

CODE OF CORPORATE GOVERNANCE

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SECTION 1 - INTRODUCTION

Healthcare Improvement Scotland's Code of Corporate Governance is based on the general principles of the [UK Corporate Governance Code](#) and the [NHS Scotland Blueprint for Good Governance](#).

The UK Corporate Governance Code defines corporate governance as the system by which organisations are directed and controlled. The NHS Scotland Blueprint for Good Governance states that the purpose of good governance is to facilitate effective, innovative and prudent management that can deliver the long-term success of the organisation. It provides a model for good governance which has three tiers – the functions of a governance system, the enablers and the support required to effectively deliver those functions. Effective corporate governance also leads to good management, good stewardship of public money, good public engagement and ultimately good outcomes.

The HIS Code of Corporate Governance sets out the governance framework for the organisation. This includes the Standing Orders for delivery of Board and Governance Committee meetings, terms of reference for the Board and its Governance Committees, and the Standing Financial Instructions.

The Code has been developed under the guidance of the Audit and Risk Committee. They will keep the Code of Corporate Governance under review and undertake a comprehensive review at least every 3 years. The Code was ratified by the Board on 25 June 2024.

Comments are welcomed on the Code. These can be directed to the Director of Finance, Planning and Governance, angela.moodie@nhs.scot.

Healthcare Improvement Scotland (HIS)

HIS is a public body which was formed on 1 April 2011. It was constituted by the National Health Service (Scotland) Act 1978, as amended by Public Service Reform Scotland Act 2010 and the Public Bodies (Joint Working) Act 2014. Our purpose is to drive the highest quality care for everyone in Scotland and our strategic priorities are:

- Enable a better understanding of the safety and quality of health and care services and the high impact opportunities for improvement.
- Assess and share intelligence and evidence which supports the design, delivery and assurance of high quality health and care service.
- Enable the health and care system to place the voices and rights of people and communities at the heart of improvements to the safety and quality of care.
- Deliver practical support that accelerates the delivery of sustainable improvements in the safety and quality of health and care services across Scotland.

Our organisation includes:

- [Scottish Health Council \(SHC\) which operates as Healthcare Improvement Scotland – Community Engagement](#)
- [Scottish Intercollegiate Guidelines Network \(SIGN\)](#)
- [Healthcare Environment Inspectorate](#)
- [Scottish Health Technologies Group](#)
- [Scottish Medicines Consortium \(SMC\)](#)
- [Scottish Antimicrobial Prescribing Group \(SAPG\)](#)

SECTION 2 – STANDING ORDERS FOR THE PROCEEDINGS AND BUSINESS OF HEALTHCARE IMPROVEMENT SCOTLAND

1 General

- 1.1 These Standing Orders for regulation of the conduct and proceedings of Healthcare Improvement Scotland are made under the National Health Service (Scotland) Act 1978. It states that “HIS may determine its own procedure and that of its committees, including a quorum for meetings”. The procedures set out below mirror the Model Standing Orders developed on a national basis by those Health Boards which are subject to the Health Boards (Membership and Procedure) (Scotland) Regulations 2001 (2001 No. 302), as amended up to and including The Health Boards (Membership and Procedure) (Scotland) Amendment Regulations 2016 (2016 No. 3).

The NHS Scotland Blueprint for Good Governance has informed these Standing Orders. The Blueprint describes the functions of the Board as:

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

- 1.2 The Scottish Ministers shall appoint the members of the Board. The Scottish Ministers shall also attend to any issues relating to the resignation and removal, suspension and disqualification of members in line with the above regulations. Any member of the Board may on reasonable cause shown be suspended from the Board or disqualified for taking part in any business of the Board in specified circumstances.
- 1.3 Any statutory provision, regulation or direction by Scottish Ministers, shall have precedence if they are in conflict with these Standing Orders.
- 1.4 Any one or more of these Standing Orders may be varied or revoked at a meeting of the Board by a majority of members present and voting, provided the notice for the meeting at which the proposal is to be considered clearly states the extent of the proposed repeal, addition or amendment.
- 1.5 Any member of the Board may on reasonable cause shown be suspended from the Board or disqualified for taking part in any business of the Board in specified circumstances. The Scottish Ministers may by determination suspend a member from taking part in the business (including meetings) of the Board. Paragraph 5.4 sets out when the person presiding at a Board meeting may suspend a Board member for the remainder of a specific Board meeting. The Standards Commission for Scotland can apply sanctions if a Board member is found to have breached the Board Members’ Code of Conduct, and those include suspension and disqualification. The regulations (see paragraph 1.1) also set out grounds for why a person may be disqualified from being a member of the Board.

Board Members – Ethical Conduct

- 1.6 Members have a personal responsibility to comply with the [Code of Conduct](#) for Members of Healthcare Improvement Scotland. The Commissioner for Public Standards can investigate complaints about members who are alleged to have breached their Code of Conduct. The Board will have appointed a Standards Officer. This individual is responsible

for carrying out the duties of that role, however he or she may delegate the carrying out of associated tasks to other members of staff. The Board's appointed Standards Officer shall ensure that the Board's [Register of Interests](#) is maintained. When a member needs to update or amend his or her entry in the Register, he or she must notify the Board's appointed Standards Officer of the need to change the entry within one month after the date the matter required to be registered.

- 1.7 The Board's appointed Standards Officer shall ensure the Register is available for public inspection at the principal offices of the Board at all reasonable times and will be included on the Board's website.
- 1.8 Members must always consider the relevance of any interests they may have to any business presented to the Board or one of its committees. Members must observe paragraphs 5.6 - 5.10 of these Standing Orders, and have regard to the Code of Conduct (Declaration of Interests).
- 1.9 In case of doubt as to whether any interest or matter should be declared, in the interests of transparency, members are advised to make a declaration.
- 1.10 Members shall make a declaration of any gifts or hospitality received in their capacity as a Board member. Such declarations shall be made to the Board's appointed Standards Officer who shall make them available for public inspection at all reasonable times at the principal offices of the Board and on the Board's website. The Register of Interests includes a section on gifts and hospitality. The Register may include the information on any such declarations, or cross-refer to where the information is published.
- 1.11 The Board's Corporate Governance Manager shall provide a copy of these Standing Orders to all members of the Board on appointment. A copy shall also be held on the Board's website.

2 Chair

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

3 Vice Chair

- 3.1 The Chair shall nominate a candidate or candidates for Vice Chair to the Cabinet Secretary. The candidate(s) must be a non-executive member of the Board. The Non-executive Whistleblowing Champion and any member who is an employee of a Board is disqualified from being Vice Chair. The Cabinet Secretary will in turn determine who to appoint based on evidence of effective performance and evidence that the member has the skills, knowledge and experience needed for the position. Following the decision, the Board shall appoint the member as Vice Chair. Any person so appointed shall, so long as he or she remains a member of the Board, continue in office for such a period as the Board may decide.
- 3.2 The Vice Chair may at any time resign from that office by giving notice in writing to the Chair. The process to appoint a replacement Vice Chair is the process described at paragraph 3.1.
- 3.3 Where the Chair has died, ceased to hold office, or is unable for a sustained period of time to perform his or her duties due to illness, absence from Scotland or for any other reason, then the Board's Corporate Governance Manager should refer this to the Scottish Government. The Cabinet Secretary will confirm which member may assume the role of Interim Chair in the period until the appointment of a new chair, or the return of the appointed chair. Where the Chair is absent for a short period due to leave (for whatever reason). The Vice Chair shall assume the role of the Chair in the conduct of the business of the Board.

In either of these circumstances references to the Chair shall, so long as there is no Chair able to perform the duties, be taken to include references to either the Interim Chair or the Vice Chair. If the Vice Chair has been appointed as the Interim Chair, then the process described at paragraph 3.1 will apply to replace the Vice Chair.

- 3.4 Led by the Vice Chair of the Board, the non-executive members should meet without the Chair present at least annually and on other such occasions as are deemed appropriate. The outcomes from any meetings shall be shared with the Chair.

4 Calling and Notice of Board Meetings

- 4.1 The Chair may call a meeting of the Board at any time and shall call a meeting when required to do so by the Board. The Board shall meet at least four times in the year and will annually approve a forward schedule of meeting dates.
- 4.2 The Chair will determine the final agenda for all Board meetings. The agenda may include an item for any other business, however this can only be for business which the Board is being informed of for awareness, rather than being asked to make a decision. No business shall be transacted at any meeting of the Board other than that specified in the notice of the meeting except on grounds of urgency.
- 4.3 Any member may propose an item of business to be included in the agenda of a future Board meeting by submitting a request to the Chair. If the Chair elects to agree to the request, then the Chair may decide whether the item is to be considered at the Board meeting which immediately follows the receipt of the request, or a future Board meeting. The Chair will inform the member which meeting the item will be discussed. If any member has a specific legal duty or responsibility to discharge which requires that member to present a report to the Board, then that report will be included in the agenda.
- 4.4 In the event that the Chair decides not to include the item of business on the agenda of a Board meeting, then the Chair will inform the member in writing as to the reasons why.
- 4.5 A Board meeting may be called if one third of the whole number of members signs a requisition for that purpose. The requisition must specify the business proposed to be transacted. The Chair is required to call a meeting within 7 days of receiving the requisition. If the Chair does not do so, or simply refuses to call a meeting, those members who presented the requisition may call a meeting by signing an instruction to approve the notice calling the meeting provided that no business shall be transacted at the meeting other than that specified in the requisition.
- 4.6 Before each meeting of the Board, a notice of the meeting (in the form of an agenda), specifying the time, place and business proposed to be transacted at it and approved by the Chair, or by a member authorised by the Chair to approve on that person's behalf, shall be circulated to every member so as to be available to them at least three clear days before the meeting. The notice shall be distributed along with any papers for the meeting that are available at that point.
- 4.7 With regard to calculating clear days for the purpose of notice under 4.6 and 4.9, the period of notice excludes the day the notice is sent out and the day of the meeting itself. Additionally only working days (Monday to Friday) are to be used when calculating clear days; weekend days and public holidays should be excluded.

Example: If a Board is meeting on a Wednesday, the notice and papers for the meeting should be distributed to members no later than the preceding Thursday. The three clear days would be Friday, Monday and Tuesday. If the Monday was a public holiday, then the notice and papers should be distributed no later than the preceding Wednesday.

- 4.8 Lack of service of the notice on any member shall not affect the validity of a meeting.
- 4.9 Board meetings shall be held in public. A public notice of the time and place of the meeting shall be provided at least three clear days before the meeting is held. The notice and the meeting papers shall also be placed on the Board's website. The meeting papers will include the minutes of committee meetings which the relevant committee has approved. The exception is that the meeting papers will not include the minutes of the Remuneration Committee. The Board may determine its own approach for committees to inform it of business which has been discussed in committee meetings for which the final minutes are not yet available.

5 Conduct of Meetings

Authority of the Person Presiding at a Board Meeting

- 5.1 The Chair shall preside at every meeting of the Board. The Vice Chair shall preside if the Chair is absent. If both the Chair and Vice Chair are absent, the members present at the meeting shall choose a Board member who is not an employee of a Board to preside.
- 5.2 The duty of the person presiding at a meeting of the Board or one of its committees is to ensure that the Standing Orders or the committee's terms of reference are observed, to preserve order, to ensure fairness between members, and to determine all questions of order and competence. The ruling of the person presiding shall be final and shall not be open to question or discussion.
- 5.3 The person presiding may direct that the meeting can be conducted in any way that allows members to participate, regardless of where they are physically located, e.g. video-conferencing, teleconferencing. For the avoidance of doubt, those members using such facilities will be regarded as present at the meeting.
- 5.4 In the event that any member who disregards the authority of the person presiding, obstructs the meeting, or conducts himself/herself inappropriately the person presiding may suspend the member for the remainder of the meeting. If a person so suspended refuses to leave when required by the person presiding to do so, the person presiding will adjourn the meeting in line with paragraph 5.12. For paragraphs 5.5 to 5.20, reference to 'Chair' means the person who is presiding the meeting, as determined by paragraph 5.1.

Quorum

- 5.5 The Board will be deemed to meet only when there are present, and entitled to vote, a quorum of at least one half of the whole number of members, including at least two members who are not employees of a Board. The quorum for committees will be set out in their terms of reference, however it can never be less than two Board members.
- 5.6 In determining whether or not a quorum is present the Chair must consider the effect of any declared interests.
- 5.7 If a member, or an associate of the member, has any pecuniary or other interest, direct or indirect, in any contract, proposed contract or other matter under consideration by the Board or a committee, the member should declare that interest at the start of the meeting. This applies whether or not that interest is already recorded in the Board Members' Register of Interests. Following such a declaration, the member shall be excluded from the Board or committee meeting when the item is under consideration, and should not be counted as participating in that meeting for quorum or voting purposes.

- 5.8 Paragraph 5.7 will not apply where a member's, or an associate of their's, interest in any company, body or person is so remote or insignificant that it cannot reasonably be regarded as likely to affect any influence in the consideration or discussion of any question with respect to that contract or matter. In March 2015, the Standards Commission granted a dispensation to NHS Board members who are also voting members of integration joint boards. The effect is that those members do not need to declare as an interest that they are a member of an integration joint board when taking part in discussions of general health & social care issues. However members still have to declare other interests as required by the Board Members' Code of Conduct.
- 5.9 If a question arises at a Board meeting as to the right of a member to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting be referred to the Chair. The Chair's ruling in relation to any member other than the Chair is to be final and conclusive. If a question arises with regard to the participation of the Chair in the meeting (or part of the meeting) for voting or quorum purposes, the question is to be decided by the members at that meeting. For this latter purpose, the Chair is not to be counted for quorum or voting purposes.
- 5.10 Paragraphs 5.6-5.9 shall equally apply to members of any Board committees, whether or not they are also members of the Board, e.g. stakeholder representatives.
- 5.11 When a quorum is not present, the only actions that can be taken are to either adjourn to another time or abandon the meeting altogether and call another one. The quorum should be monitored throughout the conduct of the meeting in the event that a member leaves during a meeting, with no intention of returning. The Chair may set a time limit to permit the quorum to be achieved before electing to adjourn, abandon or bring a meeting that has started to a close.

