Non-Executive Members of the Board and only in exceptional circumstances shall the Board appoint a Chair of a Committee who is not a Non-Executive Member for example a co-opted member. Such circumstances are to be recorded in the Minutes of the Board meeting making the appointment.

2.7 As a consequence of the personal development appraisal and review process, the Chairman will decide with the relevant Non Executive Members which of the Committees they will serve on as member of as Chair or Vice Chair.

2.8 Casual vacancies occurring in any Committee shall be filled as soon as may be by the Board after the vacancy takes place.

3 Functioning

3.1 An Executive Member or another specified Lead Officer shall be appointed to support the functioning of each Committee.

3.2 Committees may seek the approval of the Board to appoint Sub-Committees for such purposes as may be necessary.

3.3 Where the functions of the Board are being carried out by Committees, the membership, including those co-opted members who are not members of the Board, is deemed to be acting on behalf of the Board.

3.4 During intervals between meetings of the Board or its Committees, the Chair of the Board or a Committee or in their absence, the Vice-Chair shall, in conjunction with the Chief Executive and the Lead Officer concerned, have powers to deal with matters of urgency which fall within the terms of reference of the Committee and require a decision which would normally be taken by the Committee. All decisions so taken should be reported to the next full meeting of the relevant Committee. It shall be for the Chair of the Committee, in consultation with the Chief Executive and Lead Officer concerned, to determine whether a matter is urgent in terms of this Standing Order.

4 Minutes

4.1 The minute of each Committee of the Board shall be submitted as soon as is practicable to an ordinary meeting of the Board for information, and for
the consideration of any recommendations having been made by the Committee concerned.

4.2 The Minute of each Committee shall also be submitted to the next meeting for approval as a correct record and signature by the Chair.

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

5 Frequency

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

6 Delegation

6.1 Each Committee shall have delegated authority to determine any matter within its purpose and remit, with the exception of any specific restrictions contained in Section E, paragraph items 1.2.1 to items 1.2.20.

6.2 Committees shall conduct their business within their purpose and remit, and in exercising their authority, shall do so in accordance with the following provisions. However, in relation to any matter either not specifically referred to in the purpose and remit, or in this Standing Order, it shall be competent for the Committee, whose remit the matter most closely resembles, to consider such matter and to make any appropriate recommendations to the Board.

6.3 Committees must conduct all business in accordance with NHS Orkney policies and the Code of Corporate Governance.

6.4 The Board may deal with any matter falling within the purpose and remit of any Committee without the requirement of receiving a report or Minute of that Committee referring to that matter.

6.5 The Board may at any time vary, add to, restrict or recall any reference or delegation to any Committee. Specific direction by the Board in relation to the remit of a Committee shall take precedence over the terms of any provision in the purpose and remit.

6.6 If a matter is of common or joint interest to a number of Committees, and is a delegated matter, no action shall be taken until all Committees have considered the matter.

6.7 In the event of a disagreement between Committees in respect of any
such proposal or recommendation which falls within the delegated authority of one Committee, the decision of that Committee shall prevail. If the matter is referred but not delegated to any Committee, a report summarising the views of the various Committees shall be prepared by the appropriate officer and shall appear as an item of business on the agenda of the next convenient meeting of the Board.

7 Committees

a) Audit Committee
b) Finance and Performance Committee
c) Pharmacy Practices Committee
d) Quality and Improvement Committee
e) Remuneration Committee
f) Staff Governance Committee

8 Purpose and Remits

a) Audit Committee

1.1 Purpose:

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

1.2 Composition:

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

The chair and vice-chair of the Committee will be appointed by the NHS Board.

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

Committee membership will be reviewed annually.

1.3 Attendance:

In addition the Chief Executive (as Accountable Officer) and the Director of Finance of NHS Orkney shall normally attend meetings of the Committee, together with other executive directors and other senior staff as required. The External Auditor and the Chief Internal Auditor shall also receive a
standing invitation to attend.

1.4 **Quorum:**

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

Any non-executive Board member may deputise for a member of the Committee at any meeting.

1.5 **Meetings:**

Meetings shall be held in accordance with the provision of Standing Order Sections 2-3. The Audit Committee will meet at least four times per annum.

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

Extraordinary meetings may be called by:

- Audit Committee Chairperson;
- Chief Executive;
- Director of Finance.

The Audit Committee shall exclude all Executive Members from extraordinary meetings of the Committee if it so decides.

1.6 **Remit:**

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

- the strategic process for risk, control and governance and the Statement of Internal Control
- the accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identifies, and management’s letter of representation to the external auditors
- the planned activity and results of both internal and external audit
- the adequacy of management response to issues identified by audit activity, including external audit’s management letter / report
- the effectiveness of the internal control environment
- assurances relating to the corporate governance requirements for the organisation
- proposals for tendering for internal audit services
- anti-fraud policies, whistle-blowing processes, and arrangements for
The Audit Committee will also annually review its own effectiveness and report the results of that review to the Board.

1.7 **Best Value:**

The Committee is responsible for reviewing those aspects of the Best Value work plan which are delegated to it from Orkney NHS Board. The Committee will put in place arrangements which will provide assurance to the Chief Executive, as accountable officer, that NHS Orkney has systems and processes in place to secure best value in these delegated areas. The assurance to the Chief Executive should be included as an explicit statement in the Committee’s Annual Report.

1.8 **Authority:**

The Committee is authorised by the Board to investigate any activity within its terms of reference, and in so doing, is authorised to seek any information it requires from any employee. All Members and employees are directed to co-operate with any request made by the Committee.

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

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

1.9 **Reporting Arrangements:**

- The Audit Committee reports to Orkney NHS Board
- Following a meeting of the Audit Committee the minute of that meeting should be presented at the next Orkney NHS Board meeting
- The Audit Committee should annually and within three months of the start of the financial year provide a work plan detailing the work to be taken forward by the Audit Committee
- The Audit Committee will produce an annual report for presentation to Orkney NHS Board. The Annual Report will describe the outcomes from the committee during the year.
b) **Finance and Performance Committee**

1.1 **Purpose:**

The purpose of the Finance and Performance Committee is to review the financial and non-financial targets of the Board, to ensure that appropriate arrangements are in place to deliver against organisational performance measures, to secure economy, efficiency, and effectiveness in the use of all resources, and provide assurance that the arrangements are working effectively.

1.2 **Composition**

The membership of the Committee shall consist of:

- Non-Executive Member Chair
- Local Authority Nominated Non-Executive Member
- Two other Non Executive Directors
- NHS Orkney Chief Executive
- NHS Orkney Director of Finance – Executive Lead and support to Finance and Performance Committee

Where possible, at least one non-executive director should have a qualification or demonstrable experience in the fields of finance or performance management.

1.3 **Attendance:**

In addition, there will be in attendance:

- Director of Public Health
- Director of Nursing, Midwifery and Allied Health Professions
- Medical Director
- Head of Finance
- Head of Human Resources Services

All Board members shall have the right of attendance and will routinely be sent copies of agenda and papers.

1.4 **Quorum:**

Members of the Committee shall be quorate when there are three members present including at least two non-executives, one of whom must be chair or vice-chair, and one executive member.

Any non-executive Board member may deputise for a member of the Committee at any meeting.
1.5 **Meetings:**

The Committee will meet at least quarterly.

Extraordinary meetings may be called by:

- The Finance and Performance Committee Chairperson
- NHS Orkney Chief Executive
- NHS Orkney Director of Finance

1.6 **Remit:**

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

- Such financial and performance monitoring and reporting arrangements as may be specified:

- Compliance with statutory financial requirements and achievement of financial targets;

- Levels of balances and reserves;

- The impact of planned, known or foreseeable future developments on the financial position;

- Wider health economics

The Committee has responsibility for:

- The development of the Board’s Financial Strategy in support of the Local Delivery Plan;

- Recommending to the Board annual revenue and capital budgets, and financial plans consistent with statutory financial responsibilities;

- To oversee and monitor the Board’s performance against the prevailing NHS Scotland and others performance measurement regime and other local and national targets as required;

- The oversight of the Board’s Capital Programme and the review of the Property Strategy (including the acquisition and disposal of property);

- All significant business cases and plans for service redesign;
- To provide scrutiny and oversight of the Board’s workforce plan;

- Putting in place and scrutinising arrangements which will provide assurance to the Chief Executive as Accountable Officer that NHS Orkney has systems and processes in place to secure best value; The assurance to the Chief Executive should be included as an explicit statement in the Committee’s Annual Report;

- responsible for reviewing those aspects of the Best Value work plan which are delegated to it from Orkney NHS Board;

- To provide assurance to the Board that NHS Orkney is compliant with Audit Scotland’s Best Value Initiatives;

- To scrutinise the Board’s finances and ensure that corrective actions are taken whenever needed;

- To ensure better reporting links between services and financial inputs, to allow the Board to demonstrate that it provides value for money to the public: for example what is the Board delivering to the community for the budget that it receives?

- To continually review the value for money and efficiency that the Board is achieving in service delivery and how it compares with other Boards across the UK;

- To ensure adequate risk management is employed in all areas within the remit of the Committee;

- To provide opportunities to embed the necessary corporate behaviours into the organisation;

- Recommend to NHS Orkney Board any corrective actions required at Board Level to ensure good financial governance and performance of the organisation;

- Review performance, effectiveness and Terms of Reference of the Committee on an annual basis;

- To develop an annual cycle of business.

1.7 Best Value

The Committee is responsible for reviewing those aspects of the Best Value work plan which are delegated to it from Orkney NHS Board. The Committee will put in place arrangements which will provide assurance to
the Chief Executive, as accountable officer, that NHS Orkney has systems and processes in place to secure best value in these delegated areas. The assurance to the Chief Executive should be included as an explicit statement in the Committee’s Annual Report.

1.8 **Authority:**

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

The Committee may obtain whatever professional advice it requires, and require Directors or other officers of NHS Orkney to attend whole or part of any meetings.

1.9 **Reporting Arrangements:**

- The Finance and Performance Committee reports to Orkney NHS Board;
- Following a meeting of the Finance and Performance Committee the unapproved minute of that meeting should be presented at the next Orkney NHS Board meeting;
- The Finance and Performance Committee should annually and within three months of the start of the financial year provide a work plan detailing the work to be taken forward by the Committee;
- The Finance and Performance Committee will produce an annual report for presentation to Orkney NHS Board. The Annual Report will describe the outcomes from the Committee during the year and provide assurance to the Board that the Committee has met its remit during the year.

c) **Pharmacy Practices Committee**

1.1 **Purpose**

To exercise the functions of the Board in terms of the Regulations detailed in 1.6.

1.2 **Composition**

The Pharmacy Practices Committee shall consist of seven members of whom:

a) One shall be the Chairman appointed as such by the Board; the Chairman shall be a member of the Board but shall not be an officer of the Board nor shall be, nor previously have been, a doctor, dentist,
ophthalmic optician or pharmacist or the employee of a person who is a doctor, dentist, ophthalmic optician or pharmacist

b) Three shall be pharmacists of whom:

i. One shall be a pharmacist whose name is not included in any pharmaceutical list and who is not the employee of a person whose name is so listed; and they shall be appointed by the Board from persons nominated by the Royal Pharmaceutical Society of Great Britain.

ii. Two shall be pharmacists each of whom is included in a pharmaceutical list or is an employee of a person whose name is so listed, and each shall be appointed by the Board from persons nominated by the Area Pharmaceutical Committee.

c) Three shall be appointed by the Board otherwise than from the Members of the Board but none shall be nor previously have been a doctor, dentist, ophthalmic optician or a pharmacist, or an employee of a person who is a doctor, dentist, ophthalmic optician or pharmacist.

If a nomination sought for the purposes of sub-paragraph b (i) or (ii) above, is not made before such date as the Board may determine, the Board may appoint as a member a person who satisfies the criteria specified in the relevant sub-paragraph.

The members of the Pharmacy Practices Committee shall be appointed for a period of two years. Vacancies shall be filled by the Board, although this may be delegated to the Pharmacy Practices Committee Chair, as soon as practicable and, where appropriate, from nominations submitted by the Area Pharmaceutical Committee and the Royal Pharmaceutical Society of Great Britain.

1.3 Declaration of Interests

Before any meeting of the Pharmacy Practices Committee begins the Chair, or in the Chair’s absence, the person acting as Chair, shall ask the members intending to be present whether, in respect of any matter to be considered at the meeting, any of them-

a. Has an interest to declare, or
b. Is associated with a person who has any personal interest

and any such member who has or, as the case may be, is associated with a person who has any such interest shall disclose it accordingly.

Any member who has disclosed an interest or who, in the opinion, expressed to the meeting, of the Chair or in the Chair’s absence, the
person acting as Chair as the case may be, should have disclosed such an interest, shall not be present at the consideration or discussion of that matter or the voting on it, and a deputy who has no such interest may act in that member's place.

1.4 **Meetings**

Meetings shall take place as and when required.

1.5 **Quorum**

No business shall be transacted at a meeting of the Pharmacy Practices Committee unless the Chair or in his absence the person acting as Chair, one Member appointed under each of paragraph (b)(i) and (ii), and two other Members appointed under paragraph (c) are present.

1.6 **Overall Remit**

The Pharmacy Practices Committee shall, on behalf of the Board, exercise the functions of the Board, in terms of regulation 5(10) and paragraph 2 of Schedule 4 of the National Health Service (Pharmaceutical Services) (Scotland) Regulations 2009, as amended except any applications that came in to the Board before 1 July 2009 when the Pharmacy Practices Committee shall, on behalf of the Board, exercise the functions of the Board, in terms of regulation 5(10) and paragraph 2 of Schedule 3 of the National Health Service (Pharmaceutical Services) (Scotland) Regulations 1995 were applicable.

The Pharmacy Practices Committee shall assess and determine the need for additional contacts or services in relation to the provision of National Health Service Pharmaceutical Services and shall consider applications for new or relocated pharmacies to be admitted to the Board’s Pharmaceutical List in accordance with the procedures laid down in Schedule 3A of the aforementioned Regulations.

The Pharmacy Practices Committee shall submit to the Board at its next regular meeting a report of all decisions reached in relation to matters considered by the Committee.

1.7 **Voting**

a) Every application considered by the Pharmacy Practices Committee shall be considered by all Members present, but shall be determined only by a majority of votes of the Members present who are entitled to vote (subject to sub-paragraphs (b), (c) and (d) below.

b) A member appointed by virtue of paragraph 1.2 (b)(i) above is entitled to vote.
c) A member appointed by virtue of paragraph 1.2 (b)(ii) above is not entitled to vote and shall withdraw immediately before a decision on an application by voting takes place.

d) The Chair shall not be entitled to vote except in the case of an equality of votes of the other persons present and voting, in which case he shall have a casting vote.

e) The Pharmacy Practices Committee shall within ten working days of taking its decision, give written notification of it to the Board with reasons for that decision.

1.8 Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference, and in so doing, may seek any information it requires from any employee. All Members and employees of the Board are directed to co-operate with any request made by the Committee.

d) Quality and Improvement Committee

1.1 Purpose:

The purpose of the Quality and Improvement Committee is to provide Orkney NHS Board with the assurance that robust clinical governance controls and management systems are in place and effective throughout NHS Orkney.

1.2 Composition:

Four Non Executive Members including Area Clinical Forum Chair
Medical Director (lead executive for clinical governance)
Director of Public Health
Chief Executive
Director of Nursing, Midwifery and Allied Health Professions
Public Representative

In Attendance:

Health Intelligence and Clinical Governance Manager
Chief Officer Integration Joint Board

1.3 Quorum:

Meetings of the Committee will be quorate when at least four members are present and at least three of whom should be non executive members, one
of whom must be the chair or vice-chair, and one executive member of NHS Orkney who should be lead or deputy.

Any non-executive Board member may deputise for a member of the Committee at any meeting.

1.4 **Meetings:**

The Committee will meet at least quarterly.

1.5 **Remit:**

**Person Centred:**

To provide assurance regarding participation, patients’ rights and feedback:

- to provide assurance that there are effective systems and processes in place across NHS Orkney to support participation with patients and communities, to comply with participation standards and the Patient Rights (Scotland) Act 2011 generally and specifically within the context of service redesign;
- to monitor complaints response performance on behalf of the Board and promote positive complaints handling including learning from complaints and feedback;
- To provide assurance that there are effective system and governance processes for:
  - Equality and Diversity
  - Spiritual care
  - Volunteering
- To monitor performance of all services commissioned by / or with direct links to NHS Orkney:
  - Patient Advisory and Support Service
  - Advocacy Services
  - Carers
  - Veterans

**Safe (Clinical Governance and Risk Management):**

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

- Robust clinical control frameworks are in place for the effective management of clinical governance and risk management and that they are working effectively across the whole of NHS Orkney;
- Incident management and reporting is in place and lessons are learned
from adverse events and near misses;

- Complaints are handled in accordance with national guidance and lessons are learned from their investigation and resolution including reports of the Scottish Public Services Ombudsman and Mental Welfare Commission;
- Clinical standards and patient safety are maintained and improved within the Board’s annual efficiency programme and the financial and capital frameworks support the clinical strategy – Our Orkney, Our Health;

**Effective (Clinical Performance and Public Health Performance and Evaluation):**

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

- To ensure that recommendations from any inspections have appropriate action plans developed and monitored by Operational Clinical Governance Group and reported to the Committee;
- Where performance improvement is necessary within NHS Orkney the Committee will seek assurance regarding the reliability of the improvement intervention;
- Clinical dashboards and other data and measurement systems underpin the delivery of care;
- To ensure that the healthcare provided is informed by evidence based clinical practice guidelines;
- To ensure that staff governance issues which impact on service delivery and quality of services are appropriately managed through clinical governance mechanisms and effective training and development is in place for all staff.

**Population Health:**

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

- Quality and clinical effectiveness
- Public information and involvement
- Population health research
- Risk management (if not dealt with in Risk Management Steering Group which remains the primary forum)

**Information Governance:**

To provide assurance that all necessary systems and processes are in place to ensure that the Board complies with statutory responsibilities in
relation to information governance
and assists the organisation to meet national requirements for Information
Governance as set out in the Data Protection Act 1998 and the Freedom
of Information (Scotland) Act 2002.

1.6 **Best Value**

The Committee is responsible for reviewing those aspects of the Best Value delegated to it from Orkney NHS Board. The Committee will put in place arrangements which will provide assurance to the Chief Executive, as accountable officer, that NHS Orkney has systems and processes in place to secure best value in these delegated areas. The assurance to the Chief Executive should be included as an explicit statement in the Committee’s Annual Report.

1.7 **Authority:**

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

The Committee may obtain whatever professional advice it requires, and require Directors or other officers of NHS Orkney to attend whole or part of any meetings.

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

1.8 **Reporting Arrangements:**

- The Quality and Improvement Committee reports to Orkney NHS Board
- Following a meeting of the Quality and Improvement Committee the minute of that meeting should be presented at the next Orkney NHS Board meeting
- The Quality and Improvement Committee should annually and within three months of the start of the financial year provide a work plan detailing the work to be taken forward by the Quality and Improvement Committee
- The Quality and Improvement Committee will produce an annual report for presentation to Orkney NHS Board. The Annual Report will describe the outcomes from the committee during the year and provide an assurance to the Audit Committee that the committee has met its remit during the year.

e) **Remuneration Committee:**

1.1 **Purpose:**
The fourth edition of the Staff Governance Standard made clear that each NHS Scotland Board is required to establish a Remuneration Committee whose main function is to ensure application and implementation of fair and equitable pay systems on behalf of the Board, as determined by Ministers and the Scottish Government. The Remuneration Committee is established as a Sub-Committee of the Staff Governance Committee.

1.2 Composition:

The Remuneration Committee shall consist of:

- The Chair of the Board (who will be the chair)
- Three other non executive members one of whom should, in normal circumstances, be the Employee Director

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

1.3 Attendance:

In addition there will be in attendance:

- Chief Executive
- Head of Human Resources Services as advisor to the Committee.

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

The Director of Workforce from NHS Grampian will be invited to attend the committee during the year when her expertise is required with regard to Medical Staffing or other issues.

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

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

1.4 Quorum:

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

Any non-executive Board member may deputise for a member of the Committee at any meeting.

1.5 Meetings:

The Committee will meet at least four times per annum.
Remuneration issues may arise between meetings and will be brought to the attention of the Chair of the Remuneration Committee by the Chief Executive or Head of Human Resources Services. The Chair may call a special meeting of the Remuneration Committee to address the issue.

1.6 **Remit:**

The Remuneration Committee will oversee the remuneration arrangements for Executive Directors of the Board and also to discharge specific responsibilities on behalf of the Board as an employing organisation.

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

- Approving the personal objectives of all Executive Directors in the context of NHS Orkney’s Local Delivery Plan, Corporate Objectives and other local, regional and national policy;

- Receiving formal reports on the operation of remuneration arrangements and the outcomes of the annual assessment of performance and remuneration for each of the Executive Directors.

Promote the adoption of an NHS Orkney approach to issues of remuneration and performance assessment to ensure consistency.

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

When appropriate, in accordance with procedures, consider any redundancy, early retirement or termination arrangement, including Employment Tribunal Settlements (approved by Scottish Government) in respect of NHS Orkney Executive Directors and after due scrutiny obtain a separate individual direction to make the actual payment.