Adjournment

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

Business of the Meeting

The Agenda

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

Decision Making

- 5.15 The Chair may invite the lead for any item to introduce the item before inviting contributions from members. Members should indicate to the Chair if they wish to contribute, and the Chair will invite all who do so to contribute in turn. Members are expected to question and challenge proposals constructively and carefully to reach and articulate a considered view on the suitability of proposals.

- 5.16 The Chair will consider the discussion, and whether or not a consensus has been reached. Where the Chair concludes that consensus has been reached, then the Chair will normally end the discussion of an item by inviting agreement to the outcomes from the discussion and the resulting decisions of the Board.
- 5.17 As part of the process of stating the resulting decisions of the Board, the Chair may propose an adaptation of what may have been recommended to the Board in the accompanying report, to reflect the outcome of the discussion.
- 5.18 The Board may reach consensus on an item of business without taking a formal vote, and this will be normally what happens where consensus has been reached.
- 5.19 Where the Chair concludes that there is not a consensus on the Board's position on the item and/ or what it wishes to do, then the Chair will put the decision to a vote. If at least two Board members ask for a decision to be put to a vote, then the Chair will do so. Before putting any decision to vote, the Chair will summarise the outcome of the discussion and the proposal(s) for the members to vote on.
- 5.20 Where a vote is taken, the decision shall be determined by a majority of votes of the members present and voting on the question. In the case of an equality of votes, the Chair shall have a second or casting vote. The Chair may determine the method for taking the vote, which may be by a show of hands, or by ballot, or any other method the Chair determines.
- 5.21 While the meeting is in public the Board may not exclude members of the public and the press (for the purpose of reporting the proceedings) from attending the meeting.

Board Meeting in Private Session

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

Minutes

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

6 Matters Reserved for the Board

Introduction

- 6.1 The Scottish Government retains the authority to approve certain items of business. There are other items of the business which can only be approved at an NHS Board meeting, due to either Scottish Government directions or a Board decision in the interests of good governance practice.
- 6.2 This section summarises the matters reserved to the Board:
- a) Standing Orders
 - b) The establishment and terms of reference of all its committees, and appointment of committee members
 - c) Organisational Values
 - d) The strategies for all the functions that it has planning responsibility for, subject to any provisions for major service change which require Ministerial approval.
 - e) The Annual Operational Plan for submission to the Scottish Government for its approval.
(Note: This should be conducted when the Board meets in private session.)
 - f) Corporate objectives or corporate plans which have been created to implement its agreed strategies.
 - g) Risk Management Policy.
 - h) Financial plan for the forthcoming year, and the opening revenue and capital budgets.
 - i) Standing Financial Instructions and a Scheme of Delegation.
 - j) Annual Accounts and report. (Note: This should be conducted when the Board meets in private session.)
 - k) Any business case item that is beyond the scope of its delegated financial authority before it is presented to the Scottish Government for approval. The Board shall comply with the [Scottish Capital Investment Manual](#).
 - l) The Board shall approve the content, format, and frequency of performance reporting to the Board.
- 6.3 The Board may be required by law or Scottish Government direction to approve certain items of business, e.g. the integration schemes for a local authority area.
- 6.4 The Board itself may resolve that other items of business be presented to it for approval.

7 Delegation of Authority by the Board

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

8 Execution of Documents

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

9 Committees

- 9.1 Subject to any direction issued by Scottish Ministers, the Board shall appoint such committees (and sub-committees) as it thinks fit. The committees which the Board has appointed are:
- Audit and Risk Committee
 - Executive Remuneration Committee
 - Quality and Performance Committee
 - Scottish Health Council Committee (SHC)
 - Staff Governance Committee
 - Succession Planning Committee
- 9.2 The Board shall appoint the chairs of all committees except the Chair of the SHC Committee who is appointed by the Cabinet Secretary for Health and Sport. The Board shall approve the terms of reference and membership of the committees except the stakeholder membership of the SHC Committee which is approved by the SHC Chair. The Board shall review these as and when required, and shall review the terms within 2 years of their approval if there has not been a review.
- 9.3 The Board shall appoint committee members to fill any vacancy in the membership as and when required. If a committee is required by regulation to be constituted with a particular membership, then the regulation must be followed
- 9.4 Provided there is no Scottish Government instruction to the contrary, any non-executive Board member may replace a Committee member who is also a non-executive Board member, if such a replacement is necessary to achieve the quorum of the committee.
- 9.5 The Board's Standing Orders relating to the calling and notice of Board meetings, conduct of meetings, and conduct of Board members shall also be applied to committee meetings. The general exception is that committee meetings shall not be held in public and committee papers shall not be placed on the Board's website, unless the Board specifically elects to do so.
- 9.6 The Board shall approve a calendar of meeting dates for its committees. The committee chair may call a meeting any time, and shall call a meeting when requested to do so by the Board.

9.7 The Board may authorise committees to co-opt members for a period up to one year, subject to the approval of both the Board and the Accountable Officer. A committee may decide this is necessary to enhance the knowledge, skills and experience within its membership to address a particular element of the committee's business. A co-opted member is one who is not a member of the Healthcare Improvement Scotland Board and is not to be counted when determining the committee's quorum. The co-opted member will be remunerated at a level commensurate with the daily rate payable to the organisation's Non-executive Directors unless they are fulfilling the co-option duties as part of a remunerated post.

SECTION 3 – TERMS OF REFERENCE FOR THE BOARD AND GOVERNANCE COMMITTEES

Part A - General Principles Applied to All Governance Committees

The Board shall create such governance committees, as are required by statute, guidance, regulation or Ministerial direction and as are necessary for the economical efficient and effective governance of its business. The Board can also appoint other committees, as it sees fit, subject to any direction issued by the Scottish Government. The remit of governance committees, their quorum and reporting arrangements to the Board shall be subject to Board approval.

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

Any Board member shall be entitled to attend any meeting of any governance committee other than the Audit and Risk Committee. No-one other than the Audit and Risk Committee's Chair and members are entitled to be present at a meeting of the Audit and Risk Committee. It is for the Audit and Risk Committee to decide if non-members should attend for a particular meeting or a particular agenda item.

When attending a governance committee meeting, Board Members shall, with the consent of the governance committee, be entitled to speak but not to propose, second any motion or vote. Executive members/directors cannot attend either the Executive Remuneration Committee, when matters pertaining to their terms and conditions of service are being discussed, or the Audit and Risk Committee when deemed necessary by the Chair.

A Board Member, who is not a member of a particular governance committee and wishes that committee to consider an item of business which is within its remit, shall inform in writing the relevant Chair and Lead Director, no later than 12 noon 14 days prior to the meeting, of the issue to be discussed. The committee secretary 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.

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

2.0 Functions

An executive member or another specified director and/or officer shall be appointed to lead and support the functioning of each governance committee.

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

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

3.0 Delegation

Each governance committee shall have delegated authority to determine any matter within its terms of reference with the exception of any specific restrictions contained within the Scheme of Delegation. Governance committees shall conduct their business within their purpose and remit. In exercising their authority, they 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 the Standing Orders, it shall be competent for the governance committee, whose remit the matter most closely resembles, to consider such matter and to make any appropriate recommendations to the Board.

Governance committees must conduct all business in accordance with Healthcare Improvement Scotland policies and this Code.

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

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

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

In the event of a disagreement between governance committees in respect of any such proposal or recommendation, which falls within the delegated authority of one governance committee, the decision of that governance committee shall prevail. If the matter is referred but not delegated to any governance committee, a report summarising the views of the various governance 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.

4.0 Authority

Each governance committee (the committee) is authorised by the Board, within its terms of reference, to investigate any activity in the operations of HIS. It is authorised to seek and obtain any information it requires from any employee and all employees of HIS are directed to co-operate with any request made by the committee.

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

The committee is authorised by the Board to appoint sub-committees, as considered necessary. Governance committees may from time to time establish working groups for such purposes as may be necessary.

5.0 Membership

The Board shall appoint the membership of the governance committees. By virtue of their appointment the Chair of the Board is an ex officio member of all committees except the Audit and Risk Committee.

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.

In determining the membership of the 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.

The persons appointed as a committee Chair shall usually be a non-executive member of the Board and only in exceptional circumstances shall the Board appoint a Chair of a committee who is not a non- executive member. Such circumstances are to be recorded in the minutes of the Board meeting making the appointment.

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, and
- each member of the Board is afforded proper opportunity to serve on committees.

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

Membership of the committees shall be disclosed in the Annual Report and Accounts.

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

6.0 Values and behaviours

The committee has a responsibility for seeking assurance in relation to staff understanding and commitment to HIS's agreed values and behaviours. In doing so, the committee also has a responsibility to conduct itself in a manner which reflects these values and behaviours. The Chair of the committee therefore ensures that all the work of the committee is undertaken in a spirit of openness and mutual respect.

7.0 Annual report

The committee will review its own effectiveness and report the results of the review to the Board and Accountable Officer through submission of an annual report. The annual report will describe the outcomes from the committee during the previous financial year and provide assurance to the Board that the committee has met its remit during the year.

The timing of this will align to the Board's consideration of the Chief Executive's Governance Statement for the associated financial year.

8.0 Reporting to the Board

The committee will formally report in writing to the Board. A copy of the record of the meeting will form the basis of this report.

The approved record of the meeting will be presented at the next meeting of the Board unless otherwise provided. A short paper listing the key issues arising from each meeting will also be presented to the Board by the Chair of the committee.

In the event of the record of the meeting not being available at the next Board meeting, a verbal update on the business of the committee shall be provided to ensure that any questions members of the Board may have can be addressed promptly or other matters highlighted.

9.0 Best Value

The committees of the Board have a responsibility to review progress against the duty of Best

Value as set out in the [Scottish Public Finance Manual](#) (SPFM) and recent guidance from Scottish Government Health and Social Care Directorate 'Best Value in public services: Guidance for Accountable Officers', March 2011. Specifically, there is an individual and corporate responsibility on the Directors and non-executive members to promote the efficient and effective use of staff and other resources in accordance with Best Value principles.

Assurance of this area of responsibility to the Chief Executive should be included as an explicit statement in the Annual Report of the committee.

Part B - Terms of Reference: Board

1.0 Purpose

The purpose of the Board is set out in the Operating Framework¹ between Healthcare Improvement Scotland and Scottish Government:

- ensure efficient, effective and accountable governance of the organisation;
- provide strategic leadership and direction;
- determine the risks the organisation is willing to take in pursuit of its strategic objectives; and
- focus on agreed outcomes.

2.0 Remit

The remit of the Board shall be in line with the Audit Scotland Role of Boards and the NHS Scotland Blueprint for Good Governance 2nd Edition². The terms of reference are aligned to the five primary functions of governance set out in the Blueprint:

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

The Board delegates several areas of its work to Governance Committees. However, decisions reserved for the Board are as follows but not restricted to:

Setting the Direction

- Approval of the organisation's strategy.
- Oversight and approval of high level plans that support delivery of the organisation's strategy and legislative duties such as operational plans, finance plan and workforce plan.
- Approval of new areas of work to ensure they fit with the organisation's strategy. Endorsement of joint plans with NHS Boards, Care Inspectorate and other partners.

Holding to account

- Scrutiny and monitoring of operational performance having received recommendations from detailed scrutiny by the Quality and Performance Committee.
- Scrutiny and monitoring of financial performance having received recommendations from the detailed scrutiny by the Audit and Risk Committee.
- Scrutiny and monitoring of workforce data having received recommendations from the detailed scrutiny by the Staff Governance Committee.
- Seek assurance that the organisation is delivering effective and efficient services.

1. The [Operating Framework](#) was published on 22 November 2022.

2. The [NHS Scotland Blueprint for Good Governance 2nd Edition](#) was published on 23 December 2022.

Assessing Risk

- Scrutiny and monitoring of risk management having received recommendations from the detailed scrutiny by the Audit and Risk Committee.

Engaging Stakeholders

- Seek assurance that the views of external stakeholders are taken into account when designing strategies, policies and services.
- Oversight of stakeholder communication and engagement strategies to establish confidence in the organisation.
- Approval of specific plans to comply with legislative duties.
- Approval of the Operating Framework with Scottish Government

Influencing Culture

- Demonstrate the organisation's values and exemplify effective governance through Board Members' individual behaviours.
- Board ensures the desired organisational culture is in place.
- Oversight of the results of staff satisfaction surveys.
- Approval of the Equality Mainstreaming Reports.

Finance and resource

- Approval of the financial transactions reserved for the Board set out in the Standing Financial Instructions.
- Approval of the annual fees for regulation of Independent Healthcare Providers.

Governance

- Approval of the Annual Report and Accounts.
- Oversight of the establishment of Governance Committees including the Scottish Health Council.
- Approval of the Code of Corporate Governance including the terms of reference of the Governance Committees and the Standing Financial Instructions.
- Approval of the Board Members' Code of Conduct.
- Approval of arrangements for the appointment, remuneration and removal of key staff, in particular the Chief Executive.
- Approving publication of the Register of Interests.
- Approval of the schedule of meeting dates for Board and Governance Committees.
- Oversight of the Governance Committee Annual Reports and approval of the Annual Reports action plan.

The Board will review regularly its own effectiveness including external peer review.

3.0 Membership

Membership of the Board is as follows:

- Chair (non-executive)
- Chair of the Care Inspectorate (non-executive)
- Up to 13 additional non-executive members, including the Employee Director (non-executive), the Chair of the Scottish Health Council (non-executive) and the Whistleblowing Champion (non-executive)

- Chief Executive (executive member).

The following officers of HIS will be in attendance:

- Executive Team
- other officers of HIS will be invited to attend as required

4.0 Quorum

A minimum of 50% of non-executive members shall constitute a quorum and no business shall be transacted unless this minimum number of members is present. For the purposes of determining whether a meeting is quorate, members attending by either virtual means such as MS Teams, video or teleconference link will be determined to be present.

5.0 Meetings

The Board shall hold a minimum of four business meetings in each financial year as well as seminar and development sessions as required. The purpose of these different meetings is as follows:

Meeting	Purpose
Public Board Meeting	To undertake formal governance requirements as listed above in <i>Decisions reserved for the Board</i> .
Reserved Board Meeting	To undertake formal governance requirements as listed above in <i>Decisions reserved for the Board</i> , but where those matters are of a sensitive nature. Meetings will be reserved in exceptional circumstances and justified by the inclusion of the reserved paper cover sheet. This can be due to staffing or commercial in confidence information or where the matter is otherwise prejudice to public interest, for example, where draft information is presented prior to publication.
Private Board Meeting	A meeting attended by Board Members only (Non-executive Directors and the only Executive Board Member, the Chief Executive) to consider confidential business or receive briefings on sensitive topics. The meeting will be minuted. Draft minutes will be approved by Board Members as part of the subsequent board cycle but will not be published. On occasion, it may be appropriate for relevant Executive Directors to be in attendance for specific topics, as agreed with the Chief Executive.
Board Seminar	To receive papers and presentations in respect of specific topics related to key items of strategic business but which are not at that time presented as part of the formal governance requirements or for a decision reserved by the Board. These will be: <ul style="list-style-type: none"> • Emerging issues that will influence the organisation's future strategic planning and operation, for example, national initiatives, new legislation, significant organisational change. • Briefing on new / developing areas of work that will be provided to the Board in future for their decision but which require early input or comment from Board members. • Information and presentations on the organisation's work, impact and stakeholder engagement which support the Board's assurance role.
Board Development Session	To undertake activities related to the development of the skills, knowledge and effectiveness of the Board as individuals, as a collective Non-executive cohort and with the Executive Team. This

	will include regular joint sessions with the Board and senior team of the Care Inspectorate to expand members' knowledge of joint areas of working. Joint sessions with other organisations will be held as appropriate. Topics will link with succession planning activities. Masterclasses are a vehicle for delivering development activity.
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Where decisions reserved for the Board arise between Board meetings and require urgent approval or where other matters of significance arise that require the Board's attention, they will be dealt with by email correspondence or by convening a virtual meeting. The outcomes will be shared in the Matters Arising section of the next Board meeting to ensure they are placed on public record.

6.0 Information requirements

For each meeting the Board will be provided with:

- risk management report including all of the risks on the Strategic Risk Register.
- an operational performance report.
- the financial performance report and forecast to financial year-end.
- a report covering key workforce data.
- a report from the Chair providing an update on key strategic and governance issues
- a report from the Chief Executive and Directors on key areas of work not covered by the operational performance report.
- register of interests for Board members and senior staff.
- approved minutes and key points reports from the Governance Committees except the Executive Remuneration Committee which will provide key points only and abridged minutes to Non-executive Directors.

As and when appropriate the Board will also be provided with:

- changes to the Code of Corporate Governance.
- the organisation's corporate, operational, financial and workforce plans.
- the Annual Report and Accounts.
- proposals for setting the annual fees for regulation of Independent Clinics.
- Board Members Code of Conduct.
- annual schedule of meeting dates for Board and Governance Committees.
- Governance Committee Annual Reports or Annual Reports action plan.
- Annual Review Self-assessment Submission.
- Annual report from the Non-Executive Whistleblowing Champion.
- Other reports relating to statutory duties and key areas of delivery including but not limited to: the annual Scrutiny and Assurance Plan; Death Certification Service Annual Review; Corporate Parenting and Children's Rights; Equality Mainstreaming.

Part C - Terms of Reference: Governance Committee Chairs

1.0 Purpose

The purpose of the Governance Committee Chairs meeting is to take a co-ordinated and strategic approach to the business of the Board and its Governance Committees.

2.0 Remit

The Governance Committee Chairs will:

- Review the business planning schedules of the Board and its governance committees.
- Ensure the work programmes of the Committees and Board are correctly aligned and take a collective view on the handling of new / emerging strategic issues.
- Ensure that correct lines of assurance are in place for governance and statutory reporting requirements.
- Provide updates on the work of their committees to highlight common areas of interest and ensure linkages are made in matters that impact on more than one Committee.
- Identify any areas of duplication or best practice.
- Maintain oversight of the governance functions with the organisation.

3.0 Membership

The Governance Committee Chairs meeting will comprise:

- HIS Chair
- HIS Vice Chair
- Chairs of all Governance Committees – Audit and Risk, Quality and Performance, Staff Governance, Scottish Health Council, Succession Planning and Executive Remuneration
- Officers of HIS will be invited to attend as appropriate

4.0 Meetings

The Governance Committee Chairs shall hold four meetings in each financial year. They will report to the full Board on a regular basis on their activity via a key points report.

5.0 Information requirements

For each meeting the Governance Committee Chairs will be provided with:

- Business planning schedules for the Board and Governance Committees and a quarterly overview of upcoming substantive items for the Board and Committees.
- Any relevant updates to the delivery of the governance function within HIS.

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

- Internal Audit Annual Plan
- Action plan from Governance Committee Annual Reports

Part D - Terms of Reference: Audit and Risk Committee

1.0 Purpose

The purpose of the Audit and Risk Committee is to assist the Board to deliver its responsibilities for the issues of risk, control and governance and associated assurance through a process of constructive challenge.

2.0 Remit

The remit of the Committee shall be in line with the [Scottish Government Audit and Assurance Committee Handbook](#). The Audit and Risk Committee will advise the Board and Accountable Officer on:

3.0 Governance, risk and control

- to review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account Internal Audit's opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control
- to consider arrangements to secure value for money
- to monitor the effective development and operation of risk management and to monitor progress in addressing risk-related issues reported to the committee
- to consider the effectiveness of internal controls and monitor the implementation of agreed improvements
- to monitor anti-fraud policies, whistleblowing processes, and arrangements for special investigations.
- to monitor the resilience, adequacy and effectiveness of ICT systems.

4.0 Internal and external audit

- to consider proposals for tendering for either internal or external audit services or for purchase of non-audit services from contractors who provide audit services;
- to commission work from internal and external audit;
- to approve the risk-based Internal Audit plan, including Internal Audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources
- to receive and approve Internal Audit progress reports and review action on audit recommendations
- to consider the external auditor's annual letter of opinion, relevant reports and the report to those charged with governance
- to consider specific reports as agreed with the external auditor
- to review the adequacy of management responses and actions in relation to issues identified by audit activity, including external audit's management letter/report;

5.0 Financial reporting

- To undertake detailed scrutiny of financial performance and forecasting and make recommendations on this to the board.
- To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed, that the process for review of the accounts prior to submission to the Board for adoption, levels of error identified, and management's letter of representation to the external auditors are completed to a high standard and on time.

- To review financial planning and sustainability as part of an integrated planning process.

The Audit and Risk Committee will review its own effectiveness and report the results of the review to the Board and Accountable Officer through submission of an annual report.

The Committee will report to the full Board on a regular basis on the Committee's activity in relation to the terms of reference.

6.0 Membership

The Committee membership will comprise of a minimum of four Non-executive Directors. The HIS Chair and Chief Executive cannot be members of the Committee but may attend meetings.

The following officers of HIS will be in attendance:

- Director of Finance, Planning and Governance (Lead Director)
- Representation from the Executive Team (ET)
- other officers of HIS will be invited to attend as required

Internal Audit representative and an External Audit representative will be in attendance.

A lead officer selected from the ET will be appointed to support the committee. This appointment will be made jointly by the CEO and the Chair of the committee.

The Audit and Risk Committee Chair shall not be a Chair of another committee. At least one member of the Audit and Risk Committee should have recent and relevant financial and/or risk management experience.

The Board Chair and Executive Directors of the Board are explicitly excluded from being members of the Audit and Risk Committee.

7.0 Quorum

A minimum of 50% of non-executive members of the committee shall constitute a quorum and no business shall be transacted unless this minimum number of Members is present. For the purposes of determining whether a meeting is quorate, members attending by either video or teleconference link will be determined to be present.

8.0 Meetings

The committee shall hold four business meetings in each financial year and an additional meeting specifically to consider the requirements to meet the Governance Statement and Annual Accounts. Meetings will be held at a place and time as determined by the Committee. The external auditors may request a meeting if they consider that one is necessary.

It is anticipated that Internal Audit representative(s) will attend each meeting of the committee and External Audit representative(s) will attend at least two meetings per financial year.

The committee should meet individually with the Internal Auditors and with the External Auditors, at least once per year, without any Executive Directors present.

The committee should meet with the Director of Finance, Planning and Governance once per year without any other Directors or Auditors present.

The Board or the committee Chair may convene additional meetings of the committee to consider business which may require urgent consideration.

9.0 Information requirements

For each meeting the Audit Committee will be provided with:

- the Strategic Risk Register and high / very high operational plan risks
- monthly financial performance report
- a progress report from Internal Audit
- a progress report from the External Audit
- a report summarising Information Governance
- a resilience report covering fraud, cyber-security and business continuity
- a report of all non-competitive tenders since the previous meeting

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

- proposals for the Terms of Reference of Internal Audit
- the Internal Audit Strategy
- the Head of Internal Audit's Annual Opinion and Report
- Internal Audit reports / quality assurance reports on the Internal Audit function
- the draft accounts of the organisation
- changes to the Code of Corporate Governance
- the organisation's financial plans (in draft form)
- the draft Governance Statement
- a report on any changes to accounting policies
- External Audit's plan and annual report
- a report on any proposals to tender for audit functions
- a report on co-operation between Internal and External Audit
- annual progress reports on key strategies / changes to the strategies

Part E - Terms of Reference: Executive Remuneration Committee

1.0 Purpose

The Executive Remuneration Committee ('the Committee') is appointed by the Board to provide assurance that systems and procedures are in place regarding the application of national guidance, performance and remuneration arrangements for those employed on Executive Pay arrangements and the Medical Director ('Executive Cohort') and to maintain the highest possible standards of corporate governance in this area. The Committee is also required to ensure that any associated risks assigned to the Committee are managed.

For the purposes of these Terms of Reference the Executive Cohort refers to staff covered by pay arrangements set out in HDL(2006) 59 and includes the Medical Director.

2.0 Remit

- To ensure compliance with Scottish Government guidance in relation to the recruitment to the Executive Cohort roles.
- Agree all terms & conditions of employment for all staff in the Executive Cohort and the Medical Director, including job description, job evaluation, terms of employment, basic pay, performance pay and benefits (including pension or superannuation arrangements and motor cars). Review and agree the objectives for all staff in the Executive Cohort.
- To consider appropriate revisions to such objectives during the course of an assessment year. Review the performance of all staff in the Executive Cohort against their objectives.
- To support leadership succession planning arrangements for Healthcare Improvement Scotland in line with the Workforce plan and organisational requirements and link in with the Succession Planning Committee once a year to check alignment.
- Ensure a resilient and competitive approach to recruitment and retention of the Senior Manager and Executive cohort within Healthcare Improvement Scotland.
- To consider and approve submissions of posts within the Executive Cohort for evaluation to the National Evaluation Committee.
- To act as the appeals body for those in the Executive Cohort who have a grievance concerning their Terms and Conditions of Service and in relation to disciplinary matters.
- To approve any individual voluntary redundancy and/or premature retirement arrangements for staff in the Executive Cohort.
- Ensure all staff in the Executive Cohort are treated appropriately, fairly and consistently.

The Executive Remuneration Committee will review its own effectiveness and report the results of the review to the Board and Accountable Officer through submission of an annual report.

The Committee will report to the non-executive members of the Board on a regular basis on the Committee's activity in relation to the terms of reference through submission of an abridged version of the record of business under the reserved business of the Board.

3.0 Membership

The Committee shall be appointed by the Board from amongst the non-executive members of the Board and shall comprise a minimum of four members (including the Chair of the Board and the Employee Director). The Chief Executive and Director of Workforce shall normally attend meetings other than when their own performance and remuneration (if applicable) are being considered.

4.0 Quorum

A minimum of three non-executive members of the Committee, one of which must be the HIS Chair, shall constitute a quorum and no business shall be transacted unless this minimum number of Members is present. For the purposes of determining whether a meeting is quorate, members attending by either video or teleconference link will be determined to be present.

5.0 Meetings

Meetings shall be held not less than twice per year.

6.0 Record of business

The Director of Workforce will:

- have oversight of the preparation and quality assurance of documentation for annual and mid-year appraisals and annual objectives.
- prepare papers for the Executive Remuneration Committee including the annual report.
- co-ordinate communications between the Executive Remuneration Committee, the National Performance Management Committee and Scottish Government in relation to executive and senior management pay arrangements.
- provide end of year appraisal documentation as requested by the Scottish Government and the National Performance Management Committee
- arrange for a committee secretary to collate and issue papers and prepare a record of the business from the meeting.
- hold the record of business in the Planning and Governance team confidential files which will be available for review as permitted.

7.0 Information requirements

For each meeting the Executive Remuneration Committee will be provided with:

- the Committee risk register
- the business planning schedule
- performance summaries for the Chief Executive and Executive Team at every mid year meeting of the Committee
- end of year performance reports and next year performance objectives for the Chief Executive and Executive Team at every year-end meeting

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

- Scottish Government circulars related to executive level pay and conditions

Part F - Terms of Reference: Quality and Performance Committee

1.0 Purpose

The Committee shall be responsible for providing assurance to the Board in relation to progress against achieving delivery of the objectives / outcomes of the organisational strategy. The Committee will assure the Board that the organisation is delivering to the highest quality and within agreed timescales, including the appropriate integration of clinical and care governance throughout the organisation.

2.0 Remit

The Committee is responsible for considering, on the Board's behalf, progress being made by the organisation to deliver the Strategy, exploring any issues of performance, which may present a risk to achieving the organisation's objectives/outcomes and managing any associated risks assigned to it. The Board can commission the Committee to scrutinise work where further assurance is required.

The Committee will be outcomes focused and will provide appropriate clinical and care assurance underpinned by HIS' Clinical and Care Governance Framework.