In accordance with procedures, approve payment of Discretionary Points to locally employed consultant staff as recommended by the Discretionary Points Committee based upon professional advice and in accordance with current guidance issued by the Scottish Government Health and Social Care Directorates.

1.7 **Confidentiality and Committee Decisions:**

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

1.8 **Minutes and Reports**

The minutes will record a clear summary of the discussions, demonstrating challenge where relevant, and decisions reached by the Committee. The full minutes will be circulated to Committee members and non executive members of the Board only. A report on Committee business will be submitted to the next Staff Governance Committee.

1.9 **Best Value**

The Committee is responsible for reviewing those aspects of the Best Value work plan which are delegated to it from NHS Orkney Board. The Committee will put in place arrangements which will provide assurance to the Chief Executive as Accountable Officer, that NHS Orkney has systems and processes in place to secure best value for these delegated areas. The assurance to the Chief Executive should be included as an explicit statement in the Committee’s Annual Report.

1.10 **Authority**

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

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

1.11 **Reporting Arrangements**

The Remuneration Committee is required, through the Staff Governance Committee, to provide assurance that systems and procedures are in place to manage the responsibilities contained within its remit. It will do this by providing regular reports of its work to the Staff Governance Committee. The Staff Governance Committee will **not** be given the detail of confidential employment issues: these can only be considered by Non-Executive Board members.

Additionally the Remuneration Committee will:

(a) provide a work-plan to the Staff Governance Committee within 3 months of the start of the year detailing the work to be taken forward; and
(b) provide an Annual Report to the Staff Governance Committee, describing the outcomes from Remuneration Committee during the year and providing an annual assurance that systems and procedures are in place to manage the pay arrangements for all Executive Directors and others under the Executive Cohort pay system so that overarching Staff Governance responsibilities can be discharged. The Annual Report will be prepared as close as possible to the end of the financial year but in enough time to allow it to be considered by the Staff Governance Committee. This is to ensure that the Staff Governance Committee is in a position in its Annual Report to provide the annual assurance that systems and procedures are in place to manage the pay arrangements for all staff employed in NHS Orkney.

f) **Staff Governance Committee**

1.1 **Purpose**

To role of the Staff Governance Committee is to advise the Board on its responsibility, accountability and performance against the NHS Scotland Staff Governance Standard addressing the issues of Policy, targets and organisational effectiveness.

The NHS Reform (Scotland) Act requires the Board to put and keep in place arrangements for the purpose of improving the management of the officers employed, monitoring such management and workforce planning. This requires:

- Scrutiny of performance against the individual elements of the Staff Governance Standards
- Data collected during annual monitoring
- Action plans submitted to and approved by the Staff Governance Committee
- Staff Survey Results
- Data and information provided in reports to the Committee.

1.2 **Composition**

Four Non-Executive Members including Employee Director plus two lay representatives from trade unions and professional organisations nominated by the Partnership Forum

Chief Executive

Head of Human Resources Services – Lead for Committee

Where possible, at least one non-executive director should have a qualification or demonstrable experience in the field of employee relations and partnership working.

1.3 **Attendance:**
In addition there will be in attendance:

- Director of Nursing, Midwifery and Allied Health Professions
- Director of Workforce

1.5 **Quorum:**

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

Any non-executive Board member may deputise for a member of the Committee at any meeting.

1.6 **Meetings:**

Meetings shall be held in accordance with the provision of Standing Order Section 2-3. The Committee will meet at least quarterly.

1.7 **Responsibilities**

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

- Overseeing the commissioning of structures and processes which ensure that delivery against the Standard is being achieved;
- Monitoring and evaluating strategies and implementation plans relating to people management;
- Support policy amendment, funding or resource submissions to achieve the Staff Governance Standards;
- Endorse workforce policies following consultation through the Joint Staff Negotiating Committee and Partnership Forum;
- Monitor the progress of the Area Partnership Forum through joint Chair reports to each Committee and an annual Report to the Board.
- Seek assurance on the timely submission of all staff governance information required for providing national monitoring arrangements;
- Provide staff governance information for the governance statement through the Staff Governance Committee Annual Report:
- Provide assurance that systems and procedures are in place to manage the issues set out in MEL (1993) 114 and subsequent amendments – Pay and Conditions of Service of General and Senior Managers
  - through establishment of a Remuneration Committee with separate Terms of Reference that will report to the Staff Governance Committee through quarterly reports and an Annual Report of its work;
- Review corporate risks relating to staff and workforce issues;
- Review performance, effectiveness and Terms of Reference of the Committee on an annual basis.
1.8 Best Value

The Committee is responsible for reviewing those aspects of the Best Value work plan which are delegated to it from Orkney NHS Board. The Committee will put in place arrangements which will provide assurance to the Chief Executive, as accountable officer, that NHS Orkney has systems and processes in place to secure best value in these delegated areas. The assurance to the Chief Executive should be included as an explicit statement in the Committee’s Annual Report.

Authority

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

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

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

Reporting Arrangements:

- The Staff Governance Committee reports to Orkney NHS Board
- Following a meeting of the Staff Governance Committee the minute of that meeting should be presented at the next Orkney NHS Board meeting
- The Staff Governance Committee should annually and within three months of the start of the financial year provide a work plan detailing the work to be taken forward by the Staff Committee
- The Staff Governance Committee will produce an annual report for presentation to the Audit Committee and Orkney NHS Board. The Annual Report will describe the outcomes from the Committee during the year and provide an assurance to the Audit Committee that the committee has met its remit during the year.
SECTION B

Members code of conduct

This section is for Members of Orkney NHS Board and details how they should conduct themselves in undertaking their duties.
1. Introduction to the Code of Conduct

Appointments to the Boards of Public Bodies
Guidance on the Code of Conduct
Enforcement

2. Key Principles of the Code of Conduct

3. General Conduct

Conduct at Meetings
Relationships with Board Members and Employees of the Public Body
Allowances
Remuneration, Allowances and Expenses

Gifts and Hospitality
Confidentiality requirements
Use of Public Body Facilities
Appointment to Partner Organisations

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Category Two – Related Undertakings
Category Three – Contracts
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Annexes

Annex A
Sanctions Available to the Standards Commission for Breach of Code

Annex B
Definitions

Annex C
Bribery Act 2010 – NHS Orkney’s Aims and Objectives
Introduction to the Code of Conduct

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

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

1.3 The Act requires the Scottish Ministers to lay before Parliament a Code of Conduct for Councillors and a Model Code for Members of Devolved Public Bodies. The Model Code for members was first introduced in 2002 and has now been revised in December 2013 following consultation and the approval of the Scottish Parliament. These revisions will make it consistent with the relevant parts of the Code of Conduct for Councillors, which was revised in 2010 following the approval of the Scottish Parliament.

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

Appointments to the Boards of Public Bodies

1.5 Public bodies in Scotland are required to deliver effective services to meet the needs of an increasingly diverse population. In addition, the Scottish Government’s equality outcome on public appointments is to ensure that Ministerial appointments are more diverse than at present. In order to meet both of these aims, a board should ideally be drawn from varied backgrounds with a wide spectrum of characteristics, knowledge and experience. It is crucial to the success of public bodies that they attract the best people for the job and therefore it is essential that a board’s appointments process should encourage as many suitable people to apply for positions and be free from unnecessary barriers. You should therefore be aware of the varied roles and functions of the Board on which you serve and of wider diversity and equality issues. You should also take steps to familiarise yourself with the appointment process that Orkney NHS Board will have agreed with the Scottish Government’s Public Appointment
1.6 You should also familiarise yourself with how the board’s policy operates in relation to succession planning, which should ensure public bodies have a strategy to make sure they have the staff in place with the skills, knowledge and experience necessary to fulfil their role economically, efficiently and effectively.

Guidance on the Code of Conduct

1.7 You must observe the rules of conduct contained in this Code. It is your personal responsibility to comply with these and review regularly, and at least annually, your personal circumstances with this in mind, particularly when your circumstances change. You must not at any time advocate or encourage any action contrary to the Code of Conduct.

1.8 The Code has been developed in line with the key principles listed in Section 2 and provides additional information on how the principles should be interpreted and applied in practice. The Standards Commission may also issue guidance. No Code can provide for all circumstances and if you are uncertain about how the rules apply, you should seek advice from Orkney NHS Board. You may also choose to consult your own legal advisers and, on detailed financial and commercial matters, seek advice from other relevant professionals.

1.9 You should familiarise yourself with the Scottish Government publication “On Board – a guide for board members of public bodies in Scotland”. This publication will provide you with information to help you in your role as a member of a public body in Scotland and can be viewed on the Scottish Government website.

http://www.scotland.gov.uk/Publications/2006/07/11153800/0

Enforcement

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

2 Key Principles of the Code of Conduct

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

**Duty**

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

**Selflessness**

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

**Integrity**

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

**Objectivity**

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

**Accountability and Stewardship**

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

**Openness**

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

**Honesty**

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

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

Respect

You must respect fellow members of the Board and employees of Orkney NHS Board and the role they play, treating them with courtesy at all times. Similarly you must respect members of the public when performing duties as a member of Orkney NHS Board.

2.2 You should apply the principles of this Code to your dealings with fellow members of Orkney NHS Board, its employees and other stakeholders. Similarly you should also observe the principles of this Code in dealings with the public when performing duties as a member of Orkney NHS Board.

3 General Conduct

Relationship with Employees of Orkney NHS Board:

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

Conduct at Meetings

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

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

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

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

Gifts and Hospitality

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

3.6 You must never ask for gifts or hospitality.

3.7 You are personally responsible for all decisions connected with the offer or acceptance of gifts or hospitality offered to you and for avoiding the risk of damage to public confidence in Orkney NHS Board. As a general guide, it is usually appropriate to refuse offers except:

a. isolated gifts of a trivial character, the value of which must not exceed £50;

b. normal hospitality associated with your duties and which would reasonably be regarded as appropriate; or

c. gifts received on behalf of Orkney NHS Board.

3.8 You must not accept any offer of a gift or hospitality from any individual or organisation which stands to gain or benefit from a decision Orkney NHS Board may be involved in determining, or who is seeking to do business with the Board, and which a person might reasonably consider could have a bearing on your judgement. If you are making a visit in your capacity as a member of Orkney NHS Board then, as a general rule, you should ensure that the Board pays for the cost of the visit.

3.9 You must not accept repeated hospitality or repeated gifts from the same source.

3.10 Members of Orkney NHS Board should familiarise themselves with the terms of the Bribery Act 2010 which provides for offences of bribing another person and offences relating to being bribed.
Confidentiality Requirements:

3.11 There may be times when you will be required to treat discussions, documents or other information relating to the work of Orkney NHS Board in a confidential manner. You will often receive information of a private nature which is not yet public, or which perhaps would not be intended to be public. You must always respect the confidential nature of such information and comply with the requirement to keep such information private.

3.12 It is unacceptable to disclose any information to which you have privileged access, for example derived from a confidential document, either orally or in writing. In the case of other documents and information, you are requested to exercise your judgement as to what should or should not be made available to outside bodies or individuals. In any event, such information should never be used for the purposes of personal or financial gain or for political purposes or used in such a way as to bring Orkney NHS Board into disrepute.

Use of Public Body Facilities:

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

Appointment to Partner Organisations:

3.14 You may be appointed, or nominated by Orkney NHS Board, as a member of another body or organisation. If so, you are bound by the rules of conduct of these organisations and should observe the rules of this Code in carrying out the duties of that body.

3.15 Members who become directors of companies as nominees of Orkney NHS Board will assume personal responsibilities under the Companies Acts. It is possible that conflicts of interest can arise for such members between the company and the Board. It is your responsibility to take advice on your responsibilities to Orkney NHS Board and to the company. This will include questions of declarations of interest.
4 Registration of Interests

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

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

Category One: Remuneration:

4.3 You have a Registerable Interest where you receive remuneration by virtue of being:

- Employed
- Self-employed
- The holder of an office
- A director of an undertaking
- A partner in a firm or
- Undertaking a trade, profession or vocation or any other work

4.4 In relation to 4.3 above, the amount of remuneration does not require to be registered and remuneration received as a member does not have to be registered.

4.5 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, ‘Related Undertakings’.

4.6 If you receive any allowances in relation to membership of any organisation, the fact that you receive such an allowance must be

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\(^1\) SSI - The Ethical Standards in Public Life etc. (Scotland) Act 2000 (Register of Interests) Regulations 2003 Number 135, as amended.
registered.

4.7 When registering employment, you must give the name of the employer, the nature of its business, and the nature of the post held in the organisation.

4.8 When registering self-employment, you must provide the name and give details of the nature of the business. When registering an interest in a partnership, you must give the name of the partnership and the nature of its business.

4.9 Where you undertake a trade, profession or vocation, or any other work, the detail to be given is the nature of the work and its regularity. For example, if you write for a newspaper, you must give the name of the publication, and the frequency of articles for which you are paid.

4.10 When registering a directorship, it is necessary to provide the registered name of the undertaking in which the directorship is held and the nature of its business.

4.11 Registration of a pension is not required as this falls outside the scope of the category.

Category Two: Related Undertakings:

4.12 You must register any directorships held which are themselves not remunerated but where the company (or other undertaking) in question is a subsidiary of, or a parent of, a company (or other undertaking) in which you hold a remunerated directorship.

4.13 You must register the name of the subsidiary or parent company or other undertaking and the nature of its business, and its relationship to the company or other undertaking in which you are a director and from which you receive remuneration.

4.14 The situations to which the above paragraphs apply are as follows:-

- You are a director of a board of an undertaking and receive remuneration – declared under category one – and

- You are a director of a parent or subsidiary undertaking but do not received remuneration in that capacity

Category Three: Contracts:

4.15 You have a registerable interest where you (or a firm in which you are a partner, or an undertaking in which you are a director or in which you have
shares of a value as described in paragraph 5.8 below) have made a contract with Orkney NHS Board of which you are a member.

i. under which goods or services are to be provided, or works are to be executed; and

ii. which has not been fully discharged

4.16 You must register a description of the contract, including its duration, but excluding the consideration.

**Category Four: Houses, Land and Buildings:**

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

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

**Category Five: Shares and Securities:**

4.19 You have a registerable interest where you have an interest in shares comprised in the share capital of a company or other body which may be significant to, of relevance to, or bear upon, the work and operation of (a) Orkney NHS Board and (b) the nominal value of the shares is:

(i) greater than 1% of the issued share capital of the company or other body; or

(ii) greater than £25,000.

Where you are required to register the interest, you should provide the registered name of the company in which you hold shares; the amount or value of the shares does not have to be registered.

**Category Six: Gifts and Hospitality:**

4.20 You must register the details of any gifts or hospitality received within your current term of office. This record will be available for public inspection. It is not however necessary to record any gifts or hospitality as described in paragraph 3.7 (a) to (c) of this Code.
Category Seven: Non-Financial Interests

4.21 You may also have a registerable interest if you have non-financial interests which may be significant to, of relevance to, or bear upon, the work and operation of Orkney NHS Board. It is important that relevant interests such as membership or holding office in other public bodies, clubs, societies and organisations such as trades unions and voluntary organisations, are registered and described.

4.22 In the context of non-financial interests, the test to be applied when considering appropriateness of registration is to ask whether a member of the public might reasonably think that any non-financial interest could potentially affect your responsibilities to Orkney NHS Board and to the public, or could influence your actions, speeches or decision-making.

5 Declaration of Interests

General:

5.1 The key principles of the Code, especially those in relation to integrity, honesty and openness, are given further practical effect by the requirement for you to declare certain interests in proceedings of Orkney NHS Board. Together with the rules on registration of interests, this ensures transparency of your interests which might influence, or be thought to influence, your actions.

5.2 Public bodies inevitably have dealings with a wide variety of organisations and individuals and this Code indicates the circumstances in which a business or personal interest must be declared. Public confidence in Orkney NHS Board and its members depends on it being clearly understood that decisions are taken in the public interest and not for any other reason.

5.3 In considering whether to make a declaration in any proceedings, you must consider not only whether you will be influenced but whether anybody else would think that you might be influenced by the interest. You must, however, always comply with the objective test (“the objective test”) which is whether a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as so significant that it is likely to prejudice your discussion or decision making in your role as a member of Orkney NHS Board.

5.4 If you feel that, in the context of the matter being considered, your involvement is neither capable of being viewed as more significant than
that of an ordinary member of the public, nor likely to be perceived by the public as wrong, you may continue to attend the meeting and participate in both discussion and voting. The relevant interest must however be declared. It is your responsibility to judge whether an interest is sufficiently relevant to particular proceedings to require a declaration and you are advised to err on the side of caution. If a board member is unsure as to whether a conflict of interest exits, they should seek advice from the Board chair.

5.5 As a member of Orkney NHS Board you might serve on other bodies. In relation to service on the boards and management committees of limited liability companies, public bodies, societies and other organisations, you must decide, in the particular circumstances surrounding any matter, whether to declare an interest. Only if you believe that, in the particular circumstances, the nature of the interest is so remote or without significance, should it not be declared. You must always remember the public interest points towards transparency and, in particular, a possible divergence of interest between Orkney NHS Board and another body. Keep particularly in mind the advice in paragraph 3.15 of this Code about your legal responsibilities to any limited company of which you are a director.

Interests which Require Declaration:

5.6 Interests which require to be declared if known to you may be financial or non-financial. They may or may not cover interests which are registerable under the terms of this Code. Most of the interests to be declared will be your personal interests but, on occasion, you will have to consider whether the interests of other persons require you to make a declaration. The paragraphs which follow deal with (a) your financial interests (b) your non-financial interests and (c) the interests, financial and non-financial, of other persons.

5.7 You will also have other private and personal interests and may serve, or be associated with, bodies, societies and organisations as a result of your private and personal interests and not because of your role as a member of Orkney NHS Board. In the context of any particular matter you will need to decide whether to declare an interest. You should declare an interest unless you believe that, in the particular circumstances, the interest is too remote or without significance. In reaching a view on whether the objective test applies to the interest, you should consider whether your interest (whether taking the form of association or the holding of office) would be seen by a member of the public acting reasonably in a different light because it is the interest of a person who is a member of Orkney NHS Board as opposed to the interest of an ordinary member of the public.
Your Financial Interests:

5.8 You must declare, if it is known to you, any financial interest (including any financial interest which is registerable under any of the categories prescribed in Section 4 of this Code). If, under category one (or category seven in respect of non-financial interests) of section 4 of this Code, you have registered an interest

a) As an employee of the Board; or

b) As a Councillor or a Member of another Devolved Public Body where the council or other devolved public body, as the case may be, has nominated or appointed you as a Member of the Board;

You do not, for that reason alone, have to declare that interest. There is no need to declare an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

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

Your Non-Financial Interests

5.9 You must declare, if it is known to you, any non-financial interest if:

i. That interest has been registered under category seven (Non-Financial Interests) of Section 4 of the Code; or

ii. That interest would fall within the terms of the objective test.

There is no need to declare an interest which is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

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

The Financial Interests of Other Persons:

5.10 The Code requires only your financial interests to be registered. You also, however, have to consider whether you should declare any financial interest of certain other persons.

You must declare if it is known to you any financial interest of:-

i. a spouse, a civil partner or a co-habitee;
ii. a close relative, close friend or close associate;
iii. an employer or a partner in a firm;
iv. a body (or subsidiary or parent of a body) of which you are a remunerated member or director;
v. a person from whom you have received a registerable gift or registerable hospitality;
vi. a person from whom you have received registerable expenses.

There is no need to declare an interest if it is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

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

5.11 This Code does not attempt the task of defining “relative” or “friend” or “associate”. Not only is such a task fraught with difficulty but is also unlikely that such definitions would reflect the intention of this part of the Code. The key principle is the need for transparency in regard to any interest which might (regardless of the precise description of relationship) be objectively regarded by a member of the public, acting reasonably, as potentially affecting your responsibilities as a member of Orkney NHS Board and, as such, would be covered by the objective test.

The Non-Financial Interests of Other Persons

5.12 You must declare if it is known to you any non-financial interest of:-

i. a spouse, a civil partner or a co-habitee;
ii. a close relative, close friend or close associate;
iii. an employer or a partner in a firm;
iv. a body (or subsidiary or parent of a body) of which you are a remunerated member or director;
v. a person from whom you have received a registerable gift or registerable hospitality;
vi. a person from whom you have received registerable election expenses.

There is no need to declare the interest if it is so remote or insignificant that it could not reasonably be taken to fall within the objective test.

There is only a need to withdraw from the meeting if the interest is clear and substantial.
Making a Declaration

5.13 You must consider at the earliest stage possible whether you have an interest to declare in relation to any matter which is to be considered. You should consider whether agendas for meetings raise any issue of declaration of interest. Your declaration of interest must be made as soon as practicable at a meeting where that interest arises. If you do identify the need for a declaration of interest only when a particular matter is being discussed you must declare the interest as soon as you realise it is necessary.

5.14 The oral statement of declaration of interest should identify the item or items of business to which it relates. The statement should begin with the words “I declare an interest”. The statement must be sufficiently informative to enable those at the meeting to understand the nature of your interest but need not give a detailed description of the interest.