In particular, the Committee will:

- assure the quality and progress of strategically and/or operationally significant areas of work, by undertaking detailed scrutiny of these (including management of risk and delivery of stated outcomes) and escalating concerns to the full Board as required
- guide the strategic direction of new work or the refocusing of existing work, taking account of the external policy environment and issues in the system and recommending any necessary changes to the Board's risk register and annual plans, including reviewing programme management arrangements.
- assure that clinical and care governance arrangements are in place in all programmes of work and working effectively
- assure the governance and internal alignment of the strategy within and across directorates
- assure that effective partnership working is in place with other national organisations involved in supporting improvement across health and social care
- assure that systems are in place for managing and responding to stakeholder engagement, feedback and complaints
- assure the systems and processes for the regulation of independent healthcare in line with legislation and codes of practice
- approve annual reports in relation to the Death Certification Review Service, the Complaints and Feedback Annual Report and other reports as delegated by the Board.

The Committee will review its own effectiveness and report the results of the review to the Board and Accountable Officer through submission of an annual report.

The Committee will report to the full Board on a regular basis on the Committee's activity in relation to the terms of reference, and specifically on its consideration of performance against the Operational Plan.

3.0 Membership

The Committee membership will comprise of a minimum of six Non-executive Board members, one of whom will be the Chair of the Scottish Health Council. The HIS Chair and Chief Executive are ex officio members of the Committee.

The Chair of the HIS Clinical and Care Staff Forum will be in attendance to:

- Ensure that the Committee is appropriately hearing views from the wider community of clinical and care professionals
- Highlight specific feedback from the Forum on matters discussed by the Committee
- Recommend (to the Committee Chair) clinical and care professionals to attend Committee meetings on specific items (this is in addition to/alongside those clinical and care professionals invited to attend through their directors/other officers of HIS)

The following officers of HIS will be in attendance:

- Medical Director-Director of Safety (Lead Director)
- Representation from the Executive Team (ET)
- Two Public Partners
- other officers of HIS, National Leads and other key staff members will be invited to attend as required

A lead officer selected from the ET will be appointed to support the Committee. This appointment will be made jointly by the CEO and the Chair of the Committee.

4.0 Quorum

A minimum of 50% of non-executive members of the Committee shall constitute a quorum and no business shall be transacted unless this minimum number of members is present. For the purposes of determining whether a meeting is quorate, members attending by either video or teleconference link will be determined to be present.

5.0 Meetings

The Committee shall hold at least four business meetings in each financial year to fulfil its remit. Meetings will be held at a place and time as determined by the Committee.

6.0 Information requirements

For each meeting the Committee will be provided with:

- the performance report against the operational plan
- the Committee risk register
- reports from the Clinical and Care Governance Group
- Directors will bring updates

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

- the Corporate and Operational Plans (draft stage)
- reports in relation to the regulation of independent healthcare
- reports in relation to significant adverse events
- the Death Certification Review Service Annual Report
- the Complaints and Feedback Annual Report
- the Clinical and Care Governance Framework (revisions to)
- annual progress reports on key strategies
- Sharing Intelligence for Health and Care

Part G - Terms of Reference: Scottish Health Council Committee

1.0 Purpose

The Scottish Health Council operates as *Healthcare Improvement Scotland – Community Engagement* (HIS-CE).

The Committee shall be responsible for oversight of the governance and assurance of the statutory duties of the Scottish Health Council as set out in the National Health Service (Scotland) Act 1978 as amended by the Public Service Reform (Scotland) Act 2010:

- ensuring, supporting and monitoring NHS Boards compliance with the duty to involve the public
- ensuring, supporting and monitoring the NHS Boards compliance with the duty of Equal Opportunities (in relation to the provision of services and public involvement)

The Committee will assure the Board that Healthcare Improvement Scotland (HIS) is meeting its duties in respect of: (i) patient focus and public involvement³ (ii) equalities (excluding staff governance) (iii) User Focus and (iv) Corporate Parenting.

2.0 Remit

The duties of the Scottish Health Council Committee are:

- approval of HIS-CE strategic objectives, priorities and workplan for recommendation for inclusion in the HIS strategy, corporate and operational delivery plans and to ensure convergence between these plans
- detailed scrutiny of performance against the workplan and delivery of outcomes
- the establishment of terms of reference, membership, and reporting arrangements for any sub committees acting on behalf of the Committee
- approval of systems and processes by which the organisation makes assessments of performance in relation to patient focus and public involvement in health services
- hold to account all HIS Directorates for performance in relation to Patient and Public Involvement, the Duty of User Focus, Corporate Parenting and Equalities Duties in the delivery of HIS functions, excluding Equalities Duties relating to workforce which fall within the remit of the Staff Governance Committee.
- provide support and advice to the Community Engagement & System Redesign Directorate's Leadership Team.

The Committee will manage any associated risks assigned to it⁴. The Committee will review its own effectiveness and report the results of the review to the Board and Accountable Officer through submission of an annual report.

³The term 'community engagement' may be used to signify the duties of patient and public involvement.

⁴ The Healthcare Improvement Scotland Risk Management Strategy describes how each risk raised on the corporate risk management system is assigned to the appropriate governance committee, dependent on its description and the context of the risk

3.0 Membership

The Chair of the Committee shall be the Chair of the Scottish Health Council as appointed by the Cabinet Secretary for Health and Sport. There shall be up to eight other members of the Committee, two of whom shall be members of, and appointed by, the HIS Board on the recommendation of the Chair of the Scottish Health Council, and up to six who shall be members of the public appointed by the Chair of the Scottish Health Council. Committee members can serve a maximum of two four-year terms. The Director of Community Engagement is expected to attend meetings.

The Healthcare Improvement Scotland Chair cannot be a member of the Committee but has the right to attend.

The Chair of the Scottish Health Council shall be a member of the HIS Quality and Performance Committee.

A Vice Chair will be appointed by the Chair, who will deputise for the Chair in their absence.

4.0 Quorum

Meetings of the Committee shall be quorate when at least 50% of members are present, including at least one HIS non-executive Board member.

For the purposes of determining whether a meeting is quorate, members attending by either video or teleconference link will be determined to be present.

5.0 Meetings

The Committee will meet a minimum of four times a year. Meetings will be held at a place and time as determined by the Committee.

6.0 Information requirements

For each meeting the Scottish Health Council Committee will be provided with:

- Business Planning Schedule
- Operational Plan
- Risk register

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

- Equality mainstreaming reports
- Corporate Parenting progress reports
- Sub committee meeting notes

7.0 Committee Annual Report

The Committee will submit an annual report to the HIS Board to assist in the review of the organisation's systems of internal control.

Part H - Terms of Reference: Staff Governance Committee

1.0 Purpose

The NHS Scotland Staff Governance Standard ('the Standard') defines staff governance as, "a system of corporate accountability for the fair and effective management of all staff." To this end, and as part of its overall corporate governance approach, HIS has established a Staff Governance Committee.

The Committee holds the organisation to account in terms of meeting the requirements of the Standard. More specifically, the role of the Committee is to support and maintain a culture where the delivery of the highest possible standard of staff management is understood to be the responsibility of everyone working within the organisation and is built upon partnership and collaboration. Finally, the Committee ensures that robust arrangements to implement the Standard are in place and monitored, and that any associated risks assigned to the Committee are managed.

2.0 Remit

The duties of the Committee are as follows:

- monitor and evaluate structures and processes which ensure that delivery against the standard is being achieved
- monitor and evaluate strategies and implementation plans relating to people management
- propose and support any policy amendment, funding or resource submission to achieve the Standard
- take responsibility for the timely submission of all staff governance information required for national monitoring arrangements
- monitor benefits realisation processes, where applicable
- provide staff governance information for the Statement of Internal Control
- review the Medical, Nursing and Pharmacy Revalidation Reports
- review the Equality Mainstreaming Report.

The Staff Governance Committee will review its own effectiveness and report the results of the review to the Board and Accountable Officer through submission of an annual report.

The Committee will report to the full Board on a regular basis on the Committee's activity in relation to the terms of reference. In particular, the Committee is authorised to consider the annual organisational workforce plan and gain assurance regarding its content in the context of other corporate plans (e.g. the operational and financial plans), before making a recommendation to the Board for its approval.

3.0 Membership

The Committee membership will comprise of a minimum of four Non-executive Board members, one of whom will be the Employee Director. The HIS Chair and Chief Executive are ex officio members of the Committee.

Two staff representatives from trade unions/professional organisations nominated by the HIS Partnership Forum will attend to provide a reporting link with the Forum.

The following officers of HIS will be in attendance:

- Director of Workforce (Lead Director)
- Representation from the Executive Team

- other officers of HIS including appropriate representation from People and Workplace will be invited to attend as required

Other NHS Officers are invited to attend as required. All Board members, Executive and Non-Executive, have access to papers and where appropriate may be invited to attend specific meetings of the Committee.

4.0 Quorum

A quorum shall be at least 50% of Non-Executive members and the Chief Executive (or designated deputy).

5.0 Meetings

The Committee shall hold four business meetings a year.

6.0 Information requirements

For each meeting the Staff Governance Committee will be provided with:

- the Staff Governance Action Plan
- the Staff Governance Monitoring Return
- minutes / reports from the Partnership Forum

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

- the Workforce Plan
- reports on Whistleblowing
- reports on Health and Safety activity
- reports on Organisational Development and learning activity
- reports on adverse events or serious concerns raised relating to staffing issues
- Equalities Mainstreaming Report
- Medical, Nursing and Pharmacy Revalidation Report

Part J - Terms of Reference: Succession Planning Committee

1.0 Purpose

The role of the Succession Planning Committee is to:

- Improve the diversity of the membership of the HIS Board by:
 - Leading the process for non-Executive Board appointments to ensure it captures a more diverse applicant pool and providing advice and recommendations to the Board.
 - Leading the review and evaluation of the skills, knowledge, diversity and expertise of current non-Executive Directors on an annual basis in line with the Blueprint for Good Governance.
- To work with and influence the Scottish Government approach to Public Appointments.

2.0 Remit

The duties of the committee are as follows:

- To lead a regular process with the full Board to review and evaluate the skills, knowledge, diversity and experience of non-Executive Directors, in order to identify gaps and recommend action to address these through future Board appointment processes or through a Board development plan.
- To advise on and influence the development of current non-Executive Directors in support of short-term succession planning i.e. to enable them to take on other non-Executive leadership roles, such as Committee Chairs.
- To develop and agree a longer-term succession plan in response to the expertise required by the Board in the future and the needs of the organisation, for appending to the Workforce Plan.
- To consider and recommend different approaches to recruitment with the aim of (i) widening the applicant pool and (ii) achieving a diverse Board and (iii) addressing skills gaps.

This should include consideration of the role of stakeholders in the recruitment process and nurturing of a talent pool which allows those with no previous Board experience to develop the skills required to become a Board member.
- To keep the Board informed of the Committee's work via an annual report and via the regular submission of committee meeting minutes.
- To ensure adherence at all times to the Code of Practice for Ministerial Appointments and policy and advice of the Public Appointments Commissioner's Office.

3.0 Membership

The membership of the Committee will comprise of the HIS Chair and two Non-executive Directors. The Committee will be chaired by the HIS Chair except when the Committee is considering the HIS Chair's replacement in which case the Committee Vice Chair will preside.

The following officers of HIS will be in attendance

- Head of Corporate Development (Lead Officer)
- Staff from the following teams: Planning and Governance, Workforce, Organisational Development & Learning, Communications and the community engagement aspects of the Community Engagement and Redesign Directorate including the Equality & Diversity Advisor to bring additional expertise in relation to areas such as stakeholder engagement, equality and diversity and hard-to-reach groups.

The following may attend as required to bring additional expertise:

- Up to two representatives from our stakeholders/public partners
- Additional co-opted members including from the Scottish Government Public Appointments Unit and/or Sponsor Unit
- Other Board Members and Executives to provide advice or as part of their personal development

The Committee will seek the advice of the Commissioner's Office, the Public Appointments Team and draw on their initiatives and expertise in developing and creating diversity on Boards.

4.0 Quorum

A quorum shall be at least two Non-Executive members.

5.0 Meetings

The Committee shall hold a minimum of two meetings a year.

6.0 Information requirements

When available / required, the following information will be provided to the Committee:

- updates from the Scottish Government Public Appointments Unit
- updates from the Standards Commissioner
- updates from NES board development activities
- information summaries from public appointments rounds
- strategic risk register
- committee issues log

SECTION 4 – STANDING FINANCIAL INSTRUCTIONS

Part A - General Principles

1.0 General

These Standing Financial Instructions (“SFIs”) replace all previous instructions and are issued for compliance by all officers of Healthcare Improvement Scotland, referred to as HIS throughout this section.

These SFIs, supplemented by supporting policies and procedures, detail the financial responsibilities adopted by HIS. They are designed to ensure that HIS’s financial and related activities are carried out in accordance with the law and Scottish Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. They should be used in conjunction with the Standing Orders, the Scheme of Delegation and the Code of Conduct for members of HIS.

These SFIs identify the financial responsibilities that apply to everyone working for HIS and its constituent organisations. They do not provide detailed procedural advice and should be read in conjunction with the detailed financial procedures which are updated regularly and are available internally on the intranet. The Director of Finance, Planning and Governance must approve all financial procedures and any consequent amendments.

Should any difficulties arise regarding the interpretation or application of any of the SFIs then the advice of the Director of Finance, Planning and Governance must be sought before acting. The user of these SFIs should also be familiar with, and comply with, the provisions of Standing Orders of HIS and the Code of Conduct for Members of HIS.

Failure to comply with these SFIs and Standing Orders may result in disciplinary action being taken.

Any breach or non-compliance with these SFIs must, on discovery, be reported immediately to the Director of Finance, Planning and Governance who will discuss the matter with the Chief Executive and/or Head of Division in order to determine the proper action to be taken. The views of Internal Audit and/or Counter Fraud Services may also be taken depending on circumstances.

2.0 Terminology

The following terminology applies throughout these Standing Financial Instructions:

“HIS” means Healthcare Improvement Scotland

“Accountable Officer” means the Scottish NHS Officer responsible and accountable for funds entrusted to HIS. The Accountable Officer will be responsible for ensuring the proper stewardship of public funds and assets. For HIS the Accountable Officer is the Chief Executive

“Board” means the Board of HIS

“Budget” means a resource, expressed in financial terms, proposed by the Board for the purpose of carrying out, for a specific period, any or all of the functions of HIS

“Budget Holder” means the director or employee with delegated authority to manage finances (Income and Expenditure) for a specific area of the organisation

“Chief Executive” means the chief Accountable Officer of HIS

“Director of Finance, Planning and Governance” means the chief financial officer of HIS

“Head of Division” means the Director of a division of HIS

“Legal Advisor” means the properly qualified person appointed by HIS to provide legal advice

“Officer” means employee of HIS or any other person holding a paid appointment or office with

HIS

“Financial Services” means the central finance function of HIS

“ET” means the committee of executive officers of HIS given authority by the Board to take all decisions on behalf of HIS other than those decisions formally reserved to the Board

“SGHSCD” means the Scottish Government Health and Social Care Directorates;

“Contract” means any arrangement giving rise to right and obligations between HIS and any one or more third parties whether legally enforceable or otherwise, and

“Framework Agreement” means a framework agreement in terms of the Public Contracts (Scotland) Regulations 2006.

Wherever the title Chief Executive, Director of Finance, Planning and Governance, and Director is used in these instructions, it will be deemed to include such other directors or employees who have been duly authorised to represent HIS.

Wherever the term "employee" is used and where the context permits it will be deemed to include employees of third parties contracted to HIS when acting on behalf of HIS.

All references in these Instructions to the singular form will be read as equally applicable to the plural. Similarly, all references in these instructions to the masculine gender will be read as equally applicable to the feminine gender.

3.0 Responsibilities and delegation

The Board exercises financial supervision and control by:

- formulating the financial strategy
- requiring the submission and approval of budgets within approved allocations/overall income
- defining and approving essential features in respect of important procedures and financial systems (including the need to obtain value for money), and
- defining specific responsibilities placed on directors and employees as indicated in the Scheme of Delegation.

The Board has resolved that certain powers and decisions may only be exercised by the Board in formal session. These are set out in the Reservation of Powers to the Board within the Standing Orders. All other powers have been delegated to the ET.

The ET will delegate responsibility for the performance of its functions in accordance with the Scheme of Delegation document adopted by HIS within the Standing Orders.

Within the SFIs, it is acknowledged that the Chief Executive is ultimately accountable to the Board, and as designated Accountable Officer, to the Scottish Parliament in accordance with Section 17 of the Public Finance and Accountability (Scotland) Act 2000, for ensuring that the Board meets its obligation to perform its functions within the available financial resources. The Chief Executive has overall executive responsibility for HIS's activities; is responsible to the Chair and the Board for ensuring that its financial obligations and targets are met and has overall responsibility for HIS's system of internal control.

The Chief Executive and Director of Finance, Planning and Governance will, as far as possible, delegate their detailed responsibilities, but they remain accountable for financial control.

It is a duty of the Chief Executive to ensure that existing members of the Board and ET, employees and all new appointees are notified of, and understand, their responsibilities within these Instructions.

The Director of Finance, Planning and Governance is responsible for:

- implementing HIS's financial policies and for co-ordinating any corrective action necessary to further these policies;
- maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;
- ensuring that sufficient records are maintained to show and explain HIS's transactions, in order to disclose, with reasonable accuracy, the financial position of HIS at any time;
- and, without prejudice to any other functions of HIS, and employees of HIS, the duties of the Director of Finance, Planning and Governance include:
 - the provision of financial advice to other members of the Board, ET and employees
 - the design, implementation and supervision of systems of internal financial control; and
 - the preparation and maintenance of such accounts, certificates, estimates, records and reports as HIS may require for the purpose of carrying out its statutory duties.

All members of the Board and ET and all HIS employees, severally and collectively, are responsible for:

- the security of the property of HIS
- avoiding loss
- exercising economy and efficiency in the use of resources
- conforming with the requirements of Standing Orders, Standing Financial Instructions, and Financial Procedures, and
- reporting, on discovery, of any breach or non-compliance with Standing Financial Instructions.

It will be the duty of each Director to ensure that these SFIs and associated documents are made known to the appropriate persons within the Directorate and to ensure that they are adhered to.

Any contractor, or employee of a contractor, who is empowered by HIS to commit HIS to expenditure or who is authorised to obtain income will be covered by these instructions. It is the responsibility of the Director to ensure that such persons are made aware of this.

For any and all members of the Board and ET and employees who carry out a financial function, the form in which financial records are kept and the manner in which members of the Board and ET and employees discharge their duties must be to the satisfaction of the Director of Finance, Planning and Governance.

4.0 Variation and revocation

These Standing Financial Instructions may only be varied or revoked in accordance with the HIS Standing Orders.

Part B - Financial Planning, Budgets, and Budgetary Control

1.0 General

HIS has a responsibility to prepare and submit financial plans in accordance with the requirements of Scottish Government Health and Social Care Directorate (SGHSCD) to the Board and to SGHSCD, ensuring that the budgets reconcile to such plans.

HIS will perform its functions within the total of funds allocated by Scottish Ministers and through income from other Health Boards and from other sources. All plans, financial approvals and control systems will be designed to meet this obligation.

The Director of Finance, Planning and Governance shall, on behalf of the Chief Executive, prepare and submit to the Board for its approval each financial year, financial plans which are within the limits of available funds as notified to the Board. The Board shall consider and approve, with or without amendment, the overall financial plan for the Board and shall delegate the responsibility for the management of the plan to the Chief Executive.

The Director of Finance, Planning and Governance Services shall continuously review the bases and assumptions used to prepare financial plans and shall prepare and update budgets based on this information.

Financial plans and budgets will be produced following discussions with appropriate budget holders.

The Chief Executive will delegate the management of budgets as far as possible to officers. The terms of delegation shall include a clear definition of individual responsibilities for control of expenditure, exercise of virement and the provision of regular reports.

Officers delegated a budget shall strictly observe any budgetary limits and other restrictions. The budget for each officer shall be the limit of that officer's authority to commit the Board to expenditure.

Except where otherwise approved by the Chief Executive, taking account of the advice of the Director of Finance, Planning and Governance, budgets shall be used only for the purpose for which they were provided. Any budgeted funds not required for their designated purpose shall revert to the immediate control of the Chief Executive, unless covered by delegated powers of virement.

Each Director is the designated budget holder and is accountable to the Chief Executive and to the Board for the financial performance of his/her Directorate.

The Director of Finance, Planning and Governance, on behalf of the Chief Executive, shall monitor the use of delegated budgets in conjunction with the officers to whom budgets were delegated, to ensure that financial control is maintained and that the Boards financial plans and policies are implemented.

The Director of Finance, Planning and Governance will monitor financial performance against budget and will ensure that a performance management process is in place to periodically review the finance plan.

The Director of Finance, Planning and Governance will have a right of access to budget holders on budget-related matters, and be entitled to receive relevant information accordingly.

The Director of Finance, Planning and Governance will devise, introduce and maintain systems of

budgetary control, and all staff of HIS will ensure compliance with these systems.

The Director of Finance, Planning and Governance shall ensure that:

- the system of internal financial controls is sufficient to ensure the achievement of Board objectives and compliance with standards and regulations;
- that adequate financial systems are in place to monitor and control all delegated budgets;
- adequate arrangements are in place for the investigation of variances from budget;
- officers provide all financial, statistical and other relevant information as necessary for the compilation of estimates and forecasts; and
- the Chief Executive and the Board are informed of the financial consequences of changes in policy, or other events affecting budgets or projections, and shall advise on the financial and economic aspects of these changes.

Expenditure for which no provision has been made in an approved budget shall only be incurred after authorisation by the Chief Executive or the Director of Finance, Planning and Governance acting on their behalf.

The Director of Finance, Planning and Governance shall provide the Board with regular reports giving details of the current financial position and a forecast of the Board's expected outturn at the end of the financial year.

The Director of Finance, Planning and Governance has a responsibility to ensure that adequate training is delivered on an ongoing basis to budget holders to help them manage their delegated budgets effectively.

Part C - Banking arrangements

1.0 General

The Director of Finance, Planning and Governance is responsible for the management of HIS's banking arrangements and for advising HIS on the provision of banking services and operation of accounts.

HIS will operate the bank accounts in accordance with all relevant guidance issued by SGHSCD.

The Government Banking Service (GBS) will hold HIS's main bank account. Where necessary, subsidiary bank accounts will be held with a commercial bank. All such bank accounts must be authorised by the Director of Finance, Planning and Governance.

The Director of Finance, Planning and Governance will ensure that with regard to the bank accounts held by HIS:

- payments authorised to be made from an account do not exceed the amount credited to the account, and
- a number of officers will be empowered to authorise payments on behalf of HIS and these will be defined in the Scheme of Delegation.

The Director of Finance, Planning and Governance shall advise the banks of any alterations in the conditions of operation of accounts that may be required by financial regulations of NHS or by resolution of the Board.

The bank accounts shall be maintained at the lowest practicable levels. The accounts are not permitted to become overdrawn without the prior permission of the SGHSCD.

All cheques are to be treated as controlled stationery, in the charge of the Treasury Department at NHS National Services Scotland. The Treasury Department shall be responsible for printing and validating all cheques, which are approved for issue via the HIS weekly payment routine.

All cheque stationery shall be stored in a secure location at NSS. The Treasury Department will maintain a log of all issued cheques and any subsequent replenishment. Cancelled/wasted cheques shall be destroyed on site.

The Director of Finance, Planning and Governance shall prescribe the systems for the holding and transporting arrangements of cash and cheques. Wherever required, the services of a specialist security firm shall be employed.

Part D - Staff appointments, Remuneration and Related Matters

1.0 Staff appointments

The Board will delegate responsibility to the Director of Workforce for:

- ensuring that all employees are issued with a Contract of Employment in a form approved by the Board, and
- dealing with variations to, or termination of, contracts of employment.

Both of these will be in a form which complies with employment legislation.

No officer of the ET or employee may engage, re-engage, or re-grade employees, either on a permanent or temporary nature, or hire agency staff, or agree to changes in any aspect of remuneration:

- unless within the limit of his approved budget and funded establishment; or
- in exceptional circumstances if authorised to do so by the Chief Executive.

No post may be appointed to without the approval of the ET in line with the recruitment process.

The Director of Finance, Planning and Governance shall ensure that arrangements are established for the payment of staff in accordance with their terms and conditions of service, and for all authorised deductions to be made.

2.0 Processing of payroll

The Director of Workforce is responsible for ensuring that appropriate arrangements exist for:

- specifying timetables for submission of properly authorised time records, expense claims and other notifications;
- the final determination of pay and allowances;
- making payment on agreed dates; and
- agreeing method of payment.

The Director of Finance, Planning and Governance will issue instructions regarding:

- verification and documentation of data;
- the timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- maintenance of subsidiary records for superannuation, income tax, national insurance contributions and other authorised deductions from pay;
- security and confidentiality of payroll information;
- authority to release payroll data under the provisions of the Data Protection Act;
- methods of payment available to various categories of employees and officers;
- procedures for payment by cheque, bank credit, or cash to employees and officers;
- procedures for the recall of cheques and bank credits;
- pay advances and their recovery;
- maintenance of regular and independent reconciliation of pay control accounts;
- regular reconciliation of the payroll system to the Human Resources Business Systems;
- separation of duties of preparing records and handling cash;
- a system to ensure the recovery from leavers of sums of money and property due by them to HIS, and
- procedures for reclaiming expenses incurred wholly, necessarily and exclusively for business

purposes.

Members of the Corporate Management Team (CMT) including ET members have delegated responsibility for:

- submitting all employee records and change details to the HR officer in accordance with agreed timetables; and
- submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement.

Regardless of the arrangements for providing the payroll service, the Director of Finance, Planning and Governance will ensure that the chosen method is supported by appropriate, adequate internal controls and audit review procedures and that suitable arrangements are made for the collection of payroll deductions and timely payment of these to appropriate bodies.

3.0 Termination Settlements

The Director of Workforce, shall ensure that procedures governing the treatment of early retirement and redundancy shall comply with NHSScotland guidance. The overall impact of retirements/redundancies on the organisation's financial performance will be reported to the Board.

Part E - Purchase of Supplies and Services

1.0 General

This section deals with obtaining goods, works or services solely for HIS's own use.

All procurement must be undertaken in line with the Procurement (Scotland) Regulations 2016 which implement the Procurement Reform (Scotland) Act 2014, the Public Contracts (Scotland) Regulations 2015 which implement the new EU Directive (2014/24/EU) and the principles set out in the Scottish Government Scottish Procurement Policy Handbook 2008 and Procurement Journey or any subsequent revisions to this guidance.

Capital works must be undertaken in line with the requirements set out in the Scottish Government Scottish Capital Investment Manual and the Construction Procurement Manual or any subsequent revisions to this guidance.

2.0 Existing Central Contracts and Frameworks

Supplies and services will be purchased through agreed contracts when these are available. Only in exceptional circumstances and with the authority of the Chief Executive, shall supplies and services available on contract, be ordered outwith an agreed contract.

Where contracts are in place and wherever possible goods, services and works shall be ordered using an official order. Contractors should be notified that they should only accept the Board's official purchase orders.

Official purchase orders shall be approved in line with the Scheme of Delegation. Processing and payment of invoices will only take place if a purchase order has been raised and is referenced on the invoice.

No order shall be issued for any item or items for which there is no budget provision, unless authorised by the Director of Finance, Planning and Governance on behalf of the Chief Executive.

Goods shall not be taken on trial or loan in circumstances that may commit the Board to a future uncompetitive purchase.

No order shall be issued for any item or items for which an offer of gifts (other than low cost items eg calendars, diaries, pens, etc.), or hospitality has been received from the person interested in supplying goods and services. If staff are in any doubt about this, they should consult their line manager.