Frequent Declarations of Interest

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

Dispensations

5.16 In some very limited circumstances dispensations can be granted by the Standards Commission in relation to the existence of financial and non-financial interests which would otherwise prohibit you from taking part and voting on matters coming before Orkney NHS Board and its committees.

5.17 Applications for dispensations will be considered by the Standards Commission and should be made as soon as possible in order to allow proper consideration of the application in advance of meetings where dispensation is sought. You should not take part in the consideration of the matter in question until the application has been granted.
Declaring interests flowchart – Questions to ask yourself

What matters are being discussed at the meeting?

Do any relate to my interests?

YES

Is a particular matter close to me?

Does it affect:
- Me
- My partner
- My relatives
- My friends
- My job or my employer
- Companies where I am a director of where I have a shareholding of more than £25,000 (face value) or 1/100th of the capital
- My partnerships
- My entries in the register of interests

More than other people in the area?

YES

You may have a personal interest

NO

You can participate in the meeting and vote

Prejudicial Interest

You may have a prejudicial interest

YES

Withdraw from the meeting by leaving the room. Do not try to improperly influence the decision

NO

Would a member of the public – if he or she knew all the facts – reasonably think that the personal interest was so important that my decision on the matter would be affected by it

NO

Declare your interest in the matter

YES

NO

NO

NO

YES
6 Lobbying and Access to Members of Public Bodies

Introduction:

6.1 In order for Orkney NHS Board to fulfil its commitment to being open and accessible, it needs to encourage participation by organisations and individuals in the decision-making process. Clearly however, the desire to involve the public and other interest groups in the decision-making process must take account of the need to ensure transparency and probity in the way in which Orkney NHS Board conducts its business.

6.2 You will need to be able to consider evidence and arguments advanced by a wide range of organisations and individuals in order to perform your duties effectively. Some of these organisations and individuals will make their views known directly to individual members. The rules in this Code set out how you should conduct yourself in your contacts with those who would seek to influence you. They are designed to encourage proper interaction between members of public bodies, those they represent and interest groups.

Rules and Guidance:

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

6.4 You must not, in relation to contact with any person or organisation who lobbies, act in any way which could bring discredit upon Orkney NHS Board.

6.5 The public must be assured that no person or organisation will gain better access to or treatment by, you as a result of employing a company or individual to lobby on a fee basis on their behalf. You must not, therefore, offer or accord any preferential access or treatment to those lobbying on a fee basis on behalf of clients compared with that which you accord any other person or organisation who lobbies or approaches you. Nor should those lobbying on a fee basis on behalf of clients be given to understand that preferential access or treatment, compared to that accorded to any other person or organisation, might be forthcoming from another member of Orkney NHS Board.

6.6 Before taking any action as a result of being lobbied, you should seek to satisfy yourself about the identity of the person or organisation who is lobbying and the motive for lobbying. You may choose to act in response to a person or organisation lobbying on a fee basis on behalf of clients but
it is important that you know the basis on which you are being lobbied in order to ensure that any action taken in connection with the lobbyist complies with the standards set out in this Code.

6.7 You should not accept any paid work

   a. which would involve you lobbying on behalf of any person or organisation or any clients of a person or organisation.

   b. to provide services as a strategist, adviser or consultant, for example, advising on how to influence Orkney NHS Board and its members. This does not prohibit you from being remunerated for activity which may arise because of, or relate to, membership of Orkney NHS Board, such as journalism, or broadcasting, or involvement in representative or presentational work, such as participation in delegations, conferences or other events.

6.8 If you have concerns about the approach or methods used by any person or organisation in their contacts with you, you must seek the guidance of Orkney NHS Board.
Annex A

Sanctions Available To The Standards Commission For Breach Of The Code:

a) Censure – the Commission may reprimand the member but otherwise take no action against them;

b) Suspension – of the member for a maximum period of one year from attending one or more, but not all, of the following:
   i. all meetings of the Board;
   ii. all meetings of one or more committees or sub-committees of the Board;
   iii. all meetings of any other public body on which that member is a representative or nominee of Orkney NHS Board of which they are a member.

c) Suspension – for a period not exceeding one year, of the member’s entitlement to attend all of the meetings referred to in (b) above.

d) Disqualification – removing the member from membership of Orkney NHS Board for a period of no more than five years.

   Where a member has been suspended, the Standards Commission may direct that any remuneration or allowance received from membership of Orkney NHS Board be reduced, or not paid.

   Where the Standards Commission disqualifies a member of Orkney NHS Board, it may go on to impose the following further sanctions:

   a) Where the member of a public body is also a councillor, the Standards Commission may disqualify that member (for a period of no more than five years) from being nominated for election as, or from being elected, a councillor. Disqualification of a councillor has the effect of disqualifying that member from their public body and terminating membership of any committee, sub-committee, joint committee, joint board or any other body on which that member sits as a representative of their local authority.

   b) Direct that the member be removed from membership, and disqualified in respect of membership, of any other devolved public body (provided the members’ code applicable to that body is then in force) and may disqualify that person from office as the Water Industry Commissioner.

In some cases the Standards Commission do not have the legislative powers to deal with sanctions, for example if the respondent is an executive member.
of the board or appointed by the Queen. Sections 23 and 24 of the Ethical Standards in Public Life etc. (Scotland) Act 2000 refer.

Full details of the sanctions are set out in Section 19 of the Act.
Annex B

Definitions

“Chair” includes Board Convener or any person discharging similar functions under alternative decision making structures.

“Code” code of conduct for members of devolved public bodies

“Cohabitee” includes a person, whether of the opposite sex or not, who is living with you in a relationship similar to that of husband and wife.

“Group of companies” has the same meaning as “group” in section 262(1) of the Companies Act 1985. A “group”, within s262 (1) of the Companies Act 1985, means a parent undertaking and its subsidiary undertakings.

“Parent Undertaking” is an undertaking in relation to another undertaking, a subsidiary undertaking, if a) it holds a majority of the rights in the undertaking; or b) it is a member of the undertaking and has the right to appoint or remove a majority of its board of directors; or c) it has the right to exercise a dominant influence over the undertaking (i) by virtue of provisions contained in the undertaking’s memorandum or articles or (ii) by virtue of a control contract; or d) it is a councillor of the undertaking and controls alone, pursuant to an agreement with other shareholders or councillors, a majority of the rights in the undertaking.

“A person” means a single individual or legal person and includes a group of companies.

“Any person” includes individuals, incorporated and unincorporated bodies, trade unions, charities and voluntary organisations.

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

“Related Undertaking” is a parent or subsidiary company of a principal undertaking of which you are also a director. You will receive remuneration for the principal undertaking though you will not receive remuneration as director of the related undertaking.

“Remuneration” includes any salary, wage, share of profits, fee, expenses, other monetary benefit or benefit in kind. This would include, for example, the provision of a company car or travelling expenses by an employer.

“Spouse” does not include a former spouse or a spouse who is living separately and apart from you.

“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.
Annex C

Bribery Act 2010 – NHS Orkney’s Aims and Objectives

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

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

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

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

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

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

1. Introduction
2. The Bribery Act 2010 – NHS Orkney’s Aims and Objectives
3. The Bribery Act 2010 – Key Points
4. Responsibilities of Staff
5. Key Principals of Business Conducts
6. Acceptance of Gifts, Hospitality and Prizes
7. Register of Staff Interests
8. Purchase of Goods and Services
9. Purchase, Sale and Lease of Property
10. Benefits accruing from Official Expenditure
11. Free samples
12. Outside Interests
13. Private Practice and Secondary Employment
14. Acceptance of Fees
15. Contact with Media
16. General Principles
17. Intellectual Property Rights
18. Sponsorship
19. Remedies
20. Communication
21. Contact for further guidance.
22. Review process
Standards of Business Conduct for NHS Staff

1 Introduction

This section of NHS Orkney’s Code of Corporate Governance provides instructions on those issues or matters which staff are most likely to encounter in carrying out their day to day duties. This is not exhaustive and is supplementary to (and therefore should be read in conjunction with) the Standards of Business Conduct for NHS Staff (NHS Circular MEL (1994) 48) and A Common Understanding 2012: Working Together for Patients.

The Standards of Business Conduct for NHS Staff will be incorporated into the contract of employment for each member of staff.

Guidance regarding accepted practice in NHS Orkney is detailed in these Standards; however, professionally registered staff should also ensure that they do not breach the requirements in respect of their Professional Codes of Conduct.

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

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

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

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

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

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

3 The Bribery Act 2010 – Key Points

3.1 The Bribery Act 2010 is one a strict piece of legislation and makes it a criminal offence for any individual (employee, contractor, agent) associated with NHS Orkney, to give, promise or offer a bribe, and to request, agree to receive or accept a bribe (sections 1, 2 and 6 offences). This can be punishable by imprisonment of up to ten years.

3.2 In addition, the Act introduces a corporate offence (Section 7 offence) which means that NHS Orkney can be exposed to criminal liability, punishable by an unlimited fee, if it fails to prevent bribery by not having adequate preventative procedures in place that are robust, up-to-date and effective. The corporate offence is not a stand-alone offence and will follow from a bribery/corruption offence committed by an individual associated with NHS Orkney, in the course of their work. NHS Orkney takes its legal responsibilities very seriously.

3.3 If a bribery offence is proved to have been committed by an outside body corporate with the consent or connivance of a Director or Senior Officer of NHS Orkney, under the Act, the Director or Senior Officer would be guilty of an offence (section 14 offences) as well as the body corporate which paid the bribe.

3.4 Whilst the exact definition of bribery and corruption is a statutory matter, the following working definitions are given together with some examples:

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

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

**Offering a Bribe**

A bribe would occur if:

- A payment was made to influence an individual who was responsible for making decision on whether NHS Orkney should be selected as the preferred bidder for the provision of services in a procurement process;

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

**Receiving a Bribe**

A bribe would occur if:

- A patient offered a member of NHS Orkney staff a payment (or other incentive) to speed up, beyond usual timeframe, the provision of a particular aspect of their care;

- A pharmaceutical company offered a member of NHS Orkney staff a payment (or other incentive such as a generous gift or lavish hospitality) in order to influence their decision making in the selection of a pharmaceutical product to appear on NHS Orkney’s drug formulary.

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

4 **Responsibilities of Staff**

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

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

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

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 Board Secretary.

5 Key Principles of Business Conduct

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.

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.

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 so as to constitute an offence. Such gifts should nevertheless be declined. Items of low intrinsic value eg 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 Board Secretary who will determine if the gift can be accepted and this should be recorded in the Register of Gifts.

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

The Board Secretary 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 Board Secretary for recording who will provide the registration form. This register will be published on the NHS Orkney website.
6.2 Hospitality

6.2.1 Standards of Business Conduct state that hospitality may be acceptable provided it is normal and reasonable in the circumstances eg lunches in the course of 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 Board Secretary.

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

(i) If the invitation is the result of the individual’s position with NHS Orkney, only hospitality which is modest and normal and reasonable in the circumstances should be accepted. If the nature of the event dictates a level of hospitality which exceeds this, then the individual should ensure that his/her Head of Department/Director is fully aware of the circumstances. An example of such an event might be an awards ceremony involving a formal dinner. If the Head of Department/Director grants approval to attend, the individual should declare his/her attendance for registration in the Register of Hospitality held by the Board Secretary.

(ii) If the individual is invited to an event in a private capacity (eg 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.

a) The individual should not do or say anything at the event that could be construed as representing the views and/or policies of NHS Orkney.

b) If the body issuing the invitation has (or is likely to have, or is seeking to have) commercial or other financial dealings with NHS Orkney, then it could be difficult for an individual to demonstrate that his/her attendance was in a private and not an official capacity. Attendance could create a perception that the individual’s independence had been compromised, especially where the scale of hospitality is lavish. Individuals should therefore exercise caution before accepting invitations from such bodies and must seek approval from their Line Manager.
(iii) Where suppliers of clinical products offer hospitality it should only be accepted if it complies with the guidance in the Sponsorship Policy.

(iv) The Board Secretary 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 Board Secretary for recording in NHS Orkney’s Register of Hospitality. The form in Annex 2 should be used for this purpose. This register will be published on the NHS Orkney website.

6.3 Competitions / Prizes

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

7 Register of Staff Interests

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

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

(i) Other employments including self employment.

(ii) Directorships including Non-Executive Directorships held in private companies or public limited companies (whether remunerated or not).

(iii) Ownership of, or an interest in, private companies, partnerships, businesses or consultancies.

(iv) Shareholdings in organisations likely or possibly seeking to do business with the NHS (the value of the shareholdings need not be declared).
(v) Ownership of or interest in land or buildings which may be significant to, of relevance to, or bear upon the work of NHS Orkney.

(vi) Any position of authority held in another public body, trade union, charity or voluntary body.

(vii) Any connection with a voluntary or other body contracting for NHS services.

(viii) Any involvement in joint working arrangements with Clinical (or other) Suppliers.

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

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

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

8 Purchase of Goods and Services

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

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

8.3 Fair and open competition between prospective contractors or suppliers for NHS contracts is a requirement of SFIs and of EC Directives on Public Purchasing for Works and Supplies. This means that:
- No private or public company, firm or voluntary organisation which may bid for NHS business should be given any advantage over its competitors, such as advance notice of NHS requirements. This applies to all potential contractors whether or not there is a relationship between them and the NHS employer, such as a long-running series of previous contracts.

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

8.4 SFIs describe the process to be followed to purchase goods and services. Key points to note are:

(i) SFIs define the limits above which competitive quotations and competitive tenders must be obtained and describe the process which should be followed to achieve fair and open competition.

(ii) No organisation should be given unfair advantage in the competitive process eg by receiving advance notice of NHS Orkney's requirements.

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

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

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

9 Purchase, Sale and Lease of Property

9.1 Scottish Government have issued a strict set of rules governing all types of property transactions and these rules require that, each year, all NHS Orkney’s property transactions are subject to close scrutiny by the Audit Committee. The results of this scrutiny are reported to Scottish Government. Failure to comply with the rules governing property transactions could be viewed as a serious disciplinary matter.

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

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

- Chief Executive
- Director of Finance

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

10 Benefits Accruing from Official Expenditure

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

10.2 Staff should not use their official position for personal gain or to benefit their family and friends.

10.3 Employees should not seek or accept preferential rates or benefits in kind for private transactions carried out with companies with which they have had or may have official dealings on behalf of NHS Orkney. This does not apply to concessionary agreements negotiated on behalf of NHS staff as a whole.

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 outwith NHS Orkney in their own time. It is also possible that a conflict of interest may arise as a result of an employee accepting an outside post that is with a company that does business, or is in competition with, the NHS. Where there is any doubt, the employee must seek advice from their manager before accepting any outside post. Additional employment must have no adverse effect on the work of NHS Orkney or their own performance. The resources of NHS Orkney cannot be used in external employment.
13 Acceptances of Fees

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

An assurance will be required that:

(i) The individual concerned is not making use of his/her NHS employment to further his/her private interests.

(ii) Any outside work does not interfere with the performance of his/her NHS duties.

(iii) Any outside work will not damage NHS Orkney’s reputation.

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

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

13.4 It is also possible that an individual may be offered payment in kind eg 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 In order to achieve consistency and appropriateness of sometimes
sensitive public messages, only authorised staff may speak to the media. Should you be contacted by the press you should refer to the office of the Chief Executive.

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

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

15 Conduct During Elections

15.1 General Principles

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

(i) There should be even-handedness in meeting information requests from candidates from different political parties. Such requests should be handled in accordance with the principals laid down in the election guidance and the Freedom of Information (Scotland) Act 2002.

(ii) Care should be taken over the timing of announcements of decisions made by NHS Orkney to avoid accusations of political controversy or partisanship. In some cases it may be better to defer an announcement until after the election but this would have to be balanced against any implication that the deferral itself could influence the outcome of the election. Each case should be considered on its merits and any cases of doubt should be referred to Scottish Government for advice.

(iii) Existing advertising campaigns should be closed and there should be a general presumption against undertaking new campaigns unless agreement has been reached in advance with Scottish Government.

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

Public resources must not be used for party political purposes.
15.2 **Freedom of Information (Scotland) Act 2002**

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

16 **Intellectual Property Rights**

If an employee invents a new technology, for instance, a device or diagnostic, or otherwise creates intellectual property (IP) as part of the normal duties of their employment, the patent rights in the invention belong to the employer (*Patents Act 1977*). Although legally the employee is not automatically entitled to any royalty or reward derived from such an invention, they would expect to be acknowledged as the inventor in any patent application. The Director of Finance should see that this effected. Full guidance is available in circulars *MEL (1998) 23* and *MEL (2004) 9*.

17 **Sponsorship**

17.1 Acceptance by staff of commercial sponsorship for attendance at relevant conferences and courses is acceptable but only where the employee seeks permission in advance from the relevant Director, and the employer is satisfied that the acceptance will not compromise purchasing decisions in any way.

17.2 On occasions when NHS employers consider it necessary for staff advising on the purchasing of equipment to expect to see such equipment in operation in other parts of the country (or exceptionally overseas) the employer will meet the cost to avoid putting in jeopardy the integrity of subsequent purchasing decisions.

17.3 Companies may offer to sponsor wholly or partially a post. The employer will not enter into such an arrangement unless it is made abundantly clear to the company concerned that sponsorship will have no effect on the purchasing decision within NHS Orkney. Where the sponsorship is accepted, the Director of Finance will be fully involved and will establish monitoring arrangements to ensure that purchasing decisions are not being influenced by the sponsorship agreement.

17.4 Under no circumstances should any employee agree to deals where sponsorship is linked to the purchase of a particular product or to supply from particular sources.
18 Remedies

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

19 Communications

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

20 Contact for further guidance

20.1 The Board Secretary 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.
This section explains how staff must deal with suspected fraud / bribery / corruption or theft and NHS Orkney’s intended response to a reported suspicion of fraud / bribery / corruption or theft.
The Fraud Standards

Fraud Policy
1. Introduction
2. The Bribery Act 2010 – Key Points
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Annex 1 - Misappropriation of Medicines
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FRAUD POLICY

1 Introduction

1.1 NHS Orkney is committed to maintaining strict ethical standards and integrity in the conduct of its business activities. All NHS Orkney staff and individuals acting on NHS Orkney’s behalf are responsible for conducting NHS Orkney’s business professionally, with honesty, integrity and maintaining the organisation’s reputation and free from bribery.

1.2 One of the basic principles of public sector organisations is the proper use of public funds. It is therefore important that all those who work in the public sector are aware of the risk of and the means of enforcing the rules against fraud/theft and other illegal acts involving corruption, dishonesty or damage to property.

2. The Bribery Act 2010 – Key Points

2.1 The Bribery Act 2010 (“The Act”) came into effect on 1 July 2011, aiming to tackle bribery and corruption in both the private and public sectors.

2.2 The Act is one of the strictest pieces of legislation on bribery and makes it a criminal offence for any individual (employee, contractor, agent) associated with NHS Orkney, to give, promise or offer a bribe, and to request, agree to receive or accept a bribe (sections 1, 2 and 6 offences), and this can be punishable for an individual by imprisonment of up to ten years.

2.3 In addition, the Act introduces a corporate offence (section 7 offence) which means that NHS Orkney can be exposed to criminal liability, punishable by an unlimited fee, if it fails to prevent bribery by not having adequate preventative procedures in place that are robust, up to date and effective. The corporate offence is not a stand-alone offence and will follow from a bribery/corruption offence committed by an individual associated with NHS Orkney, in the recourse of their work. NHS Orkney therefore takes its legal responsibilities very seriously.

2.4 If a bribery offence is proved to have been committed by an outside body corporate with the consent or connivance of a director or senior officer of NHS Orkney, under the Act, the director or senior officer would be guilty of an offence (section 14 offence) as well as the body corporate which paid the bribe.

3. The Bribery Act 2010 – NHS Orkney’s Aims and Objective’s

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

3.2 NHS Orkney does not tolerate any form of bribery, whether direct or indirect, by its staff, agents or external consultants or any persons or entities acting for it or on its behalf.

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

3.4 The success of NHS Orkney’s anti-bribery measures depends on all employees, and those acting for NHS Orkney, playing their part in helping to detect and eradicate bribery. Therefore, all employees and others acting for or on behalf of NHS Orkney are encouraged to report any suspected bribery for following the guidance below.

4 National Fraud Initiative

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

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

5.1 This guidance is not intended solely for staff. It is also intended for anyone acting on the Board’s behalf including Non-Executive Directors of the Board (see section B, Members Code of Conduct, paragraph 1.7) contractors, agents etc. Reference to ‘staff’ in this section will also mean all of these.

5.2 The Fraud Policy relates to all forms of fraud, bribery, corruption or theft and is intended to provide guidance to employees on the action, which should be taken when any of these are suspected. Such occurrences may involve employees of NHS Orkney, suppliers/contractors or any third party. This document sets out the Board’s policy and response plan for detected or suspected fraud, bribery, corruption or theft. It is not the purpose of this document to provide direction on the prevention of fraud.

5.3 Whilst the exact definition of fraud, bribery, corruption or theft is a statutory matter, the following working definitions are given for guidance:

- Fraud broadly covers deliberate material misstatement, falsifying records, making or accepting improper payments or acting in a manner not in the best interest of the Board for the purposes of personal gain.
- Bribery is an inducement or reward offered, promised or provided in
order to gain any commercial, contractual, regulatory or personal advantage;

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

- Theft is removing property belonging to NHS Orkney, its staff or patients with the intention of permanently depriving the owner of its use, without their consent

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

5.4 NHS Orkney already has procedures in place, which reduce the likelihood of fraud occurring. These are included within the Code of Corporate Governance (ie Standards of Business Conduct, Standing Orders, Standing Financial Instructions), accounting procedures, systems of internal control and a system of risk assessment. The Board has a payment verification system which concentrates on Family Health Service expenditure.

5.5 It is the responsibility of NHS Orkney and its management to maintain adequate and effective internal controls, which deter and facilitate detection of any fraud. The role of Internal Audit is to evaluate these systems of control. It is not the responsibility of Internal Audit to detect fraud, but rather to identify weaknesses in systems that could potentially give rise to error or fraud.

6 Collaborating to Combat Fraud

6.1 NHS Orkney will work closely with other organisations, including Counter Fraud Services, the Central Legal Office, Audit Scotland, the Cabinet Office, Department for Work and Pensions, the Home Office, Councils, the Police and the Procurator Fiscal/Crown Office to combat fraud.

6.2 NHS Orkney will agree formal partnership agreements with other investigative bodies e.g. Counter Fraud Services and , where appropriate, engage in joint investigations and prosecutions.

6.3 The Cabinet Office on behalf of Audit Scotland assists appointed auditors by conducting a National Fraud Initiative which is a data matching exercise. Data matching involves comparing computer records held by one body against other computer records held by the same or another body. This is usually personal information. Computerised data matching allows potentially fraudulent claims and payments to be identified. Where a match is found it indicates that there may be an inconsistency which requires
further investigation. No assumption can be made as to whether there is fraud, error or other explanation until an investigation is carried out. The exercise can also help bodies to ensure that their records are up to date.

6.4 Audit Scotland currently requires NHS Orkney to participate in a statutory data matching exercise under its powers in Part 2A of the Public Finance and Accountability (Scotland) Act 2000 to assist in the prevention and detection of fraud. We are required to provide particular sets of data to the Cabinet Office on behalf of Audit Scotland for matching for each exercise, and these are set out in Audit Scotland’s instructions for Participants. It does not require the consent of the individuals concerned under the Data Protection Act 1998.

6.5 Data matching in Scotland is subject to a Code of Data Matching Practice, and information on Audit Scotland’s legal powers and the reasons why it matches particular information, is provided in the full text Privacy Notice.

7  Public service values

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

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

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

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

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

8  NHS Orkney policy and public interest disclosure act

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

8.2 NHS Orkney encourages anyone having reasonable suspicion of fraud to
report the incident. It is NHS Orkney’s policy that no staff member will suffer in any way as a result of reporting any reasonably held suspicions. For these purposes “reasonably held suspicions” shall mean any suspicions other than those which are groundless and/or raised maliciously.

8.3 In addition, the Public Interest Disclosure Act protects workers who legitimately report wrongdoing by employers or colleagues. The disclosure must be made in good faith and workers must have reasonable grounds to believe that criminal offences such as fraud or theft have occurred or are likely to occur. The disclosure must not be made for personal gain.

9 Instructions to staff

9.1 Staff who suspect improper practices or criminal offences are occurring relating to fraud, theft, bribery or corruption, should normally report these to the Fraud Liaison Officer (FLO) via their line manager, but may report directly where the line manager or Head of Department is unavailable or where this would delay reporting. If the suspected improper practice involves the Head of Department, the report should be made to a more senior officer or the nominated officer as described in 10.4 below. Managers receiving notice of such offences must report them to the nominated officer.

9.2 It should be noted that staff who wish to raise concerns about unprofessional behaviour or decisions, where fraud, theft, bribery or corruption are not suspected, should do so by following the guidance contained in the NHS Orkney ‘Whistleblowing’ policy. Following investigation of the complaint, if improper practices or criminal offences are suspected, the matter should be referred by the investigating officer, to the Fraud Liaison Officer. Any further action taken will follow the guidance contained within ‘The Fraud Standards’.

9.3 Confidentiality must be maintained relating to the source of such reports.

9.4 Further choices for staff are:

You may use the Counter Fraud Service (CFS) Fraud Hot Line which is 0800 151628 or report your suspicions (anonymously, if desired) through the CFS Website on www.cfs.scot.nhs.uk

9.5 It should be added that under no circumstances should a member of staff speak or write to representatives of the press, TV, radio, other third parties or use blogs or twitter to publicise details about a suspected fraud/theft. Care needs to be taken that nothing is done which could give rise to an action for slander or libel.

9.6 Please be aware that time may be of the utmost importance to ensure that NHS Orkney does not continue to suffer a loss.
10 Roles and responsibilities

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

Head of Finance
Garden House
Kirkwall

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

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

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

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

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

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

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

The former will be dealt with directly by the Police whilst the latter may require disclosure under the SGHD NHS Circular No. HDL (2002)23 – Financial Control: Procedure where Criminal Offences are suspected.
10.8 Responsibility for ensuring that recommendations from Counter Fraud Services investigation reports and from data matching exercises conducted under the National Fraud Initiative have been implemented and steps taken to ensure full compliance, has been delegated to the Counter Fraud Champion (CFC). The contact name and address of the CFC, is as follows:

Naomi Bremner  
Chair: Audit Committee  
E mail: naomi.bremner@nhs.net  

11 Contact points

Relevant contact points, are as follows:

**Director of Finance**: Hazel Robertson  
Garden House – New Scapa Road  
Kirkwall  
Email: hazelrobertson2@nhs.net

**Fraud Liaison Officer**: Mr Derek Lonsdale  
Head of Finance  
Garden House – New Scapa Road  
Kirkwall  
Email: derek.lonsdale@nhs.net

**Deputy Fraud Liaison Officer**: Ms Karina Alexander  
Principal Accountant  
Garden House – New Scapa Road  
Kirkwall  
Email: karina.alexander@nhs.net

**Board Secretary**: Ms Jean Aim  
Garden House – New Scapa Road  
Kirkwall  
Email: jean.aim@nhs.net

**Accountable Officer for Controlled Drugs**: Mr Chris Nicolson  
Director of Pharmacy  
Garden House – New Scapa Road  
Kirkwall  
Email: christophernicolson@nhs.net

**Chief Internal Auditor**: Mr Chris Brown  
Scott-Moncrieff  
Exchange Place 3  
Semple Street  
Edinburgh EH3 8BL
Email: chris.brown@scott-moncrieff.com

Counter Fraud Services: www.cfs.scot.nhs.uk

National Fraud Initiative: www.audit-scotland.gov.uk/work/nfi.pho
RESPONSE PLAN

12 Introduction

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

13 Reporting Fraud

13.1 A “nominated officer” will be appointed as the main point of contact for the reporting of any suspicion of fraud, corruption, bribery or theft. For NHS Orkney, this officer is the FLO (see 11.1). In the absence of the FLO, the Deputy will deal with the issue. For incidents involving any Executive Directors, the nominated officer shall be the Board’s Chairman, contacted through the FLO.

13.2 The Fraud Liaison Officer shall be trained in the handling of concerns raised by staff. Any requests for anonymity shall be accepted and should not prejudice the investigation of any allegations. Confidentiality should be observed at all times.

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

13.4 The Fraud Liaison Officer shall maintain a log of any reported suspicions. The log will document with reasons the decision to take further action or to take no further action. The log will also record any actions taken and conclusions reached. This log will be maintained and will be made available for review by Internal Audit.

13.5 The Fraud Liaison Officer should consider the need to inform the Orkney. NHS Board, the Chief Internal Auditor, External Audit, the Police and Counter Fraud Services, of the reported incident. In doing so, he should take cognisance of the following guidance:

- inform and consult the Director of Finance and the Chief Executive at the first opportunity, in all cases where the loss may exceed the delegated limit (or such lower limit as NHS Orkney may determine) or where the incident may lead to adverse publicity;
- it is the duty of the Director of Finance to notify the Chief Executive and Chairman immediately of all losses where fraud/theft is suspected.
• Counter Fraud Services should normally be informed immediately in all but the most trivial cases.
• If fraud, bribery or corruption is suspected, it is essential that there is the earliest possible consultation with Counter Fraud Services. In any event, Counter Fraud Services should be contacted before any overt action is taken which may alert suspects and precipitate the destruction or removal of evidence. This includes taking action to stop a loss or tighten controls.
• if a criminal act of fraud, bribery or corruption is suspected, it is essential that there is the earliest possible consultation with the Police. In any event the Police should be contacted before any overt action is taken which may alert suspects and precipitate the destruction or removal of evidence. This includes taking action to stop a loss or tighten controls.
• at the stage of contacting the Police, the Fraud Liaison Officer should contact the Head of Human Resources to consider whether/when to initiate suspension of the employee pending an enquiry.

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

14 Managing the investigation

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

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

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

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

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

• the extent and scope of any potential loss;
• if any disciplinary action is needed;
• the criminal or non-criminal nature of the offence, if not yet established;
• what can be done to recover losses; and
• what may need to be done to improve internal controls to prevent recurrence.

14.5 This report will normally take the form of an Internal Audit Report to NHS Orkney’s Audit Committee.

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

14.7 Where recovery of a loss to NHS Orkney is likely to require a civil action, arising from any act (criminal or non-criminal), it will be necessary to seek legal advice through the Central Legal Office, which provides legal advice and services to NHS Scotland.

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

15 Disciplinary/dismissal procedures

15.1 Consideration should be made in conjunction with CFS/CFC/FLO on whether/when to suspend the employee(s) who are subject to any investigation, pending the results of the investigation. This should be carried out in line with NHS Orkney’s Employee Conduct Policy.

15.2 The disciplinary procedures of NHS Orkney have to be followed in any disciplinary action taken by NHS Orkney toward an employee (including dismissal). This may involve the investigation manager recommending a disciplinary hearing to consider the facts, consideration of the results of the investigation and making further recommendations on appropriate action to the employee’s line manager.

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

16 Gathering evidence

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

16.2 If a witness to the event is prepared to give a written statement, it is best practice for an experienced member of staff, preferably from the Human Resources Department, to take a chronological record using the witness’s own words. The witness should sign the statement only if satisfied that it is
a true record of his or her own words.

16.3 At all stages of the investigation, any discussions or interviews should be documented and where feasible agreed with the interviewee.

16.4 Physical evidence should be identified and gathered together (impounded) in a secure place at the earliest opportunity. An inventory should be drawn up by the investigating officer and held with the evidence. Wherever possible, replacement or new document etc. should be put into use to prevent access to the evidence. If evidence consists of several items, for example a number of documents, each one should be tagged with a reference number corresponding to the written record.

17 Interview procedures

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

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

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

18 Disclosure of loss from fraud

18.1 Guidance on the referring of losses and special payments is provided in CEL44 (2008). A copy of the Fraud report, in an appropriate format, must be submitted to the Scottish Government Health Directorates. External Audit should be notified of any loss as part of their statutory duties. Scottish Financial Return (SFR) 18.0 on Losses and Compensation Payments, is submitted annually to the Audit Committee and will include all losses with appropriate description within the standard categories specified by the Scottish Government Health Directorates.

18.2 Management must take account of the permitted limits on writing off losses for “Category 3 Boards”, as outlined in circular CEL44 (2008).

19 Police Involvement

19.1 It shall normally be the policy of NHS Orkney that, wherever a criminal act is suspected, the matter will be notified to the Police, as follows:
• During normal working hours, it will be the decision of the Director of Finance as to the stage that the Police are contacted. If the Director of Finance is unavailable, this decision will be delegated to the Fraud Liaison Officer;
• Out with normal working hours, the manager on duty in the area where a criminal act is suspected, may contact the Police and is duty bound to report the matter to the Director of Finance at the earliest possible time.

19.2 The Fraud Liaison Officer and investigating manager should informally notify the Police of potential criminal acts, to seek advice on the handling of each investigation at an early stage in the investigation.

19.3 Formal notification of a suspected criminal act will normally follow completion of the investigating manager's report and formal disciplinary action. It is important that the internal report is carried out in a timely manner to avoid delaying the Police investigation.

20 Press Release

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

21 Resourcing the investigation

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

• Internal staff from within NHS Orkney
• Human Resources Department
• Internal Audit
• External Audit
• Counter Fraud Services (CFS)
• Specialist Consultant
• Police

21.2 In making a decision, the Director Finance, should consider independence, knowledge of the organisation, cost, availability and the need for a speedy investigation. Any decision must be shown in the Log held by the Fraud Liaison Officer. A decision to take “No action” will not normally be an acceptable option unless exceptional circumstances apply.

21.3 In any case involving a suspected criminal act, it is anticipated that Counter Fraud Services involvement will be in addition to NHS Orkney resources. In any case involving other suspected criminal acts, it is anticipated that Police involvement will be in addition to NHS Orkney resources.
22. The law and its remedies

22.1 Criminal Law

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

22.2 Civil Law

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

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

MISAPPROPRIATION OF MEDICINES

1 Background and purpose

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

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

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

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

2 Scope

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

2.2 Includes all medicines:

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

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

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

3.1 Medicines belong to the NHS or named patients and misappropriation, for personal or other purposes, is theft.

3.2 Theft of medicines constitutes gross misconduct and will be managed according to the employee conduct policy of NHS Orkney.

3.3 Where misappropriation of medicines is proven the police and the relevant professional organisation will be informed.

3.4 Theft of medicines is a serious criminal offence under the Medicine Act 1968, the Misuse of Drugs Act 1971 and other legislation.

4 **Responsibilities**

4.1 The Accountable Officer for Controlled Drugs (CDs) is responsible for ensuring the safe management and use of CDs, including the assessment and investigation of concerns. The UK Health Act 2006 and the Controlled Drugs (Supervision of Management and Use) Regulations 2013 set out Accountable Officers responsibilities. In NHS Orkney, the Director of Pharmacy has been appointed as the Accountable Officer for CDs.

4.2 The Director of Pharmacy is responsible for ensuring that systems are in place to ensure the security of medicines across NHS Orkney.

4.3 The local Head of Pharmacy is responsible for ensuring the security of medicines within a designated pharmacy department.

4.4 The Appointed Nurse in Charge is responsible for ensuring that the systems in place to ensure the security of medicines within a ward / department are followed. The Appointed Nurse in Charge may decide to delegate some of the duties but the responsibility always remains with the Appointed Nurse in Charge.

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

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

5 **Guidance regarding misappropriation of medicines**

5.1 Medicines most vulnerable to misappropriation are those with addictive properties or those with a street value.
5.2 Misappropriation is most frequently associated with opiate containing analgesics and sedatives that are not subject to the full controls defined within the Misuse of Drugs Act 1971 for example benzodiazepines

5.3 The increased security of medicines subject to the Misuse of Drugs Act 1971, (register requirements, more secure storage, and daily stock reconciliation) make the misappropriation of fully controlled drugs difficult, but not impossible.

6 **Where misappropriation of medicines is suspected**

6.1 Where staff suspect that medicines are being misappropriated, they should raise the matter, in confidence, with the responsible officer in their area. The responsible officer should seek advice from their senior pharmacist.

6.2 Where staff suspect the responsible officer may be involved, they should report any concerns to a more senior officer.

6.3 The Senior Pharmacist must report all cases of suspected misappropriation of controlled drugs (Schedule 1 – 5) to the Accountable Officer. The Head of Pharmacy should be notified about suspected misappropriation of all other medicines.

6.4 Where there is no dedicated senior pharmacist or where the pharmacist may be involved, staff should report concerns directly to the Accountable Officer for Controlled Drugs or Head of Pharmacy.

6.5 The Accountable Officer for Controlled Drugs/Head of Pharmacy will liaise with the FLO and agree a course of action commensurate with the circumstances presented, which may include referring the matter to Counter Fraud Services.

6.6 The Accountable Officer or Head of Pharmacy will advise other officers of the NHS Board, as appropriate.

7 **Incident Review**

7.1 The Accountable Officer for Controlled Drugs/Head of Pharmacy and FLO will agree a course of action, which may include the setting up of an incident review panel.

7.2 Incident review panels will be small and normally comprise of a Senior Pharmacist, the Responsible Officer and a more Senior Manager in the area under consideration. Where appropriate the panel will include a nomination from Human Resources. The Human Resources representative will advise regarding staff governance and ensure that all employee conduct policies are applied fairly and equitably.
7.3 The outcome of the review panel will be documented.
ANNEX 2

PROCEDURES FOR DEALING WITH ALLEGATIONS OF FRAUD/BRIBERY/CORRUPTION/OTHER IRREGULARITIES

Flow Chart

Allegation of fraud or other irregularity is made against an employee

Fraud Liaison Officer (FLO) notified immediately

Do suspicions appear to be well founded?

Yes

Discuss with CFS

If the suspicion involves an executive director, inform Chief Executive, Chair of Audit Committee and Chairman

No

Is the allegation to be taken forward by CFS?

Yes

CFS will undertake initial enquiries. No further action by FLO/NHS Body without consultation with CFS

No

NHS Board lead – no further action by CFS

If at any stage it becomes apparent that a criminal act may have taken place, the investigation must be adjourned and CFS consulted

Advise CFS of the results of any disciplinary action resulting from the internal investigation to allow CFS to report this to SGHD on behalf of each NHS Body

All information/evidence gathered passed to FLO accompanied, where appropriate, with recommendations

Is the matter still appropriate for CFS investigation?

Yes

CFS undertakes a full investigation

No
Reservation of powers and delegation of authority

This section gives details and levels of delegation across all areas of our business.
1. **Schedule of matters reserved for Board agreement**

1.1 Background
1.2 Matters Reserved for Board Agreement

2. **Schedule of matters delegated to Board Executive Directors**

2.1 Interpretation
2.2 Chief Executive
2.3 Director of Finance
2.4 Provisions applicable to other Executive Director of the Board

3. **Delegation of powers for appointment of staff**

1 Use of Powers
2 Appointment of staff
3 Authority to appoint
4 Composition of Appointment Committees
5 Disciplinary Procedures
1 Schedule of matters reserved for Board agreement

1.1 Background

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

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

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

1.2 Matters Reserved for Board Agreement

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

1  The Local Delivery Plan;
2  Strategies and Business Plans;
3  Approval of Revenue and Capital Budgets;
4  The Code of Corporate Governance (including Standing Orders, the Scheme of Reservation of Powers and Delegation of Authority, Standards of Conduct, and Standing Financial Instructions, and amendments thereto);
5  The establishment, terms of reference and reporting arrangements for all sub-committees and ad hoc committees acting on behalf of the Board;
6  Significant items of expenditure or disposal of assets where the value exceeds (including Value Added Tax, where appropriate) – SEE CURRENT SCHEME OF DELEGATION;
7  Arrangements for the agreement of personnel policies;
8 Arrangements for financial and performance management reporting;
9 Approval of the Annual Report and Accounts;
10 Approval of the North of Scotland Planning Group Regional Planning Group Work Plans.
2 Schedule of matters delegated to Board Executive Directors

2.1 Interpretation

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

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

2.2 Chief Executive

2.2.1 General Provisions

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

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

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

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

Resources shall be used only for the purpose for which they are allocated, unless otherwise approved by the Chief Executive, after taking account of the advice of the Director of Finance. The Chief Executive acting together with the Director of Finance has delegated authority to approve the transfer of funds between budget heads, including transfers from reserves and balances, up to the limit set out in the scheme of delegation. The Chief Executive shall report to the Finance and Performance Committee for formal inclusion in the minutes those instances where this authority is exercised and/or the change in use of the funds relates to matters of public interest.

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

2.2.3 Legal Matters

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

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

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

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

The arrangements for signing of documents in respect of matters covered by the Property Transactions Manual shall be in accordance with the direction of Scottish Ministers. The Chief Executive and the Director of Finance are currently authorised to sign such documentation on behalf of
the Board and Scottish Ministers. The Chief Executive shall have responsibility for the safe keeping of the Board's Seal, and together with the Director of Finance and the Chair or other nominated non-executive member of the Board, shall have responsibility for the application of the Seal on behalf of the Board.

2.2.4 **Procurement**

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

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

The Chief Executive, acting together with the Director of Finance, has authority to approve on behalf of the Board the acceptance of tenders, submitted in accordance with the Board's Standing Orders, up to a value of £400,000 (including Value Added Tax where appropriate) within the limits of previously approved Revenue and Capital Budgets. If it exceeds £400K Board approval must be sought.

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

2.2.5 **Human Resources**

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

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

The Chief Executive may attend and may authorise any member of staff to attend, within the United Kingdom, conferences, courses or meetings of relevant professional bodies and associations, provided that:
• attendance is relevant to the duties or professional development of such member of staff; and
• appropriate allowance has been made within approved budgets; or
• external reimbursement of costs is to be made to the Board.

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

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

2.2.6 Patients’ property

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

2.3 Director of Finance

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

2.3.1 Accountable Officer

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

2.3.2 Financial Statements

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

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

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

- The development of financial plans, budgets and projections;
- Compliance with statutory financial requirements and achievement of financial targets; and
- The impact of planned future policies and known or foreseeable developments on the Board's financial position.