If supplies are not available from the agreed contractor, the procedure for quotations and competitive tendering shall be followed in order to maximise value for money.

3.0 Competitive Tendering

Competitive tenders, with a minimum of three tenders in each case, shall be invited for the supply of goods, materials and manufactured articles; and for the rendering of services and for building and engineering works of construction and maintenance where the amount will exceed £50,000 (excluding VAT).

4.0 Procurement Threshold

Three competitive quotations shall, wherever possible, be obtained from firms on approved lists as follows: -

Threshold	Procurement Route
Less than £5,000	<p>Below threshold - goods or services below this value may be sourced from wherever convenient by procurer (purchaser/buyer).</p> <p>Quote and rationale for selection of supplier should be documented and sent to Head of Finance & Procurement or Finance Manager.</p>
More than £5,000 and less than £49,999	<p>Quotation Route - the procurer is required to obtain a minimum number of quotations, normally three, for goods or services (the preferred method for doing this is through the Public Contracts Scotland 'Quick Quote' facility)</p>
Between £50,000 and less than the OJEU thresholds	<p>Tender - the procurer undertakes a formal tendering process and is encouraged to advertise on the national advertising website Public Contracts Scotland.</p>
Over EU Thresholds (>£118,133)	<p>The procurer undertakes a full formal tendering process and advertises the contract in the Official Journal of the European Union, as well as on Public Contracts Scotland.</p>

The introduction of the Scottish Government Public Contract Scotland advertising portal includes a Quick Quote (QQ) facility which is an online quotation facility which allows buyers to obtain competitive quotes electronically for low value requirements up to a value of £50,000. Details of the QQ are created online and sent to a selected list of suppliers, who can then complete the required details and submit their quotation using the secure post-box. QQs are only distributed to the selected suppliers and are not made public on the website.

Competitive tenders and quotations will not be required in the following circumstances:

The supply is for goods or services of a special nature or character in respect of which it is deemed not to be possible or desirable to obtain competitive tenders. In such circumstances Non-Competitive Tendering (NCT) Authorisation Form shall be submitted to the Chief Executive for approval and the decision recorded and retained with the tender documentation.

The NCT form must specify the reason(s) for the intended departure from normal competitive practice and be supported by a detailed explanation of the circumstances surrounding the individual case.

The completed NCT form should be signed by the appropriate Director before sending to the Procurement Manager. If the NCT is for a clinical advisor, then it must be additionally signed off by either Medical or NHMAP Director, to ensure we have considered their clinical experience for the appointment.

The NCT form requires authorisation from the Procurement Manager and the Director of Finance, Planning and Governance or Head of Finance & Procurement before being submitted to the Chief Executive for final approval. In terms of Delegated Authority the limit shall be consistent with that stated in Section K, 7.0 Procurement of "up to a value of £1,000,000 (including VAT)".

The outcome will be recorded in a register and reported to the Audit and Risk Committee on a regular basis. 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 a competitive procedure.

Contracts above specified thresholds, which shall vary from time to time, shall be advertised and awarded in accordance with The Public Contracts (Scotland) Regulations 2006 (SSI 2006 No 1) and The Utilities Contracts (Scotland) Regulations 2006 (SSI 2006 No 2). Regulations from the SGHSCD for awarding all forms of contracts shall have effect as if incorporated in Standing Financial Instructions.

If three competitive quotations can't be obtained reasons should be sought from the suppliers who declined to quote. This feedback should be sent to the Head of Finance & Procurement or Finance Manager who shall maintain a record of all such feedback and use it as lessons learned for future bids. Awarded tenders with less than three quotes will be reported to the Audit and Risk Committee on a regular basis.

Tenders should clearly state whether they are going to be awarded solely on Lowest Price or Most Economically Advantageous Tender (MEAT). If MEAT is being used then the criteria of award plus weightings must be clearly defined within the tender. If other than the lowest tender or quotation is being recommended, the approval of the Chief Executive or the Director of Finance, Planning and Governance shall be obtained before acceptance and the reasons for acceptance recorded with the tender documentation.

Any member or officer concerned with a contract who has a pecuniary interest in that contract shall declare his interest in writing to the Chief Executive who shall maintain a record of all such declarations. The member or officer concerned must withdraw from all contracting/purchasing arrangements concerning that item.

The Director of Finance, Planning and Governance shall prescribe standard conditions of contract appropriate to each class of supplies and service and for the execution of all works. All contracts entered into shall incorporate the appropriate set of conditions.

All invitations to potential contractors to tender shall include a notice warning tenderers of the consequence of engaging in any corrupt practices involving Board employees.

A record shall be maintained of all invitations to tender. An official order or letter of acceptance shall be issued for every contract resulting from an invitation to tender or quote.

Tenders shall be invited in plain sealed envelopes addressed to the Chief Executive. The envelopes shall be marked "Tender for" but shall not bear the name or identity of the sender.

Unopened tenders shall be date stamped and stored unopened in a secure place until after the closing date or time. Tenders shall be opened as soon as possible after the stated closing date or time by the Chief Executive or nominated representative, in the presence of the Senior Business Manager or nominated deputy.

Details of tenders received should be entered in a Register or record of Tenders and shall be signed by both officers. Tender documents shall also be dated and signed on the front page and all priced pages shall be initialled by both officers.

In exceptional circumstances where it is in the interests of the Board, late, amended, incomplete, qualified or not strictly competitive tenders may be considered. In such circumstances a full report shall be made to the Chief Executive who may admit such tenders. This approval must be given in writing by the Chief Executive and reported to the Audit and Risk Committee on a regular basis. Where a company invited to tender requests a delay in the submission, deferment, if approved,

shall be notified to all the companies concerned.

All quotations and tenders must be treated as confidential and should be retained for inspection (a minimum of six years) and in line with guidance issued by Scottish Government, Records Management – NHS Code of Practice (SCOTLAND) Version 2.0 March 2010.

The examination of the tenders received shall include a technical assessment, and a written report on the result containing a recommendation, should be made to the Chief Executive or nominee. At the same time, staff responsible for making this recommendation shall declare, in writing, that they have no pecuniary interest in the recommended company.

Payment under the contract shall be made by the Director of Finance, Planning and Governance on the certificate of the Director or such person as may be identified in the contract. The Director of Finance, Planning and Governance shall have the right to carry out such financial examinations and checks, as he may consider necessary before making payment.

Approval for increases in prices allowed under an appropriate variation of prices clause in a contract for supplies and services shall be given by the Chief Executive.

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

Any grants or similar payments to NHS bodies, local authorities, and voluntary organisations or other bodies shall comply with procedures laid down by the Director of Finance, Planning and Governance.

The financial limits for officers' approval of grants or similar payments, including variations to grants, are set out in the Scheme of Delegation.

5.0 Engaging Management Consultants

The Scottish Public Finance Manual, Procurement section advises Health Boards and Special Health Boards about procedures to follow when engaging consultants.

Management Consultants should only be used when a benefit will accrue to the Board. For major assignments the decision to use Management Consultants should be documented as the conclusion of an option appraisal. In choosing a Management Consultant the Board will ensure that the Management Consultant is capable of carrying out the assignment, that value for money is obtained and that due probity is demonstrated in awarding the contract.

Engagement of Management Consultants at a total cost of over £5,000 should be by competitive tender. The reasons and approval for waiving the requirement to tender should be clearly documented and submitted to the Chief Executive for approval and reported to the Audit and Risk Committee on a regular basis.

At the conclusion of the assignment a review and evaluation of the assignment, the benefits achieved and the Management Consultants' performance will be carried out, documented and reported to the Board.

6.0 Payment for Supplies and Services

The Director of Finance, Planning and Governance shall be responsible for arranging for systems to be in place which allow for the recording and payment of all amounts due by the Board.

The preferred method of payment shall be an ordering system, which allows for purchase orders and goods received notes to be recorded in support of all purchases and requests for supplies.

Each directorate shall have originators responsible for raising and receipting purchase orders and authorisers responsible for authorising the orders within their budget and approval limit.

The Director of Finance, Planning and Governance will arrange for a list of all the authorised originators and authorisers to be maintained.

All invoices quoting the Board's official purchase order number should be sent directly to the finance unit. Invoices will then be matched with the purchase order and if the order has been goods received, and if appropriate, payment will be made.

Payments through the ordering system will be made by cheque, through the BACS system or via internal transfer.

In certain circumstances payments may be made on the authority of an authorised officer without the use of the ordering system. Alternative systems are in place for the payment of non-purchase order invoices, foreign payments, CHAPS and purchase card transactions.

The Board will approve the level of non-salaries expenditure on an annual basis in the form of approving the budget and the Chief Executive will determine the level of delegation to budget holders.

In all aspects of non-salaries transactions, all employees must comply with the Scheme of Delegation.

The Director of Finance, Planning and Governance will:

- advise the Board regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained;
- ensure these thresholds are regularly reviewed, and
- ensure the preparation, maintenance and issue of procedural instructions on the procurement of goods, works and services incorporating these thresholds.

The originator, in choosing the item to be supplied or the service to be performed shall always obtain the best value for money for the Board.

Employees shall not commit the Board to the purchase of goods or services in advance of a purchase order being approved.

Part F - Income, Information and Services

1.0 Income

The Director of Finance, Planning and Governance shall be responsible for designing and maintaining systems for the proper recording and collection of all monies due.

All officers shall inform the Director of Finance, Planning and Governance of monies due to the Board arising from transactions, which they initiate. The Director of Finance, Planning and Governance shall be consulted about the pricing of goods and services and nationally negotiated rates shall be observed.

The Director of Finance, Planning and Governance shall take appropriate recovery action on any outstanding debts.

Periodic disposals of scrap material and items surplus to requirements shall be dealt with in a manner which is prescribed by the Director of Finance, Planning and Governance at the time.

Invoicing to NHS Scotland boards will only take place for values greater than £1,000.

Income not received shall be dealt with in accordance with loss procedures.

Officers shall notify the Director of Finance, Planning and Governance when over payments are detected so that recovery can be initiated.

2.0 Financial Information and Services

The Director of Finance, Planning and Governance shall be primarily responsible for the accuracy and security of all financial data of the Board, including information held on computer.

The Director of Finance, Planning and Governance will devise and implement any necessary procedures to ensure adequate (reasonable) protection of the Board's data, programs and computer hardware, for which he is responsible, from accidental or intentional disclosure to unauthorised persons, deletion or modification, theft or damage, having due regard for the Data Protection Act 2018, General Data Protection Regulation and the Computer Misuse Act 1990.

The Director of Finance, Planning and Governance shall ensure that adequate (reasonable) controls exist over data entry, processing, storage, transmission and output to ensure security, privacy, accuracy, completeness, and timeliness of the data, as well as the efficient and effective operation of the system.

The Director of Finance, Planning and Governance shall ensure that adequate controls exist such that the computer operation is separated from development, maintenance and amendment.

The Director of Finance, Planning and Governance shall ensure that an adequate audit trail exists through the computerised system.

The Director of Finance, Planning and Governance shall 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 another organisation or agency, assurances of adequacy will be obtained from them prior to implementation.

The Director of Finance, Planning and Governance shall ensure that any contracts for computer services shall clearly define the responsibility of all parties for the security, privacy, accuracy, completeness, and timeliness of data during processing, transmission and storage. The contract

should also ensure rights of access for audit purposes.

Where another Health Board or any other agency provides a computer service for financial applications, the Director of Finance, Planning and Governance shall periodically seek assurances that adequate controls are in operation.

The Director of Finance, Planning and Governance shall ensure that adequate controls exist to maintain the security, privacy, accuracy and completeness of financial data sent over transmission networks.

The Director of Finance, Planning and Governance shall devise and implement any necessary procedures to protect the Board and individuals from inappropriate use or misuse of financial information held on computer files after taking account of the Data Protection Act 2018 and General Data Protection Regulation.

The Director of Finance, Planning and Governance shall ensure that procedures governing the retention, retrieval and destruction of financial archives are in accordance with Circular SHM58/60 and MEL(1993) 152 and that records shall be kept of documents destroyed.

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

The Director of Finance, Planning and Governance shall ensure that appropriate business continuity and disaster recovery strategies are in place for finance systems.

3.0 Internal Audit

The Director of Finance, Planning and Governance shall be responsible for ensuring that there are arrangements to measure, evaluate and report on the effectiveness of the internal control environment within the Board, and report on the efficient use of resources by the establishment of an adequate Internal Audit service.

Internal audit shall adopt the NHS Internal Audit Standards, which are mandatory and shall follow good practice guidance as set out in the NHS Internal Audit Manual.

The role and objectives of Internal Audit in the National Health Service are to review, appraise and report to management upon:

- the soundness, adequacy and application of financial and other management controls;
- the extent of compliance with, relevance and financial effect of, established policies, plans and procedures;
- the extent to which the Board's assets and interests are accounted for and safeguarded from losses of all kinds arising from;
- fraud and other offences;
- waste, extravagance and inefficient administration, poor value for money or other cause;
- the suitability and reliability of financial and other management data developed within the organisation;
- the Board's risk management arrangements; and
- the adequacy of follow-up action to Audit reports.

Management's responsibility is to establish and maintain systems of internal control for operations for which it is responsible to ensure that these are properly managed.

Internal Audit should assist the various levels of management in discharging their duties and responsibilities by carrying out appraisals and making the necessary appropriate recommendations to management for operations under its control.

The Internal Auditor, in consultation with the Director of Finance, Planning and Governance, shall prepare and submit to the Audit and Risk Committee an Annual Audit Plan outlining the extent of proposed audit cover in order to address the Board's Internal Audit need. This plan will be agreed by the Audit and Risk Committee.

The Internal Auditor shall report regularly to the Audit and Risk Committee on the extent of audit cover achieved, providing a summary of audit activity during the report period, and detailing the degree of achievement of the approved plan.