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

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

2.3.4 Performance Management

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

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

2.3.5 Banking

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

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

2.3.6 **Patients’ Property**

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

2.4 **Provisions Applicable to other Executive Directors of the Board**

Medical Director  
Director of Nursing, Midwifery and Allied Health Professions  
Director of Public Health

2.4.1 **General Provisions**

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

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

2.4.2 **Human Resources**

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

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

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

- attendance is relevant to the duties or professional development of such member of staff;
- appropriate allowance must also be contained within approved budgets; or
- external reimbursement of costs is to be made to the Board.

Executive Directors may, in accordance with the Board's agreed Disciplinary Procedures, take disciplinary action, in respect of members of staff.

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

1 Use of Powers

1.1 The powers delegated are to be exercised in accordance with procedures or guidance issued by the Scottish Government Health and Social Care Directorates, or approved by the Board.

1.2 Procedures governing the appointment of Consultants and other medical and dental grades are contained in Statutory Instruments issued by Scottish Ministers.

1.3 Appointments will be made within the delegated authority and budgetary responsibility in accordance with Standing Financial Instructions. Schemes of delegation for appointment of staff will specify appointing officers and, where necessary, the composition of appointment panels.

2 Appointment of Staff

2.1 Canvassing of Appointing Officers or Members of the Appointment Panel directly or indirectly for any appointment shall disqualify the candidate for such appointment.

2.2 A Member of the Board shall not solicit for any person any appointment under the Board, or recommend any person for appointment. This, however, shall not preclude any Member from giving a written testimonial of a candidate’s suitability, experience or character for submission to the Board.

2.3 Every Member of the Board shall disclose to the Board any known relationship to a candidate for an appointment with the Board. It shall be the duty of the Chief Executive to report to the Board any such disclosures made.

2.4 It shall be the duty of the Appointing Officer to disclose to their Line Manager any known relationship to a candidate for an appointment for which he or she is responsible.

2.5 Where a relationship of a candidate for appointment to a Member of the Board is disclosed, that Member must play no part in the appointment process.

2.6 Two people shall be deemed to be related if they are husband and wife,
or partners or if either of the two, or the spouse or partner of either of them is the son or grandson, daughter or granddaughter, or brother or sister, or nephew or niece, of the other, or of the spouse or partner of the other.

3 Authority to Appoint

3.1 Chief Executive

Board following confirmation that Ministers are content with report from the Appointment Panel.

3.2 Posts at Director level (other than Director of Public Health / Medical Director)

The appropriate Board Appointments Committee

3.3 Director of Public Health / Medical Director

The Board on the recommendation of an Advisory Appointments Committee

3.4 Other Staff

Appointment Panel or Officer specified in the Scheme of Delegation

4 Composition of Appointment Panel / Committees

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

4.1 Chief Executive

4.1.1 The Board Appointments Panel shall consist of:

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

4.2 Posts at Director Level (other than Medical)

The Board Appointments Committee shall consist of:

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

4.3 Director of Public Health, Medical Director and Consultant Posts

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

4.4 Other staff

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

5 Disciplinary Procedures

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

It is delegated to Chief Executive to apply the terms of the Board’s disciplinary procedures.
Standing Financial Instructions

This section explains how staff will control the financial affairs of NHS Orkney and ensure proper standards of financial conduct.
# 1. Standing Financial Instructions

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1 Introduction

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

Background

1.1 These Standing Financial Instructions (SFIs) are issued in accordance with financial directions issued by the Scottish Government Health and Social Care Directorates (Scottish Government) under National Health Service statutes and circulars. The SFIs are in accordance with the Scottish Public Finance Manual. Their purpose is to provide a sound basis for the control of NHS Orkney’s financial affairs. They have effect as if incorporated in the Standing Orders of Orkney NHS Board (the Board). The SFIs should be used along with the Scheme of Delegation.

1.2 The purpose of such a scheme of control is:

- To ensure that NHS Orkney acts within the law and that financial transactions are in accordance with the appropriate authority
- To ensure that financial statements, give a true and fair view of the financial position of NHS Orkney expenditure and income, and are prepared in a timely manner
- To protect NHS Orkney against the risk of fraud and irregularity
- To safeguard NHS Orkney’s assets
- To ensure proper standards of financial conduct
- To ensure that NHS Orkney seeks Best Value from its resources, by making arrangements to pursue continuous improvement, economy, efficiency and effectiveness in its operations
- To ensure that delegation of responsibility is accompanied by clear lines of control accountability, and reporting arrangements.

1.3 NHS Orkney will exercise financial supervision and control by:

- Formulating a financial strategy
- Requiring the submission of financial estimates
- Authorising budgets
- Approving the specification of finance systems, feeder systems and procedures
- Designing, implementing and supervising systems of internal control including the separation of duties, and the need to obtain value for money and Best Value
- Defining specific responsibilities of officers
- Providing financial advice to the Board and employees.
Compliance

1.4 The Chief Executive is accountable to the Board, and as Accountable Officer, to the Scottish Minister, for ensuring that the Board meets its obligation to perform within the available financial resources and in line with Best Value. The Chief Executive has executive responsibility to the Chairman and Board for NHS Orkney activities, the system of internal control, and ensuring that financial obligations and targets are met.

1.5 The Director of Finance will assist the Chief Executive to ensure that SFIs are in place, up to date and observed in NHS Orkney. The responsibilities of the Director of Finance may also be carried out by the Head of Finance.

1.6 Members, officials and agents of NHS Orkney, including, but not limited to, local authority employees working in joint health and social care projects, must observe these SFIs. Executive Directors will ensure that the SFIs are made known within the services for which they are responsible and ensure that they are adhered to. All employees must protect themselves and the Board from allegations of impropriety by seeking advice from their line manager, whenever there is doubt as to the interpretation of the Standing Orders, Scheme of Delegation, and SFIs. If there are any difficulties in interpretation or application of these documents, the advice of the Director of Finance should be sought.

1.7 All members of the Board and staff have a duty to disclose non compliance with SFI’s to the Director of Finance as soon as possible. Breaches will be reported as part of the Board’s Incident Reporting process. Minor, isolated and unintentional non compliance will be reviewed by the Director of Finance. For significant breaches, full details, and a justification will be reported to the Audit Committee. Failure to comply with SFIs may result in disciplinary action.

1.8 Where these SFIs place a duty upon any person, this may be delegated to another person, as documented in the Scheme of Delegation and approved by the Director of Finance.

1.9 Employees must not:
- Abuse their official position for the personal gain or to the benefit of their family or friends
- Undertake outside employment that could compromise NHS duties
- Advantage or further their private business or interest in the course of their official duties.

1.10 Nothing in these SFIs shall override any legal requirement or Ministerial Direction placed upon NHS Orkney, its members or officers.
2 Responsibilities of Chief Executive as Accountable Officer

2.1 Under Sections 14 and 15 of the Public Finance and Accountability (Scotland) Act 2000 (the PFA Act), the Principal Accountable Officer for the Scottish Government has designated the Chief Executive of the Board as Accountable Officer. All references to the masculine gender in these SFIs shall be equally applicable to the feminine gender.

2.2 Accountable Officers must comply with the terms of the Memorandum to Accountable Officers for Other Public Bodies, and any updates issued to them by the Principal Accountable Officer for the Scottish Government. The Memorandum was updated in April 2012.

2.3 General Responsibilities

2.3.1 The Accountable Officer is personally answerable to the Scottish Parliament for the propriety and regularity of the public finances of NHS Orkney, ensuring that resources are used economically, efficiently and effectively. The Accountable Officer must ensure that the Board takes account of all relevant financial considerations, including any issues of propriety, regularity or value for money, in considering policy proposals relating to expenditure, or income.

2.3.2 It is incumbent upon the Accountable Officer to combine his duty as Accountable Officer with his duty to the Board to whom he is responsible, and from whom he derives his authority. The Board is in turn responsible to the Scottish Parliament in respect of its actions and conduct.

2.3.3 The Accountable Officer has a personal duty to sign the Annual Accounts of the Board. Consequently, he 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.

2.3.4 The Accountable Officer must ensure that arrangements for delegation promote good management, and that he 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 must ensure that staff are as conscientious in their approach to costs not borne directly by their component organisation (such as costs incurred by other public bodies) as they would be were such costs directly borne.
2.4 **Specific Responsibilities**

The Accountable Officer must:

- Ensure that proper financial systems are in place and applied, and that procedures and controls are reviewed from time to time to ensure their continuing relevance and reliability, especially at times of major changes.

- Sign the Accounts and the associated governance statement, and in doing so accept personal responsibility for ensuring that they are prepared under the principles and in the format directed by Scottish Ministers.

- Ensure that proper financial procedures are followed incorporating the principles of separation of duties and internal check and that accounting records are maintained in a form suited to the requirements of the relevant Accounting Manual, as well as in the form prescribed for published Accounts.

- Ensure that the public funds for which he is responsible are properly managed and safeguarded, with independent and effective checks of cash balances in the hands of any official.

- Ensure that the assets for which he 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.

- Ensure that, in the consideration of policy proposals relating to expenditure, or income, for which he has responsibilities as Accountable Officer, all relevant financial considerations, including any issues of propriety, regularity or value for money, are taken into account, and where necessary brought to the attention of the Board.

- Ensure that any delegation of authority is accompanied by clear lines of control and accountability, together with reporting arrangements.

- Ensure that procurement activity is conducted in accordance with the requirements in the [Procurement section](#) of the Scottish Public Finance Manual.

- Ensure that effective management systems appropriate for the achievement of the Board’s objectives, including financial monitoring and control systems have been put in place.
• Ensure that risks, whether to achievement of business objectives, regularity, propriety, or value for money, are identified, that their significance is assessed and that systems appropriate to the risks are in place in all areas to manage them

• Ensure that arrangements have been made to secure Best Value as set out in the Scottish Public Finance Manual

• Ensure that managers at all levels have a clear view of their objectives, and the means to assess and measure outputs, outcomes or performance in relation to those objectives

• Ensure managers at all levels are assigned well-defined responsibilities for making the best use of resources (both those assumed by their own commands and any made available to organisations or individuals outside NHS Orkney) including a critical scrutiny of output, outcomes and value for money

• Ensure that managers at all levels have the information (particularly about costs), training and access to the expert advice which they need to exercise their responsibilities effectively.

2.5 Regularity and Propriety of Expenditure

2.5.1 The Accountable Officer must ensure that the Board achieves high standards of regularity and propriety in the consumption of resources. Regularity involves compliance with relevant legislation, relevant guidance issued by Scottish Ministers (in particular the Scottish Public Finance Manual) and the framework document defining the key roles and responsibilities which underpin the relationship between the body and the Scottish Government. Propriety involves respecting the Parliament’s intentions and conventions and adhering to values and behaviours appropriate to the public sector.

2.5.2 All actions must be able to stand the test of parliamentary scrutiny, public judgement on propriety and professional codes of conduct. Care must be taken not to misuse an official position to further private interests, and to avoid actual, potential, or perceived conflicts of interest.

2.6 Advice to the Orkney NHS Board

2.6.1 In accordance with section 15(8) of the PFA Act the Accountable Officer has particular responsibility to ensure that, where he considers that any action that he is required to take is inconsistent with the proper performance of his duties as Accountable Officer, he obtain written authority from the Board and send a copy of this as soon as possible to
the Auditor General. A copy of such written authority should also be sent to the Clerk to the Public Audit Committee. The Accountable Officer should ensure that appropriate advice is tendered to the Board on all matters of financial propriety and regularity and on the economic, efficient and effective use of resources. He will need to determine how and in what terms such advice should be tendered, and whether in a particular case to make specific reference to his own duty as Accountable Officer to seek written authority and notify the Auditor General and the Public Audit Committee.

2.6.2 The Accountable Officer has a duty to ensure that appropriate advice is tendered to the Board on all matters of financial propriety and regularity, and more broadly, as to all considerations of prudent and economical administration, efficiency and effectiveness.

2.6.3 If the Accountable Officer considers that, despite his advice to the contrary, the Board is contemplating a course of action which he considers would infringe the requirements of financial regularity or propriety, or that he could not defend as representing value for money within a framework of Best Value, he should set out in writing the objection to the proposal and the reasons for this objection. If the body decides to proceed, he should seek written authority to take the action in question. In the case of a body sponsored by the Scottish Government, the sponsor unit should be made aware of any such request in order that, where considered appropriate, it can inform the relevant Portfolio Accountable Officer and Cabinet Secretary / Minister. Having received written authority he must comply with it, but should then, without undue delay, pass copies of the request for the written authority and the written authority itself to the Auditor General and the Clerk to the Public Audit Committee.

2.6.4 If because of the extreme urgency of the situation there is no time to submit advice in writing to the Board in either of the eventualities referred to in paragraph 2.6.3 before the Board takes a decision, he must ensure that, if the Board overrules the advice, both his advice and the Board’s instructions are recorded in writing immediately afterwards.

2.6.5 The Accountable Officer must ensure that his responsibilities as Accountable Officer do not conflict with those as a Board member. He should vote against any action that he cannot endorse as Accountable Officer, and in the absence of a vote, ensure that his opposition as a Board member, as well as Accountable Officer is clearly recorded. It will not be sufficient to protect his position as a Board member merely by abstaining from a decision which cannot be supported.
2.7 Appearance before the Public Audit Committee

2.7.1 Under section 23 of the PFA Act the Auditor General may initiate examinations into the economy, efficiency and effectiveness with which relevant bodies have used their resources in discharging their functions. The Accountable Officer may expect to be called upon to appear before the Public Audit Committee to give evidence on reports arising from any such examinations involving the Board. He will also be expected to answer the questions of the Committee concerning resources and accounts for which he is Accountable Officer and on related activities. He may be supported by other officials who may, if necessary, join in giving evidence or the Committee may agree to hear evidence from other officials in his absence.

2.7.2 He will be expected to furnish the Committee with explanations of any indications of weakness in the matters covered by paragraphs 2.7.1 above, to which their attention has been drawn by the Auditor General or about which they may wish to question him.

2.7.3 In practice, he will have delegated authority widely, but cannot on that account disclaim responsibility. Nor, by convention, should he decline to answer questions where the events took place before his designation.

2.7.4 He must make sure that any written evidence or evidence given when called as a witness before the Public Audit Committee is accurate. He should also ensure that he is adequately and accurately briefed on matters that are likely to arise at the hearing. He may ask the Committee for leave to supply information not within his immediate knowledge by means of a later note. Should it be discovered subsequently that the evidence provided to the Committee has contained errors, he should let this be made known to the Committee at the earliest possible moment.

2.7.5 In a case where he was overruled by the Board on a matter of propriety or regularity, his advice would be disclosed to the Committee. In a case where he was overruled by the Board on the economic, efficient and effective use of resources he should be ready to discuss the costs, benefits and risks of options considered and explain the reasoning for the decision taken. He may also be called upon to satisfy the Committee that all relevant financial considerations were brought to the Board’s attention before the decision was taken.

2.8 Absence of Accountable Officer

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

2.8.3 Where an Accountable Officer is unable by reason of incapacity or absence to sign the Accounts in time for them to be submitted to the Auditor General, the Board may submit unsigned copies, pending the return of the Accountable Officer.
3

Financial Strategy and Planning

3.1 The Chief Executive is responsible for leading an inclusive process, involving staff and partner organisations, to compile and secure approval of the Local Delivery Plan (LDP) for NHS Orkney by the Board. The LDP will include:

- The significant assumptions on which the plan is based
- Details of major changes in workload, delivery of services or resources required to achieve the plan
- Action points from the community planning partnership
- Health care plans covering primary and secondary services provided by NHS Orkney
- Regional dimension of healthcare and scope for sharing resources with partners.

3.2 By concisely describing the health and healthcare issues facing Orkney, setting out succinctly how these will be tackled and by whom, and by setting priorities, milestones, quantified improvements and targets, the LDP will help to secure understanding of health issues, a shared approach to taking action, and commitment to achieving results.

3.3 The Director of Finance, is responsible for the annual preparation of a 3-5 year Financial Plan. In addition, the LDP and Financial Plan will be informed by and supported by a Workforce Plan. All service developments must be supported by a business case typically approved by the Management Team. The template business case should be used, which is available on the intranet.

3.4 The Financial Plan will comprise both revenue and capital components, and will be compiled within available resources, as determined by the Revenue Resource Limit and Capital Resource Limit as notified or indicated by Scottish Government, and forecast for future years.

3.5 The LDP including the Financial Plan will be submitted to the Management Team for detailed scrutiny and risk assessment, following which the Finance and Performance Committee will consider and recommend approval of the LDP, including the Financial Plan and Workforce Plan, by the Board.

3.6 The Financial Plan will include the financial planning returns which the Director of Finance will prepare and submit to the Scottish Government.
Control

3.7 The Director of Finance will ensure that adequate financial and statistical systems are in place to monitor and control income and expenditure, and to prepare financial plans, estimates and investigations as required.

3.8 The Director of Finance will devise and maintain a system of budgetary control. The Board and Management Team will empower officers to engage staff, incur expenditure and collect income. All officers will comply with the requirements of the system of budgetary control. The system will include the reporting of (and investigation into) financial, activity or workforce variances from budget. The Director of Finance will provide information and advice to enable the Chief Executive and delegated officers to carry out their budgetary responsibilities.

3.9 The Chief Executive may, within limits approved by the Board, delegate authority for a budget or a part of a budget to an individual or group of officers. The terms of delegation confers individual and group responsibilities for control of expenditure, virement of budgets, achievement of planned levels of service and regular reporting on the discharge of delegated functions to the Chief Executive. Responsibility for overall budgetary control remains with the Chief Executive.

3.10 Except where approved by the Chief Executive (taking account of advice of the Director of Finance) budgets will only be used for the purpose for which they were provided. Any budgeted funds not required for their designated purpose will revert to the control of the Chief Executive, unless covered by delegated powers of virement. The Director of Finance will issue procedural guidance on powers of virement.

3.11 Expenditure for which no provision has been made in an approved budget can only be incurred after authorisation by the Chief Executive or Director of Finance, subject to their delegated limit. Delegated authority to approve individual items of expenditure, is undernoted, provided that approval remains within Revenue and Capital Budgets:

- The Finance and Performance Committee can approve individual items up to £1,000,000 in any one instance
- The Chief Executive, acting together with the Director of Finance, can approve individual items up to £500,000 in any one instance.

This includes virement between budgets, including from reserves.

3.12 The Director of Finance will keep the Chief Executive and the Board informed of the financial consequences of changes in policy, pay awards, and other events and trends affecting budgets, and will advise on the financial and economic aspects of future plans and projects.
3.13 There is a duty for the Chief Executive, and all employees not to exceed approved budgetary limits.

3.14 The Chief Executive will negotiate funding for the provision of services in accordance with the LDP and establish arrangements for cross boundary treatment of patients. The Chief Executive will take advice from the Director of Finance regarding:

- Costing and pricing of services
- Payment terms and conditions
- Arrangements for funding in respect of patients from outwith Orkney, and for the funding of the treatment of Orkney residents other than by NHS Orkney.

3.15 The Chief Executive is responsible for negotiating agreements for the provision of support services to/from other NHS bodies.

**Reporting**

3.16 The Chief Executive will report on material variances arising from inability to action, or delay in implementation of projects approved by the Board, and will advise the Finance and Performance Committee on the use of such funds. The Committee will report as appropriate to the Board.

3.17 The Director of Finance will compile a monthly Financial Report for the Management Team.

3.18 The Director of Finance will produce a regular Financial Report for the Finance and Performance Committee and the Board. This report will highlight significant variances from the Financial Plan, and the forecast outturn position, and will recommend proposed corrective action.

3.19 The Director of Finance has right of access to all budget holders on budgetary and financial performance matters.
4 Commissioning / Providing Healthcare Services

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

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

4.2 The Chief Executive will ensure that service agreements are placed with due regard to the need to achieve Best Value. The Chief Executive, Director of Finance or Medical Director will agree service agreements for health care purchases.

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

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

4.5 The Caldicott Guardian will ensure that systems maintain confidentiality of patient information as set out in the Data Protection Act 1998 and Caldicott guidance.

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

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

5.1 NHS Orkney is required under Section 86(3) of the National Health Service (Scotland) Act 1978 to prepare and submit Annual Accounts to Scottish Ministers.

5.2 Scottish Ministers issue Accounts Directions in exercise of the powers conferred by Section 86(1).

5.3 Annual Accounts will be prepared:

- In accordance with the edition of the Government Reporting Manual (FReM) issued by HM Treasury, which is in force for the year in which the statement of accounts is prepared
- In accordance with the Accounts Direction and Accounts Manual issued by Scottish Government
- In line with required format, disclosures and accounting standards.

5.4 The Director of Finance will maintain proper accounting records which allow the preparation of Accounts, in accordance with the timetable laid down by Scottish Government.

5.5 Accounts will be prepared to an acceptable professional standard, in accordance with appropriate regulatory requirements and will be supported by appropriate accounting records and working papers.