The Internal Auditor shall be entitled, without necessarily giving prior notice, to require and receive:

- access to all records, documents and correspondence relating to any relevant transactions, including documents of a confidential nature (in which case, he shall have a duty to safeguard the confidentiality);
- access to any land, premises or employees of the Board;
- the production or identification by any employee of any Board cash, stock or other property under the employee's control; and
- explanations concerning any matter under review.

Where a matter arises which involves, or is thought to involve, irregularities concerning cash, stock or other property of the Board or any suspected irregularity in the exercise of any function of a pecuniary nature, the Director of Finance, Planning and Governance shall arrange for officers to investigate the matter and if appropriate will involve the Internal Auditor.

The Director of Finance, Planning and Governance shall investigate cases of suspected fraud, misappropriation or other irregularities in conjunction, where necessary, with relevant staff and in consultation with the statutory authorities, including Counter Fraud Services when appropriate.

The Internal Auditor shall report directly to the Director of Finance, Planning and Governance and shall refer audit reports to the appropriate officers designated by the Director of Finance, Planning & Governance. Failure to take remedial action within a reasonable period shall be reported to the Director of Finance, Planning & Governance. Where, in exceptional circumstances, the use of normal reporting channels could be seen as a possible limitation on the objectivity of the audit, the Internal Auditor shall have access to report directly to the Chief Executive or the Chair of the Audit and Risk Committee.

Part G - Losses, Condemnations and Special Payments

1.0 Losses

Any officer discovering or suspecting a loss of any kind shall report the matter to either the Director of Finance, Planning and Governance or Chief Executive.

In circumstances in which theft or fraud is suspected the Fraud Liaison Officer should contact the Counter Fraud Service for advice and guidance regarding the procedure to be followed. In other circumstances it is necessary to advise the Director of Finance, Planning and Governance of the incident so that the following action can be taken:

- the nature and extent of the loss can be established and recorded;
- appropriate action can be taken to safeguard the Board against further losses of a similar nature, and
- the loss can be written-off.

Losses must be recorded whenever they are discovered and even although a subsequent recovery of the loss is made.

Losses should be categorised as being one of the following:

- cash losses eg theft, fraud or overpayment of salary;
- fruitless payments eg payment in respect of abandoned scheme;
- bad debts, and
- stock losses eg theft, fraud or fire damage.

2.0 Condemnations

All articles surplus to requirements or unserviceable shall be condemned or otherwise disposed of by an officer authorised for that purpose by the Chief Executive and Director of Finance, Planning and Governance.

The condemning officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Chief Executive and the Director of Finance, Planning and Governance who shall take appropriate action.

Condemnations must be recorded to show what has happened to particular assets.

3.0 Special Payments

Special Payments can only be authorised by the Chief Executive or Director of Finance, Planning and Governance. Details of their nature and value must always be recorded.

No special payments exceeding the delegated limits laid down at the SGHSCD shall be made without their prior approval.

Special Payments cover items such as compensation payments made under legal obligation or to staff for damage to personal effects.

4.0 Register of losses and special payments

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

The Board shall approve the writing-off of losses within the limits delegated to it from time to time by the SGHSCD. That delegated responsibility may be given by the Board to the Director of Finance, Planning and Governance to approve write-off of losses. Such losses shall be reported to the Board at regular intervals.

In the case of losses out with the delegated power of the Board, these shall be submitted to the Board by the Director of Finance, Planning and Governance before seeking formal submission to the SGHSCD for approval to write off.

5.0 Non-exchequer funds

All gifts and donations, which are intended for the benefit of the Board and its staff, should be accounted for by the Director of Finance, Planning and Governance.

A bank account will be set up specifically for lodgements and disbursements of non-exchequer funds. The account will be operated by the Chief Executive and the Director of Finance, Planning and Governance.

All non-exchequer monies received will be lodged in the bank account and the Director of Finance, Planning and Governance will be advised of the source of the funds received. The receipt of gifts and donations should normally be acknowledged by the Chief Executive or Director of Finance, Planning and Governance.

Disbursements for the benefit of Members or staff will be authorised by either the Chief Executive or the Director of Finance, Planning and Governance. All subsequent invoices will be passed to the Director of Finance, Planning and Governance after being authorised for payment by the Chief Executive.

The Director of Finance, Planning and Governance will prepare periodic statements of this account and an annual set of accounts for presentation to the Audit and Risk Committee.

6.0 Financial irregularities: Theft, fraud and corruption

This instruction should be read in conjunction with the Board's Policy on Fraud and Corruption:

- theft is the dishonest appropriation of goods or money, whether or not with the intention permanently to deprive;
- fraud is the bringing about of some practical result by means of false pretence;
- corruption is doing or not doing something in relation to the Board's affairs or business, as a result of the offering, giving soliciting or acceptance by an officer, Member or adviser of any gift, reward or advantage.

The Chief Executive shall ensure that a senior manager (the designated officer) within the Board is delegated specific responsibility for co-ordinating action where there are reasonable grounds for thinking that an item of property, including cash, has been stolen. The designated officer will be the Fraud Liaison Officer (FLO) who is also usually the Director of Finance, Planning and Governance.

Whenever theft, fraud or corruption is suspected it must be reported to either the FLO or the Chief Executive. Officers should be assured that all information will be dealt with in the strictest of confidence and that every attempt will be made to preserve their anonymity.

The person having the suspicion should not convey his/her concerns to anyone else or try to resolve the problem their self. He/she should however retain any evidence and note any issues and the reasons for his/her concerns. He/she must not contact the police. The FLO should contact Counter Fraud Services (CFS) for initial advice on how to proceed.

The FLO will prepare a confidential note of the discussion and will notify CFS. In matters concerning members or advisers the Chairman should be informed by the Chief Executive. In matters concerning officers, the Chief Executive should advise the Board Chair and the Director of Workforce.

The CFS will conduct an investigation into the alleged incident and prepare a preliminary report for the FLO. CFS staff acting on behalf of the Director of Finance, Planning and Governance will require and receive access to: all records, documents and correspondence relating to relevant transactions; at all reasonable times to any premises or land of HIS; the production or identification by any employee of any Board, cash, stores or other property under the employee's control.

In cases where the nature, scale or the persons involved in the suspected offence could give rise to national or local controversy or publicity, or where the offence may be widespread, the Chief Executive will inform the Chairman and submit a report to SGHSCD.

Following the CFS investigation, the Chief Executive and/or the Director of Finance, Planning and Governance will be guided regarding the next appropriate action. If it appears that there has been theft, fraud or that a corrupt act has been performed or reasonably suspected, then CFS will inform the police.

Restitution of funds is not a reason for not proceeding with an investigation. Under no circumstances should a suspect be told that he will not be prosecuted – that is a matter solely for the Crown Authorities.

The Board must be guided by CFS about how to proceed. CFS will take the lead in all discussions with the Police and Procurator Fiscal. Officers of the Board will assist CFS with the investigation and any required follow-up actions which may include any form of disciplinary action.

Following an incident of theft or fraud the Director of Finance, Planning and Governance will take whatever steps are necessary to recover or minimise the loss. To help prevent further losses he will arrange for a review of procedures to be undertaken and amendments will be made to improve procedures where necessary.

The NHSScotland CFS Strategic Plan 2013-16 and subsequent updates provide further information. This can be found on the intranet under the CFS section.

Part H - Capital Investment, Private Financing, Fixed Asset Registers and Security of Assets

Capital Planning and Approval Processes were delegated to NHS Boards in 2002 [HDL (2002)40 refers]. These instructions reflect the inherent responsibility of Boards to manage their capital needs from within a single capital resource allocation.

These instructions should be read in conjunction with the Scottish Capital Investment Manual issued by the SGHSCD. For property transactions, the relevant guidance is contained in the NHS Property Transaction Handbook and Guidance from the SGHSCD: Improved Asset Management and the Location of Public Sector Organisations. The requirements for the preparation of business cases remains contained in the relevant sections of CEL 35 (2010) and CEL 19 (2010).

1.0 Capital Investment

Roles and responsibilities are as follows:

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 upon business plans;
- is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost; and
- will ensure that the capital investment is not undertaken without confirmation of the availability of resources to finance all revenue consequences, including capital charges.

For every capital expenditure proposal the Chief Executive will ensure that a business case is produced setting out:

- an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
- appropriate project management and control arrangements; and
- that the Director of Finance, Planning and Governance has certified professionally to the costs and revenue consequences detailed in the business case.

The Director of Finance, Planning and Governance:

- will, at least once per year, review the bases and assumptions used for allocating capital funds. This review will include proposals for which business case approval has been given and will note as relevant any timing considerations. Such requirements will be considered alongside requirements to meet ongoing equipment (including information, communications and technology), plant and buildings renewals.
- submit to the Board for approval at an early stage in each financial year, a Capital Investment Plan detailing sources of funding and proposed allocation, including any sums to be held in reserve.
- ensure that the Capital Plan reflects the objectives set out in the Board's corporate plan.
- regularly report to the Board on significant changes to the initial allocation and the uses of such funds.

The Director of Finance, Planning and Governance will issue procedures governing the financial management, including variations to contract, of capital investment projects and valuation for accounting purposes.

2.0 Asset registers

For the purposes of these instructions, Fixed Assets will be defined in accordance with the guidance contained in the Scottish Capital Investment Manual and the Capital Accounting Manual produced by the SGHSCD.

The Director of Finance, Planning and Governance will maintain an Asset Register and will ensure that all Fixed Assets are accurately and timeously recorded in the Register in accordance with the guidance contained in the Capital Accounting Manual.

The Director of Finance, Planning and Governance will prepare and implement procedural instructions which will ensure that:

- additions to the fixed asset register are clearly identified to an appropriate asset keeper and 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 and wages records for own materials and labour including appropriate overheads;
- lease agreements in respect of assets held under a finance lease and capitalised;
- where capital assets are sold, scrapped, lost or otherwise disposed of, their value is removed from the accounting records and each disposal validated by reference to authorisation documents and invoices (where appropriate);
- balances on fixed assets accounts in ledgers are reconciled to balances on the fixed asset register;
- the value of each asset is indexed to current values in accordance with methods as specified in the Capital Accounting Manual, and guidance issued by SGHSCD from time to time;
- the value of each asset is depreciated using methods and rates as specified in the Capital Accounting Manual and is consistent with the agreed depreciation policy of the Board; and
- capital charges are calculated and paid as specified in the Capital Accounting Manual.

3.0 Security of Assets

The overall control of fixed assets is the responsibility of the Chief Executive.

The Director of Finance, Planning and Governance will prepare and implement procedures for the control of assets and will ensure that all assets are appropriately accounted for and verified on an annual basis.

The Director of Finance, Planning and Governance will ensure all discrepancies revealed by verification of physical assets to the fixed asset register are investigated.

It is the responsibility of all staff to apply the appropriate routine security in relation to NHS property as may be determined by the Board.

Any damage to the Board's premises, vehicles and equipment, or any loss of equipment, stores or supplies must be reported by directors and employees in accordance with the procedure for reporting losses.

Where practical, assets should be marked as Board property.

On the closure of any premises, a physical check will be carried out and a responsible officer designated by the Chief Executive will certify a list of items held showing their eventual disposal.

Assets with an estimated value greater than £1,000 should be disposed of in accordance with the procedures set out in these instructions and in accordance with MEL(1996)7. Where the estimated value is £1,000 or less, the Director of Finance, Planning and Governance or authorised nominee will approve the most appropriate method of disposal to ensure value for money to the Board.

All proceeds from the sale of assets must be notified to the Director of Finance, Planning and Governance and the transaction recorded appropriately in the accounts.

The Director of Finance, Planning and Governance shall be responsible for maintenance of a register of all leases entered into by the Board. In particular, this should specify details in relation to the value, termination and required notice period of the lease.

Part J - Annual Accounts, Reports and Risk Management

1.0 Annual Accounts and Reports

The Director of Finance, Planning and Governance shall prepare, and submit Annual Accounts to the Chief Executive in respect of each financial year and in such a form as the SGHSCD may determine.

On completion of the audited Annual Accounts and receipt of the associated Management Letter from External Audit, the Director of Finance, Planning and Governance on behalf of the Chief Executive will present these to the Audit Committee for review. The Audit Committee will then recommend acceptance and approval – or otherwise – of the Audited Annual Accounts to the Board.

The Annual Accounts will be reviewed by the Audit Committee and presented to the Board for approval in accordance with SGHSCD timescales.

After approval by the Board, the appropriate Directors shall certify the accounts in accordance with national guidance.

Certified Annual Accounts will be forwarded by the External Auditor to the SGHSCD within the necessary timescales.

The Director of Finance, Planning and Governance shall prepare and submit any necessary financial returns to the SGHSCD. These shall be prepared in accordance with the guidance contained within the NHS Manual of Accounts as amended from time to time.

The Director of Finance, Planning and Governance shall prepare a summarised extract of the Annual Accounts for inclusion in the annual report, giving any additional relevant financial information. The Head of Communications shall ensure processes are in place for preparation of an annual report on the activities of the Board.

2.0 Risk management

The Chief Executive shall ensure that the Board has a strategy for risk management, which will be approved and monitored by the Board.

Part K - Scheme of Delegation

1.0 Background

All NHSScotland Boards and Health Bodies are required to produce a Scheme of Delegation to detail the delegation of powers below Board level.

The 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 purpose of this document is therefore to set out the matters reserved for the Board and the delegation of the Board's responsibilities to individual Directors, Senior Officers, or committees, which it has chosen not to reserve. However, the Board remains accountable for all its functions and therefore expects to receive information about the exercise of delegated functions, to enable it to maintain a monitoring role. The Scheme of Delegation shows only the 'top level' of delegation within HIS. Directors'/Officers' may delegate tasks/actions to more junior members of staff but still retain accountability for the exercise of their delegated powers.

2.0 Financial matters reserved for the Board

The following shall be reserved for agreement by the Board:

- strategic plans, policies and requests to/from SG for funding (additional allocations) with costs greater than £500,000;
- business plans with capital costs (including Information & communications technology) greater than £1,000,000;
- the acceptance of contracts where the value exceeds £1,000,000 (where the contract value is greater than £2,000,000 this must be submitted to the SGHSCD for approval);
- approval of the transfer of funds from reserves and balances where the value in any one instance exceeds £500,000;

The foregoing list shall not be held as exhaustive and may be altered or extended at any time as the Board may deem necessary.