5.6 The Auditor General for Scotland will appoint the External Auditor for the statutory audit of NHS Orkney.

5.7 The Director of Finance will agree with the External Auditor a timetable for the production, audit, adoption by the Board and submission of Accounts to the Auditor General for Scotland and Scottish Government.

5.8 The Chief Executive will prepare a Governance Statement, and in so doing will seek assurances, including that of the Chief Internal Auditor, with regard to the adequacy of internal control throughout NHS Orkney.

5.9 The Accounts will be reviewed by the Audit Committee, which is responsible for recommending adoption by the Board.

5.10 Following approval of the Accounts by the Board, the Accounts will be signed on behalf of the Board and submitted to the External Auditor for completion of the audit certificate.

5.11 Signed Accounts will be submitted by NHS Orkney to Scottish
Government, and by the External Auditor to the Auditor General for Scotland.

5.12 Accounts must not be placed in the public domain, prior to being formally laid before Parliament.

5.13 The National Health Service (Scotland) Act 1978 prescribes that public meetings should be held to present the Accounts. The Annual Review process provides the opportunity to fulfil this requirement. NHS Orkney should make this information as publicly accessible as possible and may choose to do so through the website or other public events.

**Annual Report**

5.14 The Chief Executive will arrange for the production and circulation of an Annual Report in the form determined by the Scottish Government. The principal purpose of the Annual Report is to account to the community and to other stakeholders for key aspects of performance during the year, and to give an account of the stewardship of funds.

5.15 The Annual Report does not need to include summary financial information, provided the Annual Report refers to the Accounts. Disclosure requirements must be agreed with the External Auditor.

5.16 The Annual Report will be published no later than two months after the Annual Review.
6 Banking Arrangements

6.1 All arrangements with NHS Orkney’s bankers and the Government Banking Service will be made under arrangements approved by the Director of Finance who is authorised to operate bank accounts as necessary. The Director of Finance will report to the Board on the details of all accounts, including conditions on which they are operating.

6.2 All funds will be held in accounts in the name of NHS Orkney, or the Endowment Fund. The Director of Finance will advise the bankers in writing of the conditions under which each account will operate, including prompt notification of the cancellation of authorisation to draw on NHS Orkney accounts.

6.3 The Director of Finance will nominate, for each bank account, the officers authorised to release monies from each account. The Director of Finance will notify the bank promptly of any changes to the authorised signatories.

6.4 All cheques will be crossed with "Not Negotiable - Account Payee Only" and must be treated as controlled stationery in the charge of a designated officer controlling their issue. Two signatures are required on cheques.

6.5 All cheques, postal orders, cash etc, will be banked intact promptly, to the main account (or, if appropriate, endowment fund deposit account - see Section 16). Disbursements must not be made from cash.

6.6 The Director of Finance will make arrangements for:

- Receipt and payment of monies using the Clearing Houses Automated Payment System (CHAPS) and the Bankers Automated Clearing Services (BACS)
- Payments to be made by Standing Order or Direct Debit
- The use of credit cards
- Payments to be made to foreign bank accounts.
7 Security

Security of cash and negotiable instruments

7.1 All receipt books, tickets, agreement forms, or other means of officially acknowledging or recording amounts received or receivable will be in a form approved by the Director of Finance. Such stationery will be ordered and controlled using the same procedures as applied to cash.

7.2 All officers, whose duty it is to collect or hold cash, will be provided with a safe or a lockable cash box (which in turn must be deposited in a locked cupboard). The officer will hold one key and all duplicates must be lodged with an officer authorised by the Director of Finance. The loss of a key must be reported immediately to the Fraud Liaison Officer. The Director of Finance will, on receipt of a satisfactory explanation, authorise release of a duplicate key. The Director of Finance will arrange for all new keys to be dispatched directly to him from the manufacturers and will maintain a register of authorised holders of safe keys.

7.3 The safe key-holder must not accept unofficial funds for depositing in his safe unless in sealed envelopes or locked containers. NHS Orkney is not liable for any loss and written indemnity must be obtained from the organisation or individual absolving NHS Orkney from responsibility.

7.4 During the absence of the holder of a safe or cash box key, the officer who acts in his place will be subject to the same controls. Transfer of responsibilities for the safe and/or cash box contents will be written and a signed copy of the document must be retained.

7.5 Cash, cheques, postal orders and other forms of payment will be counted by two officers, neither of whom should be the Cashier, and will be entered in the cash collection sheet, which must be signed by both. The remittance will be passed to the Cashier, and signed for.

7.6 The opening of coin-operated machines (including telephones) and the counting and recording of the takings in the register must be undertaken by two officers and the coin-box keys will be held by a nominated officer. Takings will be passed to the Cashier and a signature will be obtained.

7.7 The Director of Finance will prescribe the system for transporting of cash and uncrossed pre-signed cheques.

7.8 All unused cheques, receipts and all other orders will be subject to the same security as applied to cash: bulk stocks of cheques will be retained by the banker and released only against authorised requisitions.
7.9 All Prepayment Certificates and Prescription Pads in Primary Care will be subject to the same security and controls as cash.

7.10 In all cases where officers receive cash, cheques, credit or debit card payments, empty telephone or other machine coin boxes etc, personal identity cards must be displayed prominently. Staff will be informed in writing on appointment, by their line manager, of their responsibilities and duties for the collection, and handling of cash and cheques.

7.11 Any loss or shortfall of cash, cheques etc must be reported immediately in accordance with the agreed procedure for reporting losses. (Section 15).

7.12 Under no circumstances should funds managed by NHS Orkney be used to cash private cheques or make loans of a personal nature.

**Security of physical assets**

7.13 The Chief Executive is responsible for the overall control of fixed assets. All employees have a duty of care over property of NHS Orkney. Senior staff will apply appropriate routine security practices. Persistent breach of agreed security practices must be reported to the Chief Executive.

7.14 Where practical, items of equipment will be indelibly marked as NHS Orkney property.

7.15 The Finance Department will maintain an up-to-date capital asset register. The Director of Finance will set out the approved form of asset register and method of updating (Section 22).

7.16 Items on the register will be checked at least annually and all discrepancies will be notified in writing to the Director of Finance, who may also undertake other independent checks as necessary.

7.18 Damage to premises, vehicles and equipment, or loss of equipment or supplies must be reported. (Section 15).

7.19 On the closure of any facility, a check must be carried out and the responsible officer will certify a list of items held including eventual location. The disposal of fixed assets (including donated assets) will be in accordance with Section 22.

7.20 On the closure of any facility a check must be carried out and a responsible officer will certify that all patient and other personally identifiable and commercially sensitive information has been removed from the facility under the NHS Orkney policy for Records Management.
8 Income

8.1 The Director of Finance will design and maintain systems for the proper recording, invoicing and collection of money due.

8.2 All officers must inform the Director of Finance of money due from transactions they initiate, including contracts, leases, tenancy agreements and any other transactions. The Director of Finance will approve Service Level Agreements or contracts with financial implications in excess of £10,000. Responsibility for agreeing the level of rental for newly acquired property and for the regular review of rental and other charges rests with the Director of Finance who may take into account independent professional advice on matters of valuation.

8.3 The Director of Finance will take appropriate recovery action of debts and will establish procedures for the write off of debts after all reasonable steps have been taken to secure payment. (Section 15.)
9 Payment of Accounts

9.1 The Director of Finance will operate a system for verification, recording and payment of all amounts payable. The system must ensure that:

- Goods have been duly received, examined, are in accordance with specification and order, are satisfactory and prices are correct
- Work done or services rendered have been satisfactorily carried out in accordance with the order
- Materials were of the requisite standard and charges are correct
- For contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, rates of labour are in accordance with the order, materials have been checked as regards quantity, quality and price, and charges for the use of vehicles, plant and machinery have been examined
- All necessary authorisations have been obtained
- The account is arithmetically correct
- The account is in order for payment
- Clinical services to patients have been carried out satisfactorily in accordance with Service Level Agreements and Unplanned Activity arrangements
- Provision is made for early submission of accounts subject to cash discounts or requiring early payment
- VAT is recovered as appropriate
- Payment for goods and services is only made once the goods and services are received other than under the terms of a specific contractual arrangement.

9.2 The Director of Finance will maintain a Scheme of Delegation. This will set out the officers authorised to manually or electronically certify invoices, non invoice payments, and payroll schedules. It will include specimen signatures, and levels of authority. Electronic authorisation must be achieved through effective access control permissions approved by the Director of Finance.
9.3 The Director of Finance will pay accounts, invoices and contract claims in accordance with contractual terms and/or the CBI Prompt Payment Code and the Scottish Government payment target. Payment systems will be designed to avoid payments of interest arising from non-compliance with the Late Payment of Commercial Debts (Interest) Act 1998.

9.4 All officers must inform the Director of Finance promptly of all monies payable arising from transactions which they initiate, including contracts, leases, tenancy agreements and other transactions. To assist financial control, a register of regular payments will be maintained.

9.5 All requests for payment should, wherever possible, have relevant original orders, goods received notes, invoices or contract payment vouchers attached and will be authorised by an approved officer from the Scheme of Delegation. Purchase Order numbers should be stated on the invoice. Retrospective Purchase Orders are not allowed.

9.6 Where an electronic payment system has been approved the system must ensure that payment is made only for goods matched against an authorised purchase order, and goods received note.

9.7 Authorised signatories will ensure, before an order for goods or services is placed, that the purchase has been properly considered and forms part of the department’s agreed service plans, and is within known and specific funds available to the department.

9.8 Any grants or similar payments to local authorities and voluntary organisations or other bodies must comply with procedures laid down by the Director of Finance.

9.9 Authorised signatories must ensure that there is effective separation of duties between:

- The person placing the order
- The person certifying receipt of goods and services, and
- The person authorising the invoice

In no circumstances should one person undertake all three functions.

9.10 In the case of contracts for building or engineering works which require payment to be made on account during progress of the works, the Director of Finance will make payment on receipt of a certificate from the technical consultant or officer. Without prejudice to the responsibility of any consultant or works officer appointed to a particular building or engineering contract, where necessary, a contractor's account will be subject to financial examination and general examination by a works
officer, before the person responsible for the contract issues the final certificate. To assist financial control, a contracts register will be maintained by procurement.

9.11 The Director of Finance will designate officers to authorise advances for patient travel expenses or staff travel expenses from a petty cash imprest. Limits are £25 for internal costs and £120 for patient travel.

9.12 Officers responsible for commissioning self employed contractors must ensure that, before any assignment is agreed, evidence is obtained from the contractor which confirms their employment status. This will ensure that NHS Orkney is not held liable for Income Tax and National Insurance by HMRC. This evidence must be submitted to the Director of Finance.

9.13 Advance payment for supplies, equipment or services will not normally be permitted other than for subscriptions. If exceptional circumstances arise, a proposal should be submitted to the Director of Finance.

9.14 Advance payments to general medical practitioners and community pharmacists will comply with NHS contractor regulations.

9.15 Authorised signatories are responsible for ensuring that all items due under a payment in advance contract are received and must inform the Director of Finance immediately if problems are encountered.
10 Construction Industry Scheme

10.1 The scheme will be administered in line with guidance supplied by HMRC in booklet CIS340. Registration under the Construction Industry Scheme (CIS) is necessary where construction expenditure exceeds £1m per annum in any three year period. Before the threshold is likely to be breached, the Director of Finance should apply for registration from HMRC.

10.2 The Estates Department will ensure that certificates and/or vouchers are obtained from contractors/subcontractors and supplied to the Finance Department to support payment requests.

10.3 In the event of doubt, the Head of Finance will determine whether a payment should be made gross or net of deduction of tax and will consult with HMRC, as necessary.

10.4 The Director of Finance will remit to HMRC any tax deducted from payments made to sub-contractors, and must comply with the timetable set out in CIS340.
11.2 The Remuneration Committee will:

- Agree terms and conditions of Executive Directors
- Approve changes to remuneration, allowances and conditions of service of Chief Executive and Executive Directors
- Ensure arrangements are in place for the assessment of performance of Executive and senior management staff
- Consider redundancy, early retirement or termination agreements in respect of Executive Directors
- Approve other terms and conditions of service not covered by direction or regulation, eg Discretionary Points for Medical Staff.

11.3 After approval by the Remuneration Committee, the Chairman will authorise for payment the Performance Related Pay (PRP) of the Chief Executive, and the Chief Executive will authorise for payment the PRP of Executive Directors. The Chief Executive will authorise for payment the PRP of any senior managers.

11.4 NHS Orkney will pay allowances to the Chairman and non-executives in accordance with instructions issued by the Scottish Minister.

11.5 Human Resources will ensure that each employee is issued with a contract which will comply with current employment legislation and in a form approved by NHS Orkney. Human Resources will ensure that changes to, and termination of contracts are properly processed.

11.6 All timesheets, staff returns and other pay records and notifications will be in a form approved by the Director of Finance and must be certified and submitted in accordance with his instructions.

11.7 The Director of Finance will ensure payments and processes are supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangement are made for the collection of payroll deductions and payment of these to appropriate bodies.
11.8 Authorised managers have delegated responsibility for:

- Sending a signed copy of the engagement form and other documents necessary for the payment of staff to the Payroll Department immediately upon the employee commencing duty

- Completing time records and other notifications in accordance with the Director of Finance’s instructions and in the form prescribed by the Director of Finance

- Sending a notification of change form to the Payroll Department immediately the effective date of any change in employment or personal circumstances is known

- Submitting a termination of employment form and other documents as required, for payment purposes, to the Payroll Department immediately upon the effective date of an employee's resignation, retirement or termination being known

- Immediately advising the Payroll Department when an employee fails to report for duty in circumstances which suggest that he has left without notice.

11.9 Where the Human Resources and Payroll systems are connected by an electronic interface, forms may be sent to Payroll electronically, providing that procedures for transmissions are agreed by the Director of Finance.

11.10 Requests for early retirement or voluntary severance, for staff other than Executive Directors, which result in additional costs being borne by the employer, will be considered by the Chief Executive and Director of Finance jointly, under the Voluntary Severance Scheme.

11.11 The Director of Workforce and the Director of Finance will be jointly responsible for ensuring that rates of pay and relevant conditions of service are in accordance with current agreements. The Chief Executive will be responsible for the final determination of pay. The Director of Finance will issue instructions regarding:

- Verification of documentation or data
- Timetable for receipt and preparation of payroll data and the payment of staff
- Maintenance of records for Superannuation, Income Tax, National Insurance and other authorised deductions
- Security and confidentiality of payroll information in accordance with the Data Protection Act
- Checks to be applied to payroll before and after payment
Methods of payment available to staff
Procedures for payment of cheques, bank credits or cash to staff
Procedures for unclaimed wages which should not be returned to salaries and wages staff
Separation of duties of preparing records and handling cash
Pay advances and their recovery
A system for recovery from leavers of sums due by them
A system to ensure recovery or write-off of payment of pay and allowances
Maintenance of regular and independent reconciliation of adequate control accounts.

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

11.13 All employees will be paid by bank credit transfer monthly unless agreed by the Director of Finance.
12 Travel, subsistence and other allowances

12.1 The Director of Finance will ensure that all expense claims by employees or outside parties are reimbursed in line with regulations and Human Resources policies, and that all such claims will be supported by receipts wherever possible. Removal expenses will be limited to the amount specified by HMRC as being tax free (currently £8000), except with the express approval of the Remuneration Committee, and in accordance with NHS Orkney’s Removals Policy.

12.2 The Director of Finance will issue guidance on submission of expense claims, specifying documentation to be used, timescales to be adhered to and required level of authorisation. All claims will be submitted to the Payroll Department duly certified in an approved form, and made up to a specified day of each month. Where this information is transmitted by electronic means, appropriate procedures will be agreed by the Director of Finance. The names of officers authorised to sign claims will be held by the Payroll Department, together with specimen signatures and will be maintained in conjunction with the overall Scheme of Delegation.

12.3 No officer can certify their own expenses. Hotel accommodation and taxi fares should be paid by the officer and not invoiced to the board directly. The exceptions to this would be accommodation provided as part of a training course or where specific arrangements have been agreed with the Director of Finance. Pre-authorisation must exist for all off-island travel and expenses.

12.4 The Chairperson will authorise all expense claims from the Chief Executive. The Chief Executive will authorise all claims from Executive Members of the Board. The Chairperson will authorise all claims from Non-Executives. In the absence of the Chairperson, this will be undertaken by the Chief Executive or Director of Finance.

12.5 Certification means that the certifying officer is satisfied that the journeys were authorised, the expenses properly and necessarily incurred and evidenced, and that the allowances are properly payable.

12.6 Claims submitted more than three months after the expenses were incurred will be paid only if approved by the Director of Finance, who will only authorise payment where there is an appropriate justification for the delay and it is an isolated occurrence. All claims received later than six months following the month of the claim will be time barred.
13 Non pay expenditure – Procurement

Introduction

13.1 The purpose of this SFI is to set clear rules for the procurement of goods, works and services for NHS Orkney. The rules should ensure that NHS Orkney is fair and accountable in dealings with contractors and suppliers.

13.2 This SFI:

- Sets out thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained
- Incorporates the thresholds in the Scheme of Delegation
- Provides procedural instructions and guidance incorporating the thresholds on the obtaining of goods, works and services.

Procurement Tenders and Contracts

13.3 The SFIs specify arrangements for placing of contracts and purchase of supplies and equipment. Procurement must be in line with the principles in CEL 5 (2012) and NHS Orkney’s Procurement Strategy.

13.4 Scottish Government and European Union Procurement Directives will have effect as if incorporated into these SFIs.

13.5 When appropriate, Scottish Government terms and conditions should be used when contracting with suppliers. The current versions are available from procurement.

13.6 All departments must seek to obtain Best Value through the application of SFIs and procurement procedures. In the case of uncertainty advice should be sought from procurement.

13.7 NHS Orkney will comply as far as is practicable with the Scottish Capital Investment Manual, Capital Accounting Manual and other Scottish Government guidance on contracting and purchasing.

Formal Competitive Tendering

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

13.9 Where NHS Orkney elects to invite tenders for the supply of healthcare services these SFIs will apply to the tendering procedure.

13.10 Formal tendering procedures may be waived only with the approval of the Director of Finance.

13.11 Where formal tendering procedures have been waived, Best Value should be demonstrated and quotations sought.

13.12 Where it is decided that competitive tendering is not applicable and should be waived, the fact of the waiver and the reasons should be documented. **Procurement SFI Waiver Form**

**Invitation to Tender**

13.13 All purchases in excess of the **OJEU thresholds** currently £106,047 (exclusive of VAT) for services, and £4,104,394 (exclusive of VAT) for construction contracts, whether as an individual purchase or series of purchases of the same or similar item over a period of time, must be advertised in the Official Journal of the European Union (OJEU) through the **Public Contract Scotland Procurement Portal**.

13.14 All purchases of a value in excess of £50,000 (exclusive of VAT), whether as an individual purchase or series of purchases of the same item over a period of time, must be advertised through the **Public Contract Scotland Procurement Portal**.

13.15 When the value of a purchase is less than £50,000 (exclusive of VAT) suppliers who are invited to tender (and where appropriate, quote) should be on approved lists or meet qualifying requirements. The quick quote system, on the **Public Contracts Scotland Procurement Portal**, should be used for purchases over £10,000.

13.16 All invitations to tender on a formal competitive basis must state that no tender will be considered for acceptance unless submitted electronically through the **Public Contract Scotland Procurement Portal**.

13.17 Where NHS Orkney has opted to procure building, engineering and maintenance work under **Frameworks Scotland** or Hub Initiative, **HubCo** will be commissioned and further tendering will not be required. The Director of Finance will ensure that Best Value for money is delivered by these projects.
13.18 For other contracts:

- Every tender for building and engineering works (except for maintenance work only where Estate code guidance should be followed) will be in the terms of the current edition of the appropriate Joint Contracts Tribunal standard forms of contract.

- When the content of the works is primarily engineering, tenders shall embody or be in the terms of the General Conditions of Contract recommended by the Institutions of Mechanical Engineers, Electrical Engineers and the Association of Consulting Engineers.

- Or in the case of civil engineering work, the General Conditions of Contract recommended by the Institution of Civil Engineers.

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

13.19 Every tender for goods, materials, services (including consultancy services) or disposals will apply NHS standard contract conditions as far as this is practical. The advice of NHS Orkney procurement, NHS National Procurement or the Central Legal Office must be sought where alternative contract conditions are used.

13.20 Every tenderer must have given or give a written undertaking not to engage in collusive tendering or other restrictive practice.

**Receipt and Acceptance of Formal Tenders**

13.21 All tenders will be stored electronically on the Public Contracts Scotland Procurement Portal.

13.22 The permanent record within the Public Contract Scotland Procurement Portal will show for each set of competitive tender invitations:

- Names of firms/individuals invited/noted interest
- Names of and the number of firms/individuals from which tenders have been received
- Total price(s) tendered
- Closing date and time
- Date and time of opening.
13.23 If the designated officers are of the opinion that the tenders received are not strictly competitive (for example, because their numbers are insufficient or any are amended, incomplete or qualified) the contract can only be awarded with approval of the Director of Finance.

13.24 Where only one tender is sought and/or received, the Director of Finance will, as far as practicable, ensure that the price to be paid is fair and reasonable and will ensure value for money for NHS Orkney.

13.25 Essential discussions with a tenderer about the contents of their tender, in order to clarify technical points, pricing etc, before the award of a contract, are acceptable but must be documented.

13.26 Where post-tender negotiation takes place the following should be observed:

- Justification for the use of post-tender negotiation
- Agreed aims of the negotiations and the methods used
- A record of all exchanges, both written and oral
- Management approval for the award of contract
- Approval of the Director of Finance.

13.27 Best Value in the public interest is critical within the acceptance criteria. The lowest tender may not necessarily be Best Value and this should come to light through the comparative evaluation of the bids. Reasons for not accepting the lowest tender must be recorded.

13.28 The evaluation process should be reasonable and transparent with all bidders treated fairly. Evaluation panel members must adhere to the code of governance regarding declaration of potential conflicts of interest. All evaluation panel members are required to sign a declaration of interest form.

Unsuccessful Tenders

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

Single Tender

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

13.31 Quotations are required where formal tendering procedures are waived and within the financial limits as set out in the SFIs.

13.32 Where quotations are required they should be obtained from at least three firms/individuals based on specifications or terms of reference prepared by, or on behalf of NHS Orkney. Reasons must be documented if less than three quotations are sought or received.

13.33 Quotations should be in writing unless the Director of Finance or nominated officer determines that it is impractical to do so in which case quotations may be obtained by telephone/fax and e-mail. Confirmation of telephone quotations should be obtained as soon as possible and the reasons why the telephone quotation was obtained should be set out in a permanent record.

13.34 All quotations should be treated as confidential and should be retained for inspection.

13.35 The Director of Finance or nominated officer should evaluate the quotations and select the one which gives Best Value.

13.36 Non-competitive quotations in writing may be obtained for the following purposes with the recorded approval of the Director of Finance where:

- The supply of goods/services of a special character for which it is not, in the opinion of the nominated officer, possible or desirable to obtain competitive quotations
- The goods/services are required urgently.

13.37 With the prior agreement of the Director of Finance, quotations may be submitted through the Public Contracts Scotland Tender Mailbox.

Contracts

13.38 NHS Orkney may only enter into contracts within their statutory powers and will comply with:

- SFIs
- EU Directives and other statutory provisions
- Any relevant directions including the SCIM and guidance on the use of Management Consultants
- Such NHS standard contract conditions as are applicable.

13.39 Where specific contract conditions are considered necessary by the lead officer appointed by the Chief Executive or Director of Finance, advice shall be sought from suitably qualified persons. Where this
advice is deemed to be legal advice, this must be sought from the Central Legal Office.

13.40 Contracts will be in the same terms and conditions of contract as was the basis on which tenders or quotations were invited.

13.41 In all contracts, members and officials will seek to obtain Best Value. The Chief Executive or Director of Finance will nominate an officer to oversee and manage each contract.

13.42 All contracts will contain standard clauses allowing NHS Orkney to:

- Cancel the contract and recover all losses in full where a company or their representative has offered, given or agreed to give, any inducement to members or officials
- Recover losses or enforce specific performance where goods or services are not delivered in line with contract terms
- Ensure that suitable terms are included to cover arrangements should dispute arise.

13.43 Members and officials must seek authority from the Chief Executive or the Director of Finance in advance of making any commitment to contracts, leases, tenancy agreements, property transactions and other commitments for which a financial liability may result but without secured funding or budget provision.

13.44 Procurement will maintain a contracts register. All contracts must be advised to procurement for inclusion in the contracts register.

13.45 The Director of Finance will ensure that the arrangements for financial control comply with the guidance contained within SCIM and Property Transaction Handbook. The technical audit of these contracts is the responsibility of the Chief Executive.

Appointment of Management Consultants

13.46 The bespoke nature of many consultancy services and the degree of interest in the amount of public money spent on this area means that additional procedures are needed for procuring consultancy services to ensure they are used sparingly, effectively and only where their use is unavoidable to deliver business objectives. Scottish Government guidance “Use of Consultancy Procedures (Professional Services)” should be followed when seeking to use consultancy services.

13.47 If it is still not clear, advice should be sought from the procurement or finance department.
13.48 A business case, establishing the need for consultancy services should be completed at the outset and sent to the Director of Finance for consideration. Business cases up to £5,000 (excluding VAT) over the life of the consultancy agreement can be approved by the relevant Executive Director. Business cases in excess of £5,000 (excluding VAT) require Management Team approval.

13.49 Appointment of Consultants should in the first instance use National Contracts and, where this is not possible, by competitive tender. The reasons and approval for waiving the requirement to tender should be clearly documented and submitted to the Director of Finance. Procurement SFI Waiver Form

13.50 Successive assignments beyond the scope and terms of an appointment made by competitive tender should also be subject to tender arrangements. If it is expected that there may be follow-on assignments, it would be more appropriate for the tendering exercise to appoint one or more Consultants under a call-off arrangement.

13.51 Professional advisers are defined as having two characteristics. Firstly, they are engaged on work that is an extended arm of the work done in-house and secondly they provide an independent check. Examples include professional advice on the treatment of VAT and work carried out in relation to ratings revaluations and appeals. Professional advisers fees may also relate to capital projects such as architects, surveyors, and engineers. Such fees are not exempt from normal tendering arrangements.

13.52 The Property Transactions Manual states that all external professional advisers, including property advisers, independent valuers and other valuers or consultants, should be appointed by competitive tender unless there are convincing and justifiable reasons to the contrary.

Official Orders (typically a “Purchase Order”)

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

13.55 Official order/requisition forms will only be issued to and signed (signature may be replaced by electronic authorisation) by officers authorised by the Chief Executive. A list of authorised officers will be maintained by the Director of Finance.

**Trials and Lending**

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

14.1 The Director of Finance is responsible for the systems of control, and the overall control of stores. The day to day control and management (except for pharmaceutical stocks) will be delegated to departmental officers for stores, subject to such delegation being entered in a record available to the Director of Finance. The day to day control and management of pharmaceutical stocks will be the responsibility of the Pharmacy Director.

14.2 Responsibility for security arrangements and the custody of keys for all stores locations will be defined in writing by the designated officer. Wherever practicable stocks shall be marked as NHS property.

14.3 All stores records will be in a form approved by the Director of Finance.

14.4 All goods received will be checked as regards quantity and/or weight and inspected as to quality and specifications. A delivery note should, if possible, be obtained from the supplier at the time of delivery and will be signed by the person receiving the goods. Instructions will be issued to staff covering the procedure to be adopted in cases where a delivery note is not available. Details of goods received will be entered on a goods received record or input to the computer system on the day of receipt. Where goods received are unsatisfactory or short on delivery they will be accepted only on authority of the designated officer and the supplier will be notified immediately.

14.5 The issue of stores will be supported by an authorised requisition. Where a “topping-up” system is used, a record will be maintained in a form approved by the Director of Finance (such a form may be electronic in place of paper). Comparisons will be made of the quantities issued, and explanations recorded of significant variations.

14.6 Requisitions for stock or non-stock items may be transmitted electronically and not held in paper form providing that procedures are agreed by the Director of Finance.

14.7 All transfers and returns will be recorded on forms provided for the purpose and approved by the Director of Finance.

14.8 Breakages and other losses of goods in stores will be recorded as they occur, and a summary will be approved by the Director of Finance at regular intervals. Tolerance limits will be established for all stores subject to unavoidable loss, eg shrinkage in the case of certain foodstuffs and natural deterioration of certain goods.
14.9 Stocktaking arrangements and the basis for valuation will be agreed with the Director of Finance and there will be a physical check covering all items in store at least once a year. The physical check will involve at least one other officer other than the storekeeper. The Director of Finance will have the right to attend, or be represented. The stocktaking records will be numerically controlled and signed by the officers undertaking the check. Any surplus or deficiency revealed on stocktaking will be reported immediately to the Director of Finance, and he may investigate as necessary.

14.10 Where a complete system of stores control is not justified, alternative arrangements will require the approval of the Director of Finance.

14.11 The designated officer will be responsible for a system approved by the Director of Finance for a review of slow-moving and obsolete items for condemnation, disposal, and replacement of all unserviceable articles. The designated officer will report to the Chief Executive any evidence of negligence or malpractice (Section 24).
15 Losses and Special Payments

15.1 Any officer discovering or suspecting a loss of any kind must inform his head of department, who must immediately inform the Fraud Liaison Officer. Where a criminal offence is suspected, the Fraud Policy must be applied. Any case of suspected fraud must be reported to the Counter Fraud Service.

15.2 The Director of Finance will maintain a losses register in which details of all losses will be recorded as they are known. Write-off action will be recorded against each entry in the register.

15.3 Losses are classified according to the Annual Accounts Manual.

15.4 The Chief Executive, acting together with the Director of Finance, or any nominated deputy, can approve the writing off of losses within limits delegated by Scottish Government in CEL 10 (2010).

15.5 The exercise of powers of delegation in respect of losses and special payments will be regularly reported to the Audit Committee.

15.6 The Board will approve any losses and special payments when adopting the Annual Accounts.

15.7 Special payments exceeding the delegated limits laid down must have prior approval of the Scottish Government.

15.8 The Director of Finance is authorised to take any necessary steps to safeguard the interests of NHS Orkney in bankruptcies and company liquidations.

15.9 All articles surplus to requirements or unserviceable will be condemned or otherwise disposed of by an officer authorised by the Director of Finance. The condemning officer will satisfy himself as to whether there is evidence of negligence and will report any evidence to the Chief Executive, who will take the appropriate action.
Endowment Funds

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

Trustees

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

- To act in the interests of the charity above all other things, including their own interests and the interests of the Board or any other organisation
- To act with the care and diligence that it is reasonable to expect of a person who is managing the affairs of another person.

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

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

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

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

Accounting

16.5 The Treasurer will ensure that annual accounts are:
   - Prepared as soon as possible after the year end
   - In accordance with the SORP
   - Based on records as are necessary to record and protect all transactions on behalf of the Trustees
   - Subject to audit by a properly appointed External Auditor.

16.6 All gifts, donations and proceeds of fund-raising activities which are intended for Endowment Funds must be handed immediately to the Cashier, to be banked directly into the Endowment Fund.

Sources of New Funds

16.7 All gifts accepted will be received and held in the name of Trustees and administered in accordance with the Endowments Charter, subject to the terms of specific Funds. NHS Orkney can accept gifts only for purposes relating to the advancement of health. Officers should, in cases of doubt, consult the Director of Finance before accepting a gift.

16.7.1 In respect of donations, the Director of Finance will:
   - Provide guidance to officers as to how to proceed when offered funds, including clarification of the donor’s intentions and, where possible, the avoidance of new complex restrictions that cannot sensibly be met (in particular for specific items of equipment, brands or suppliers)
   - Provide a notification of donation process which will ensure that funds have been accepted directly into the Endowment Fund and that the donor's intentions have been noted and accepted.

16.7.2 The Director of Finance should be kept informed of all enquiries regarding legacies and will keep an appropriate record. After the death of a testator all correspondence concerning a legacy will be dealt with by the Director of Finance. The Director of Finance will:
   - Provide guidance regarding the wording of wills, and the receipt of funds/other assets from executors
   - Obtain Confirmation of Estate, where the Board is the beneficiary
• Negotiate arrangements regarding the administration of a will with executors and to discharge them from their duty

• Take legal advice as necessary.

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

• Advise the Trustees on the financial implications of any proposal for fund raising activities based on the guidance contained in MEL (2000)13

• Give approval for fund-raising based on direction of the Trustees

• Be responsible, after taking legal advice as necessary, for alerting the Trustees to any irregularities regarding the use of the Board's name or its registration numbers.

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

Investment Management

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

Expenditure

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

Subject to the foregoing, expenditure is governed by the Orkney Health Board Endowment Charter.
17 Primary Care Contractors

17.1 The Practitioner Services Division (PSD) of the NHS National Services Scotland (NSS) is the payment agency for all Family Health Service (FHS) contractor payments:

- General Medical Services
- Prescribing/dispensing
- FHS Non-cash Limited.

17.2 The Head of Primary Care Services will:

- Ensure that systems are in place to deal with applications, resignations, and inspection of premises, within the appropriate contractor’s terms and conditions of service
- Approve additions to, and deletions from, approved lists of contractors, taking into account the health needs of the local population, and the access to existing services
- Deal with all applications and resignations equitably, within time limits laid down in the contractors’ terms and conditions
- Ensure that lists of all contractors, for which NHS Orkney is responsible, are maintained and kept up to date.

17.3 The Director of Finance will monitor the Service Level Agreement with PSD covering validation, payment, monitoring and reporting and the provision of an audit service by the NSS internal auditors. Through this process, the Director of Finance will seek evidence that NSS systems provide assurance that:

- Only contractors who are included on the Board’s approved lists receive payments
- All valid contractors’ claims are paid correctly, and are supported by the appropriate documentation and authorisation
- Regular independent post payment verification of claims is undertaken to confirm that:
  - rules have been correctly and consistently applied
  - overpayments are prevented wherever possible
  - if overpayments are detected, recovery measures are initiated
- Fraud is detected and instances of actual and potential fraud are followed up as per the Fraud Policy.
  - Exceptionally high/low payments are brought to his attention
  - Payments made on behalf of the Board by the NSS are pre-authorised.

17.4 The Director of Finance will ensure that:

  - Payments made via NSS are reported to the Management Team
  - Payments made by NSS are reconciled with the cash draw-down reported by the Scottish Government to Health Boards.

17.5 Payments made to all Primary Care independent contractors and community pharmacists will comply with their appropriate contractor regulations.
18 Health and Social Care Integration

Integration

18.1 The Public Bodies (Joint Working) (Scotland) Act 2014 established the framework for the integration of adult health and social care services in Scotland. A single Integrated Joint Board (IJB) has been established in Orkney. The approved Integration Scheme sets out the detail of the integration arrangement, including those functions delegated by NHS Orkney to the IJB.

18.2 Each partner will agree the formal budget setting timelines and reporting periods as defined in the IJB Integration Scheme and supporting Financial Regulations:

- An initial schedule of payments will be agreed within the first 40 working days of each new financial year and may be updated.
- The format and frequency of reports will be agreed by the Chief Officer, Chief Finance Officer of the IJB in conjunction with the NHS Director of Finance and Orkney Islands Council (OIC) Section 95 Officer.

18.3 The initial budget for the NHS contribution to the IJB budget for delegated functions under the Public Bodies (Joint Working) (Scotland) Act 2014 will be set in accordance with the Integration Scheme and the due diligence process as described in Scottish Government Integrated Resource Advisory Group guidance.

18.4 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.

18.5 Following on from the budget process, the IJB Chief Officer and Chief Finance Officer will prepare a financial plan supporting the Strategic Commissioning Plan and once approved by the IJB, will issue Directions with defined payment levels to NHS Orkney. ‘Payment’ does not mean an actual cash transaction but a representative allocation for the delivery of integrated functions in accordance with the Plan.

18.6 If at the outset NHS Orkney does not believe the direction can be achieved for the payment being offered then it will notify the IJB that in line with s 28 (4) of the Public Bodies (Joint Working) (Scotland) Act 2014 additional funding is necessary to comply with the direction.

18.7 Once the payments to be made by the IJB to NHS Orkney for the delegated functions have been agreed they will form the basis of annual
budgets to be issued to budget holders. Payments for the set aside budgets will be issued to the relevant NHS budget holder.

18.8 Where the Chief Officer is the budget holder they will comply with these SFIs. In further delegating budgetary authority to managers in their structure the Chief Officer is responsible for ensuring all transactions processed by the NHS comply with these SFIs and any further detailed procedural guidance relevant to the transaction.

18.9 The Chief Officer may have a structure including joint management posts with responsibility for both health and council expenditure.

18.10 Where a manager has delegated authority for both health and council expenditure they must ensure the VAT treatment is in line with Integrated Resource Advisory Group and HMRC guidance. If in doubt they should seek advice from the Director of Finance for any expenditure from NHS budgets.

18.11 A council employee who has been given delegated authority for NHS budgets will sign a declaration that they have received and will comply with these SFIs. This should also be signed by the Chief Officer, who will pursue any breaches of the SFIs through the council line management structure if required.

18.12 The IJB Financial Regulations state that the Chief Officer is not be permitted to vire between the Integrated Budget and those budgets managed by the Chief Officer, but which are outside of the scope of the strategic plan, unless agreed by those bodies. Internal virements require approval: up to £100,000 by the Chief Officer and Chief Finance Officer; over £100,000 by the IJB. Further requirements for the virement of budgets within NHS Orkney is specified in detailed guidance issued by the Director of Finance.

18.13 Notwithstanding that a budget virement lies within the Chief Officer’s level of authority it can only be executed if detailed consideration of the financial impact indicates that any risks associated with it are acceptable. If there is a difference of opinion between the Chief Officer and NHS finance as to the acceptability of the risk, the Chief Officer and Director of Finance will seek to reach an acceptable solution. Failing that the Chief Executive will consider the level of risk, involving the Management Team if necessary. Should there still not be agreement the IJB would be invited to set out how it would mitigate the stated risk.

18.14 Where there is a projected overspend against an element of the Integrated Budget, the Chief Officer, the Chief Finance Officer of the IJB and the relevant finance officer and operational manager of NHS Orkney must agree a recovery plan to balance the overspend.
18.15 Underspends on the NHS element of the Integrated Budget should be returned to the IJB and carried forward through the reserves. This will require adjustments to the allocations from the IJB to NHS Orkney for the amount of the underspend.

18.16 The Director of Finance is responsible for providing the Chief Officer (as with all budget holders) with regular financial information to allow them to manage their budgets. The Director of Finance is also responsible for providing the Chief Finance Officer of the IJB with the financial information required by the integration scheme and expanded by subsequent agreements, to meet the reporting requirement of the IJB. In advance of each year a timetable will be agreed with the IJB.

18.17 The IJB Chief Finance Officer will be responsible for the preparation of the annual financial statements as required by s39 of the Public Bodies (Joint Working) (Scotland) Act 2014 and the statutory annual accounts. Recording of financial information in respect of the IJB will be processed via the OIC ledger (though this will be reviewed in time). The Director of Finance will ensure information is supplied from the NHS as required to fulfil these obligations.

18.18 Year-end balances and transactions will be agreed timeously in order to allow completion of the Accounts in line with required timescales. This date will be agreed annually by the IJB, NHS Orkney and OIC.

18.19 Detailed Financial Regulations governing the Integration Joint Board are in place, agreed between OIC and NHS Orkney and approved by the IJB. The Director of Finance will be responsible for ensuring NHS obligations are fulfilled.

18.20 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. The previous standing financial instruction provisions relating to this have therefore been retained in case they should be required.

**Aligned and Pooled Budgets**

18.21 NHS Scotland organisations and Scottish Local Authorities have a statutory duty to co-operate to provide improved Community Care Services. The [Community Care and Health (Scotland) Act 2002](https://www.legislation.gov.uk/ukpga/2002/12/contents) and the [Community Care (Joint Working etc.) Regulations 2002](https://www.legislation.gov.uk/regulation/id/2002/1258) increased the flexibility available to both organisations to improve outcomes for people using these services, together with their carers. Scottish Ministers also have power to direct NHS and LA organisations to enter into joint
working arrangements, where existing performance is unsatisfactory. The Regulations specify the social care, health and housing functions covered by these enabling and intervention powers.

18.22 Part 2 of the Act enables payments to be made between NHS and LA organisations in connection with relevant functions, both Capital and Revenue, in order to move resources to deliver joint objectives. The Act provides a framework within which NHS and LA may delegate functions and pool budgets, where the host partner is best placed to manage the day to day operation of a joint service. The existing responsibility and accountability of each partner for the exercise of the function remains. A Local Partnership must develop a governance framework for any service and activity delegated. The host partner is required to account for the use of the pooled resources and service performance to both partners. Jointly managed services will be managed using either aligned or pooled budgets.

18.23 Aligned Budgets are where clearly identified financial resources are contributed by each partner into a joint “pot”, but the funds remain held within each partner organisation in separate and distinct budgets. This enables each partner organisation to identify and account for their contribution to the joint “pot”.

18.24 Pooled budgets are where each partner contributes agreed resources to a discrete fund, which is managed as a single budget, by a separate discrete body. This body is not a separate legal entity, and for legal reasons must be linked to one of the statutory authorities, which becomes the “host” partner. The partners must agree the purpose, scope and outcomes for services within the agreement, meeting their own statutory obligations and justifying their contribution to the fund.

18.25 Partnership arrangements entered into by NHS Orkney must comply with guidance issued by Scottish Government.

18.26 A Local Partnership Agreement must be drawn up between the partner organisations. This will specify the services to be managed jointly, joint arrangements for management structures, governance and accountability, budgetary control, financial reporting and monitoring. Each organisation’s Chief Officer must approve the Local Partnership Agreement which must be ratified by both organisations.

18.27 Each partner will agree the level of its contribution in advance of each financial year. Levels of contribution will take account of inflation, new developments, service pressures, capital charges and savings targets.

18.28 The Joint Management Team, as defined in the Local Partnership Agreement will have delegated authority to develop jointly managed
services, through the Local Partnership Agreement. Joint Service Manager posts will be employed by one or the partners, who will be responsible for the risks and liabilities associated with that.

18.29 Each Joint Services Manager will have delegated authority for the management of budgetary resources from each partner. There will be clearly defined roles and responsibilities for the achievement of financial and service performance targets. For the management of resources and activities associated with NHS Orkney’s contribution, the NHS Orkney Code of Corporate Governance will be complied with. For the management of resources and activities associated with OIC’s contribution to the jointly managed services, the OIC Financial Regulations and Contract Regulations will be complied with. Any instructions or guidance produced by the NHS Director of Finance and OIC Section 95 Officer will be complied with if it is to be applied to the appropriate budget/resources.

18.30 Where a separate body is created to manage pooled budgets, the lead officer of the partnership body will issue Financial Regulations and Standing Financial Instructions/Code of Corporate Governance, in accordance with directions issued by the Scottish Government, and agreed by the partner authorities. Such regulations and instructions will specify the arrangements for the provision of financial and service performance information to the partner authorities who remain responsible and accountable for their contribution.

18.31 The NHS Orkney Chief Executive and the OIC Section 95 Officer remain accountable to Scottish Government for the financial contribution made by their organisation.

18.32 Jointly managed services will be subject to both financial and value for money audit by both internal audit and the appointed auditors. Annual statements will be prepared for inclusion in both partners’ Annual Accounts, complying with all appropriate accounting standards and Scottish Government requirements. Each partner’s Director of Finance will be equally responsible for ensuring that all relevant financial information is made available to the other partner as appropriate.
19 Patients property

19.1 NHS Orkney has a responsibility (NHS Circular 1976 (GEN) 68) to provide safe custody, for money and other personal property (hereafter referred to as “property”) handed in by patients, in the possession of unconscious or confused patients, or found in the possession of patients dying in hospital or dead on arrival. NHS Orkney will not exercise the power to manage patients’ finances under the Adults with Incapacity Scotland Act 2000, this responsibility will lie with Social Services.

19.2 Patients or their guardians, as appropriate, will be informed before or at their admission that NHS Orkney will not accept responsibility or liability for patients’ property unless it is handed in for safe custody and a copy of an official patient’s property record is obtained as a receipt. This information will be provided through:

- Notices and booklets
- Admission documentation and property records
- Advice of staff responsible for admissions.

19.3 The Director of Finance will provide written instructions on the collection, custody, recording, safekeeping and disposal of patients’ property (including instructions on the disposal of the property of deceased patients and patients transferred to other premises) for all staff whose duty it is to administer the property of the patients.

19.4 Bank accounts for patients’ monies will be operated under arrangements agreed by the Director of Finance.

19.5 A patient’s property record, in a form determined by the Director of Finance, will be completed by a member of staff in the presence of a second member of staff and the patient or personal representative where practicable. It will be signed by both members of staff and by the patient, except where the latter is restricted by physical or mental incapacity, when it could be signed by the patient representative on their behalf. Any alterations will be validated by the same signatory process as required for the original entry.

19.6 The Director of Finance will prepare an abstract of receipts and payments of patients’ private funds in the form laid down in the Manual for Accounts. The abstract will be audited independently and presented to the Audit Committee, together with a report from the auditor.
19.7 Property which has been handed in for safe custody will be returned to the patient, as required, by the officer who has been responsible for its security. The return shall be receipted by the patient or guardian as appropriate, and witnessed by another member of staff.

19.8 The disposal of property of deceased patients is governed by GEN (1992) 33, which should be read as part of the SFIs.

19.9 All property including cash, watches, jewellery, clothing, bank books, insurance policies and all other documents which the patient had in his possession in the hospital, should, as soon as practicable after his death, be collected together, identified as being his belongings and kept in safe custody until disposal.

19.10 Staff should be informed, on appointment, by the appropriate departmental or senior manager of their responsibilities and duties for the administration of the property of patients.

Patient Died Intestate and Without Next Of Kin

19.11 If the patient was of Scottish domicile, died intestate and without next of kin, the estate will pass to the Crown and is dealt with by the Crown Office, Regent Road, Edinburgh. The particulars of each case should be notified separately and promptly to the Crown Office. The particulars should include the last known address of the patient.

19.12 The law governing the succession to the estate of patients dying intestate and without next of kin, who were not of Scottish domicile, varies according to the country. Details should be reported to the Crown Office for investigation. All property and documents should be retained until instructions are received from the Crown Office.

Patient Died Intestate but Next Of Kin/Beneficiaries Identified

19.13 Those items of the estate in the possession of NHS Orkney should be handed over only to the executor or executors named in the document known as the “Confirmation of the Estate”. The document should be inspected before the items are handed over. The executor may be the next of kin, but need not necessarily be so. Where the total amount of the deceased's estate is not more than £25,000, there is provision for the Confirmation document to be obtained by an expedited procedure, but nevertheless a Confirmation should still be obtained. A Confirmation of Estate document can be obtained by the executor or the next of kin from any sheriff clerk for a small fee. A signed Receipt for all the items of estate delivered to the executor should be in the form shown as Appendix B to GEN (1992) 33.
19.14 If the next of kin decides not to obtain a Confirmation, because for example, the value of the estate is too small, if possible all items of the estate should be handed over in exchange for a signed Receipt in the form shown as Appendix C of GEN (1992) 33. Staff must ensure that all the items handed over are listed on the receipt.

19.15 No payments should be made to anyone out of the estate funds other than the executor or the next of kin, as appropriate, but when handing over the items of estate, staff should provide him with known details of any sums owing and the names and addresses of creditors.

19.16 Where items are handed over to a beneficiary, the form of receipt should be as shown on Appendix D of GEN (1992) 33.

Cost of burial or cremation

19.17 NHS Orkney should not assume responsibility for arranging a burial or cremation. Section 50(i) of the National Assistance Act 1948 places a duty on Councils to arrange for the burial or cremation of the body of a deceased person where no suitable arrangements for the disposal of the body have been made or are being made. The local authority should be informed immediately, in writing, so that they can make the arrangements.

19.18 The local authority can seek to be reimbursed from the deceased’s estate for the expenses incurred. Where the Crown Office has an interest, the local authority should be referred to them for payment.

19.19 Where NHS Orkney cannot trace the named executor, or any beneficiary, it may be convenient for NHS Orkney to hand over to the local authority as much of the patient’s property in its possession as is sufficient to cover the burial or cremation expenses. NHS Orkney must not hand over property which is worth more than the expenses incurred, and must retain the balance for claiming by next of kin, beneficiary or named executor.

19.20 An itemised statement of the total expenses payable must be obtained from the local authority, and a receipt obtained in the form of Appendix E to GEN (1992)33.

19.21 In accordance with GEN (1992)33, NHS Orkney, to save parents the additional distress of arranging for the funeral of a baby still-born in hospital, or in the community, may offer to arrange and pay for the funeral on their behalf.
20 Audit

Audit Committee

20.1 The Board will establish an Audit Committee, with clearly defined terms of reference, which follows guidance contained in the Scottish Government Audit Committee Handbook. The Audit Committee will consider:

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

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

20.3 It is the responsibility of the Audit Committee to regularly review the operational effectiveness of the internal audit service. A panel chaired by a Non-Executive Board Member, preferably the Chair of the Audit Committee, will select and appoint the Internal Auditor. The Chair of the Audit Committee will determine the composition of the panel.

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

20.4 The Director of Finance is responsible for ensuring that:

- There are arrangements to review, evaluate and report on the effectiveness of internal control including the establishment of an effective internal audit function
- Internal Audit is adequate and meets the NHS mandatory audit standards

The Chief Internal Auditor prepares the following for approval by the Audit Committee:
- A strategic audit plan
- A detailed operational plan for the coming year.

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

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

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

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

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

Internal Audit

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

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

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

20.8 Internal Audit Activity

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

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

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

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

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

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

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

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

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

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

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

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

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

**External Audit**

20.10 The External Auditor is concerned with providing an independent assurance of NHS Orkney’s financial stewardship including value for money, probity, material accuracy, compliance with guidelines and accepted accounting practice for NHS accounts. Responsibility for securing the audit of NHS Orkney rests with Audit Scotland. The appointed External Auditor’s statutory duties are contained in the PFA
Act 2000.

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

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

20.12 In addition to these responsibilities, Audit Scotland’s Code of Audit Practice requires the External Auditor to provide an opinion on whether the statement of accounts presents a true and fair view of the financial position of the organisation, and on the regularity of transactions.

The External Auditor will also review and report on:

- Other information published with the financial statements.
- Corporate governance arrangements including arrangements in place for the prevention and detection of fraud and corruption
- The financial position
- Arrangements to achieve Best Value
- Arrangements to manage performance.
21 Information and management technology

21.1 The Director of Finance is responsible for the accuracy and security of the financial data of NHS Orkney.

21.2 The Director of Finance will devise and implement procedures to protect the Board and individuals from inappropriate use or misuse of any financial or other information held on computer files for which he has responsibility and will take account of the provisions of the Data Protection Act 1998.

21.3 The Director of Finance will satisfy himself that computer audit checks and reviews are being carried out.

21.4 The Director of Finance will ensure that new financial systems and amendments to current financial systems are developed in a controlled manner and thoroughly tested prior to implementation. Where this is undertaken by an organisation outwith NHS Orkney, assurances of adequacy will be obtained from them prior to implementation.

21.5 The Director of Finance will ensure that contracts or agreements for computer services for financial applications with NHS Boards or any other agency will clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing and storage. The contract or agreement will also ensure rights of access for audit purposes.

21.6 Where NHS Orkney or any other agency provides a computer service for financial applications, the Director of Finance will periodically seek assurances that adequate controls are in operation.

21.7 Where computer systems have an impact on corporate financial systems the Director of Finance will ensure that:

- Systems acquisition, development and maintenance are in line with corporate policies and strategies such as the IT/eHealth Strategy
- Data produced for use with financial systems is adequate, accurate, complete and timely, and that an audit trail exists
- Finance staff have access to such data.
22 Fixed assets

22.1 The Chief Executive will ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal on the Financial Plan for NHS Orkney.

22.2 The Director of Finance will ensure that every capital expenditure proposal meets the following criteria:

- Potential benefits have been evaluated and compared with known costs
- Potential purchasing authorities should be able and (as far as can be ascertained) willing to meet cost consequences of the development as reflected in prices
- Complies with guidance in the Capital Investment Manual.

22.3 Consideration should be given to the use of Private Finance, Non Profit Distribution or Operating Leases where appropriate.

22.4 NHS Orkney will maintain a system for assessing whether leases or Private Finance Initiative / Public Private Partnership / Non-Profit Distributing contracts should be accounted for as on or off balance sheet in the context of SSAP21, FRS5, and International Reporting Standards (IFRS) and any other relevant guidance and advice received.

22.5 For large capital schemes a system will be established for managing the scheme and authorising necessary payments up to completion (Section 9). Provision will be made for regular reporting of actual expenditure against authorised capital budgets.

22.6 Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to original documents and invoices (where appropriate). Where land and property is disposed of, the Property Transactions Handbook must be followed.

22.7 There is a requirement to achieve Best Value when disposing of assets. Competitive tendering should be undertaken in line with the tendering procedure (Section 13).

22.8 Competitive tendering or quotation procedures will not apply to the disposal of:

- Any matter where a fair price can be obtained only by negotiation
or sale by auction as determined (or pre-determined in a reserve) by the Chief Executive or nominated officer

- Obsolete or condemned articles and stores, which may be disposed of in accordance with the losses policy
- Items with an estimated sale value of less than £1,000
- Items arising from works of construction, demolition or site clearance, which should be dealt with in accordance with the relevant contract
- Land or buildings concerning which Scottish Government guidance has been issued.

22.9 Managers must ensure that:

- The Director of Finance is consulted prior to disposal
- All assets are be disposed of in accordance with MEL(1996)7 'Sale of surplus and obsolete goods and equipment'
- All proceeds are notified to the Director of Finance.

22.10 The overall control of fixed assets is the responsibility of the Chief Executive.

22.11 NHS Orkney will maintain an asset register recording fixed assets. The minimum data set to be held within these registers shall be as specified in the Capital Accounting Manual as issued by Scottish Government.

22.12 Registers will be maintained by the nominated officer for:

- Donated equipment
- Equipment on loan
- Leased Equipment
- Other operating leases
- Non Profit Distributing contracts
- Contents of furnished lettings.

22.13 The Director of Finance will approve fixed asset control procedures. These procedures will make provision for:

- Recording managerial responsibility for each asset
- Identification of additions, disposals and transfers between departments
- Identification of all repair and maintenance expenses
- Physical security of assets
- Periodic verification of the existence of, condition of and title to assets recorded
- Identification and reporting of all costs associated with the retention of an asset.
22.14 Additions to fixed asset registers must be clearly attributed to an appropriate asset holder and be validated by reference to:

- Properly authorised and approved agreements, architect’s certificates, supplier’s invoices and other documentary evidence in respect of purchases from third parties
- Stores requisitions for own materials and wages records for labour including appropriate overheads
- Lease agreements in respect of assets held under a finance lease and capitalised.

22.15 The Director of Finance will approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

22.16 All discrepancies revealed by verification of physical assets to the fixed asset register will be notified in writing to the Director of Finance.

22.17 The value of each asset will be indexed to current values in accordance with methods specified in the Capital Accounting Manual.

22.18 The value of each asset will be depreciated using methods and rates as specified in the Capital Accounting Manual.

22.19 Capital charges will be calculated as specified in the Capital Accounting Manual.
23 Management, retention and disposal of administration records

23.1 NHS Orkney must comply with the national guidance on record keeping as outlined in:
   - Public Records (Scotland) Act 2011
   - Records management guidance set out in the Code of Practice on Records Management issued under Section 61(6) of the Freedom of Information (Scotland) Act 2002
   - NHS Code of Practice (Scotland), which incorporates NHS (2006) 28, and provides guidance on the retention and disposal of administrative records.

23.2 The Board, through the Quality and Improvement Committee, will approve the Records Management Plan which is the overarching framework ensuring NHS Orkney records are managed and controlled effectively. This includes the Records Management Policy, and Document Storage and Retention Policy submitted by the Director of Public Health, lead for Information Governance. These policies can be accessed on the intranet.
24 Risk management and insurance

24.1 The Chief Executive will ensure that NHS Orkney has a programme of risk management which is approved and monitored by the Board and its committees.

The programme of risk management will include:

- A process for identifying and quantifying risks
- Engendering among all staff a positive attitude to the control of risk
- A programme of risk awareness training
- Management processes to ensure that all significant risks are addressed, including effective systems of internal control, and decisions on the acceptable level of retained risk
- All significant risks and action taken to manage the risks will be reported to the Board and its committees
- The maintenance of an organisation-wide risk register
- Contingency plans to offset the impact of adverse events
- Audit arrangements, including internal audit, clinical audit, health and safety review
- Arrangements to review the risk management programme.

24.2 The existence, integration and evaluation of the above elements will provide a basis for the Audit Committee to make a statement to the Board on the effectiveness of risk management in NHS Orkney.

24.3 In the case of Partnership Working with other agencies, the NHS Orkney risk management framework will be shared to identify and quantify the individual risks, particularly where responsibility cannot be assigned to an individual partner. Each partners’ risk management and insurance arrangements will be taken into account when identifying and quantifying risks associated with the provision of jointly managed services and associated with the delegation of the management of a partner’s financial resources. Where conflicts occur between these sets of arrangements each partner’s Director of Finance will be required to agree a course of action to resolve the conflict.

24.4 The Director of Finance will ensure that insurance arrangements exist in accordance with the risk management programme.
25 Financial irregularities

This section should be read in conjunction with the NHS Orkney Fraud Policy contained within the Code of Corporate Governance.

25.1 Guidance on the approach to various forms of financial irregularities is contained in HDL(2002) 23, which draws a clear distinction between treatment of suspected (a) theft and (b) fraud, embezzlement, corruption, and other financial irregularities (hereafter referred to as “fraud, etc”). This procedure also applies to any non-public funds.

25.2 Theft, Fraud, Embezzlement, Corruption and Other Financial Irregularities

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

It is the Fraud Liaison Officer’s responsibility to inform as he deems appropriate, the Police, the Counter Fraud Services (CFS), the appropriate Director, the External Auditor, and the Chief Internal Auditor that such an occurrence is suspected.

Where any officer of the Board has grounds to suspect that any of the above activities has occurred, his line manager should be notified without delay. Line managers should in turn immediately notify the Fraud Liaison Officer, who should ensure consultation with the CFS, and the Chief Internal Auditor. It is essential that preliminary enquiries are carried out in strict confidence and with as much speed as possible.

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

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

Any additions and suspicions of fraud, including those dismissed, will be
promptly reported to the Audit Committee on a regular basis.

25.3 Remedial Action

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.

25.4 Reporting to Scottish Government

While normally there is no requirement to report individual cases to the Scottish Government there may be occasions where the nature or scale of the alleged offence or the position of the person or persons involved, could give rise to national or local controversy and publicity.

Moreover, there may be cases where the alleged fraud appears to have been particularly ingenious or where it concerns an organisation with which other health sector bodies may also have dealings. In such cases, the Scottish Government must be notified of the main circumstances of the case at the same time as the CFS.

25.5 Responses to Press Enquiries

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.

The Scottish Government should also be advised of any unusual or significant incidents involving patients or endowment funds.

25.6 List of Financial Crime Offences

There are numerous types of financial crime that can be perpetrated and some examples are given below:

- **Dishonest action by staff to obtain a benefit** for example working whilst on sick leave, false expenses, false overtime, embezzlement of cash or goods and procurement fraud

- **Account fraud** for example fraudulent transfer to employee account, fraudulent account transfer to third party account and
fraudulent account withdrawal

- **Employment application fraud** for example false qualifications, false references or use of false identity

- **Unlawfully obtaining or disclosure of personal data** for example fraudulent use of customer/payroll data, modification of customer payment instructions and contravention of IT security policy with intent to facilitate the commission of a criminal offence

- **Unlawfully obtaining or disclosure of commercial data** for example contravention of IT security policy with intent to facilitate the commission of a criminal offence

- **Other irregularities** for example involving failure to declare gifts, breaches of NHS circulars or SFIs or other accounting irregularities.
26 Bribery

This section should be read in conjunction with the Standards of Business Conduct contained within Section C of the Code of Corporate Governance and the Fraud and Corruption Policy contained within Section D of the Code of Corporate Governance

26.1 The Bribery Act 2010 has brought further obligations on NHS Orkney and its staff.

26.2 NHS Orkney operates a zero tolerance approach to bribery, whether direct or indirect, by, or of, its staff, agents or external consultants or any persons or entities acting for it or on its behalf. The Board is committed to implementing and enforcing effective systems throughout NHS Orkney to prevent, monitor and eliminate bribery, in accordance with the Bribery Act 2010.

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

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

26.5 Where there are grounds to suspect that bribery has occurred a response shall be initiated as per the Fraud and Corruption Policy.
Annex

Sponsorship Policy

1 Sources of Sponsorship

It is accepted that NHS Orkney may benefit from sponsorship opportunities. However, there are circumstances under which sponsorship should not be accepted:

- If a company's products have inherent health risks, ie manufacturers and suppliers of tobacco and alcohol products
- Where a company has a history of failing to meet legislative standards in respect of industrial relations and work conditions, human rights, animal rights or environmental issues.

2 Purpose of Sponsorship

It is NHS Orkney’s duty to provide health services for its population and it is not appropriate to use sponsorship to meet the costs of what is perceived to be NHS Orkney’s primary responsibilities. However, it could be used to fund what are seen as secondary activities such as:

- Materials for education, training and health promotional events
- Educational grants
- Sponsorship for training courses
- Expenses for attendance at local or national conferences
- Research or clinical audit projects
- Printing and distribution of guidelines
- Facilitate access to research and development work elsewhere.

The principles upon which any sponsorship must be based are:

- Agreements must protect the interests of individual patients, eg guard against the use of any single product to the exclusion of other reputable brands on the market
- Agreements should not undermine or conflict with the ethical requirement of any health care professional including the duty of doctors to provide treatment they consider clinically appropriate
- Agreements must comply with requirements for data protection and information sharing
Agreements must be reviewed by the Central Legal Office

Agreements will be publicly available documents in line with NHS Orkney’s accountability requirements.

3 Control Framework

Sponsorship within the framework outlined above would allow some credit to be given to the sponsors, acknowledging the fact that they have provided the funding to allow the project or event to be run.

However, the following issues must be made clear:

- Credit for the work is due to the Board and not the sponsors
- The acceptance of sponsorship is not an endorsement of a specific product or drug
- Any mention of the sponsor will be to the Company and not to any of its products
- The sponsoring company may attend any sponsored event and display samples of its products at sponsored events, but it must be clear that the Board is not endorsing or promoting the company or its products.

Companies or suppliers offering sponsorship should be sent a copy of this policy and are required to confirm in writing that they have read it and will abide by its content.

Any offers of sponsorship should be submitted to the Director of Finance. A final decision on the appropriateness of an offer of sponsorship will rest with the Chief Executive.
Annex 2

An up to date copy of the Scheme of Delegated Financial Authority can be obtained from the Director of Finance.