3.0 Responsibilities of the Chief Executive: General provisions

The Chief Executive will act as Accountable Officer in accordance with sections 14 and 15 of the Public Finance and Accountability (Scotland) Act 2000.

The Chief Executive is responsible for propriety and regularity in the management of public funds for which he/she has charge and for the day-to-day operations and management of HIS. He/she should act in accordance with the terms of the Management Statement, within the instructions and guidance in the Scottish Public Finance Manual and other instructions and guidance issued from time to time by SGHSCD Finance – in particular, the memorandum to Accountable Officers of Other Public Bodies which the Chief Executive will receive on appointment.

The Chief Executive has specific responsibility for the annual submission to the SGHSCD of the HIS draft Strategy and Local Delivery Plan setting out HIS's key objectives and associated performance targets for the five years ahead and its strategy for achieving these objectives. They will be prepared in accordance with relevant guidance from the Scottish Government. He/she will ensure that quarterly reports are made to the Board and the

SGHSCD on Healthcare Improvement performance against key targets in the Local Delivery Plan and annually in HIS's Annual Report and Accounts.

The Chief Executive shall exercise power on all matters not particularly reserved by the Board for its own decision. This Scheme of Delegation identifies which functions have been reserved for the Board and delegated to other Directors and officers.

All powers delegated by the Chief Executive can be re-assumed by him/her should the need arise. As Accountable Officer the Chief Executive is accountable for funds allocated to the Board by the Scottish Government.

4.0 Governance and internal control

The Chief Executive shall:

- advise the Board on the discharge of its responsibilities as set out in the Management Statement and in any other relevant instructions and guidance that may be issued from time to time;
- ensure that adequate internal management and financial controls are maintained by HIS including effective measures against fraud and theft; and prepare a statement on the system of internal control for inclusion in the Annual Report and Accounts;
- sign a statement of Accountable Officer's Responsibilities for inclusion in the annual reports and accounts;
- take action as set out in the Memorandum to Accountable Officers Of Other Public Bodies if the Board, or its Chair, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity, or does not represent prudent or economical administration or efficiency or effectiveness;
- give evidence when summoned before Committees of the Scottish Parliament on the use and stewardship of public funds by HIS;
- ensure that effective procedures for handling complaints are established;
- act as the Principal Officer for the purpose of the handling of cases involving the Ombudsman. The Principal Officer is responsible for informing the Scottish Government's Accountable Officer about any complaints accepted by the Ombudsman for investigation, and about HIS' proposed response to any subsequent recommendations from the Ombudsman; and
- ensure that appropriate staff governance and staff management policies are maintained.

5.0 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, Planning and Governance.

Specifically the Chief Executive shall:

- ensure that all public funds made available to HIS are used for the purpose for which they were intended by the Parliament, and that such funds, together with HIS assets, equipment and staff, are used economically, efficiently and effectively;
- ensure that timely monitoring information and forecasts are provided to our sponsor division;
- that corrective action is taken to avoid overspends and underspends; and that the SGHSCD is notified promptly when overspends are likely; and
- ensure that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that standard financial appraisal

techniques are followed as far as is practicable.

6.0 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 NHS Scotland 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 settle claims against the Board, subject to a report thereafter being submitted to the Audit Committee.

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 is currently authorised to sign such documentation on behalf of the Board and Scottish Ministers.

7.0 Procurement

The Chief Executive shall have responsibility for nominating officers or agents to act on behalf of the Board, for specifying, and managing the tender, evaluation and award process through the recognised electronic tendering portals. 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, Planning and Governance has authority to approve on behalf of the Board the acceptance of tenders, submitted in accordance with the Board's Tendering Procedure, up to a value that accords with the values set in European Union legislation for supplies and services. The summary of thresholds from 1 January 2019 (net of VAT) is as follows:

PUBLIC CONTRACTS (SCOTLAND) REGULATIONS 2015

	SUPPLIES	SERVICES	CAPITAL
Entities listed in Schedule 1	£139,688	£138,688	£200,000

8.0 Capital budgets

The exercise of this authority for tenders in excess of £200,000 up to £1,000,000 must include a business case and be reported to the Audit and Risk Committee.

The exercise of this authority for tenders in excess of £200,000 up to £1,000,000 must be included in the tender register.

9.0 Human Resources

The Chief Executive may, after consultation and agreement with the ET and Director of Workforce, amend staffing establishments in respect of the number and grading of posts. In

so doing, the Director of Finance, Planning and Governance 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 and outwith 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, if appropriate, is to be made to the Board.
- all overseas travel by officers of HIS will be reported to the Audit and Risk Committee twice per annum

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's policies in this regard.

Administration of the above Accountable Officer responsibilities may be delegated to the Directors and other employees in HIS. However, he/she shall not assign absolutely to any other person any of the responsibilities set out in this document or the Management Statement.

10.0 Delegated authority to others

The Directors of HIS have delegated responsibility from the Chief Executive for the areas of work and associated resources set out in the job description for their individual posts. Specific powers related to staff, resources and assets that are delegated to Directors and officers are set out in Appendix 2.

11.0 Director of Finance and Corporate Services

The Director of Finance, Planning and Governance will ensure that the financial responsibilities of HIS are discharged in accordance with current accounting standards and financial guidance from the SGHSCD.

The Director of Finance, Planning and Governance has a general duty to assist the Chief Executive in fulfilling his/her responsibilities as the Accountable Officer of the Board and the fulfilling of specific responsibilities

12.0 Financial statements

The Director of Finance, Planning and Governance 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;

- ensure that systems are in place that control the authorisation of and accountability for financial resources within the Board;
- 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.

13.0 Corporate governance and management

The Director of Finance, Planning and Governance 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 governance committees and supporting management groupings 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, Planning and Governance is empowered to take steps to support the Chief Executive to implement proper arrangements for:

- developing, promoting and monitoring compliance with the requirements for good financial governance with an NHS Board;
- 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.

14.0 Banking

The Director of Finance, Planning and Governance is authorised to oversee the Board's arrangements in respect of accounts held in the name of the Board.

15.0 Director of Workforce

The Director of Workforce is responsible for the corporate management of human resources within the arrangements approved by Scottish Ministers and in accordance with the Management Statement. The Director of Workforce will support the Chief Executive by:

- developing, promoting and monitoring compliance with the requirements for good staff governance with an NHS Board;
- ensuring that the recruitment of staff is based on fair and open competition and equal opportunities;
- ensuring that the level and structure of staffing, including gradings and number of staff, is appropriate to HIS functions and the requirements of efficiency, effectiveness and economy;
- ensuring that the performance of staff at all levels is satisfactorily appraised for the purposes of performance review and staff development;
- ensuring that HIS staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve HIS strategic objectives;
- ensuring that proper consultation with staff takes place;
- ensuring that adequate grievance and disciplinary procedures are in place;
- ensuring that HIS implements terms and conditions of service and operates pension

- schemes for all staff, which meet Scottish Ministers' requirements and approval;
- ensuring that the most cost effective use is made of human resources;
 - ensuring that direction, support and performance management are provided to those managers who have responsibility for Human Resources and Organisational Development; and
 - ensuring that processes are reviewed and enhanced to improve services and increase efficiency.

16.0 Caution over the use of delegated powers

Powers are delegated to Directors and Officers on the understanding that they shall not exercise delegated powers in a manner which, in their judgement, is likely to be a cause for public concern.

17.0 Absence of Directors/officers to whom powers have been delegated

In the absence of the Director/officer to whom powers have been delegated, those powers shall be exercised by that Director/Officer's superior, unless alternative arrangements have been approved by the Board. If the Chief Executive is absent, powers delegated to him/her may be exercised by the Deputy Chief Executive.

18.0 Delegation of powers to governance committees/sub-committees acting on behalf of the Board

The Board may determine that certain of its powers shall be exercised by governance committees/sub-committees. The composition and terms of reference of such committees shall be determined by the Board from time to time, taking into account the requirements of the Scottish Government. The Board shall determine the reporting requirements of these committees.

Committees of the Board may not delegate executive powers to governance committees/sub-committees unless authorised by the Board.

Appendix 1 - Delegation of Powers to Directors and Officers

	Delegated matter	Details of authority
1.	Purchasing	
1.1	Procurement threshold and contract signing – including but not limited to, supplier contracts, memorandum of understanding, service level agreements, secondee agreements:	
	All secondee agreements	Director of Workforce (or delegate)
	Expenditure below £4,999 (excl VAT)	Budget holder
	Expenditure between £5,000 and £49,999 (excl VAT)	Budget holder, or Director,
	Expenditure greater between £50,000 and £999,999 (excl VAT)	Director of Finance, Planning & Governance, or Chief Executive,
	Expenditure between £1,000,000 and £1,999,999 (excl VAT)	Director of Finance, Planning & Governance, Chief Executive, Board of Directors
	Expenditure greater than £2,000,000 (excl VAT)	Director of Finance, Planning & Governance, Chief Executive, Board of Directors, Scottish Government
1.2	Administration of tenders: The opening of tenders and maintenance of tender registers	Director of Finance, Planning and Governance
1.3	Purchase Orders: Approval of purchase orders as follows	
	Order value below £10,000	Budget holder
	Order value between £10,000 and £49,999	Budget holder, Director, Head of Procurement, SAS
	Order value between £50,000 and £249,999	Budget holder, Director, Head of Finance & Procurement, Head of Procurement, SAS
	Order value greater than £250,000	Budget holder, Director, Head of Finance & Procurement, Chief Executive, Director of Finance, Planning & Governance, Head of Procurement, SAS
1.4	Non Competitive Tenders	
	Any value – non medical	Senior Procurement Specialist, Director, Head of Finance & Procurement or Director of Finance, Planning & Governance or Chief Executive

	Any value – medical	Senior Procurement Specialist, Director, Medical & Safety Director or Nursing & System Improvements Director, Head of Finance & Procurement or Director of Finance, Planning & Governance or Chief Executive
2.	Operation of all detailed financial matters including bank accounts and banking procedures	Director of Finance, Planning and Governance
3.	Management of Land, Buildings and other assets belonging to or leased by the Board	
3.1	Overall responsibility for all assets	Chief Executive
3.2	Maintenance of Asset register.	Director of Finance, Planning and Governance
3.3	Annual asset check.	Director of Finance, Planning and Governance
3.4	Management of assets belonging to and leased by the Board	Director of Finance, Planning and Governance
3.5	Disposal of Assets: (value equates to the net book value of the asset or the realisable value, whichever is the higher)	
	up to £ £5,000	Director of Finance, Planning and Governance
	from £5,000 to £49,999	Director of Finance, Planning and Governance
	in excess of £50,000	Chief Executive/Director of Finance, Planning and Governance to seek SGHSCD approval and to seek prior approval from the Audit and Risk Committee
	Disposals must be notified in writing to Finance Department	
4.	Losses, condemnations and special payments	
4.1	Losses Approval of the writing-off of losses within the following limits:	
	Cash losses over £5k theft, fraud overpayment of salaries, wages, fees and other allowances other causes fruitless payments over £5,000 (including capital schemes) bad debts and abandoned over £5,000 stock losses eg theft, fraud or fire damage	Chief Executive/Director of Finance, Planning and Governance And Relevant Committee (Staff Governance Committee, Audit & Risk Committee, Clinical Care Governance Committee) And The Board
4.2	Condemnation Approval of articles to be condemned or otherwise disposed of	Chief Executive or Director of Finance, Planning and Governance

4.3	Special Payments Approval of special payments within the following limits:	
	compensation payments (made under legal obligations) up to £100,000 plus costs)	Chief Executive or Director of Finance, Planning and Governance
	ex-gratia payments	Chief Executive or Director of Finance, Planning and Governance
	extra-contractual payments to contractors up to £5,000	Chief Executive or Director of Finance, Planning and Governance
	compensation payments (including payments to staff for loss of personal effects) up to £5,000	Chief Executive or Director of Finance, Planning and Governance
	Private street works charges with the advice of the District Valuer up to £5,000	Chief Executive or Director of Finance, Planning and Governance
	other payments up to £2,500	Chief Executive or Director of Finance, Planning and Governance
	Maintaining a losses and special payments register, detailing all losses and special payments made.	Director of Finance, Planning and Governance
	Reporting to the Board, on an annual basis any losses and special payments made	Director of Finance, Planning and Governance
	Overtime Payments (should be authorised in advance)	Line Manager
5.	Leave Approval of paid and unpaid leave in accordance with the guidelines provided in the relevant HIS policies:	
5.1	Special leave	Line Manager
5.2	Emergency leave, including adverse weather	Line Manager
5.3	Partner Support (Paternity) leave	Line Manager
5.4	Parental leave	Line Manager
5.5	Adoption and Fostering leave	Line Manager
5.6	Carer's leave	Line Manager
6.	Absence management	
6.1	Informal discussion	Line manager
6.2	Stage 1 formal absence meeting	Line manager
6.3	Stage 2 formal absence meeting or appeal against decision to refer to Stage 2.	Unit Head
6.4	Appeals against decision to refer to	Unit Head / Associate Director / Director /

	Stage 3 by Line Manager or Head of Unit	Deputy Chief Executive / Chief Executive
6.5	Stage 3 formal hearing	Director, Deputy Chief Executive, or
6.6	Appeals against Stage 3 outcome	Director, Deputy Chief Executive, or Chief Executive or Board Panel
7.	Management of Employee Capability	
7.1	Informal meeting/early resolution	Line manager
7.2	Stage 1 formal meeting	Line manager
7.3	Stage 2 formal meeting or appeal against decision by line manager to progress from Stage 1	Unit Head
7.4	Appeal against decision to progress from Stage 3	Associate Director
7.5	Stage 3 hearing	Director, Deputy Chief Executive or Chief Executive
7.6	Appeal against Stage 3 outcome	Director, Deputy Chief Executive, Chief Executive or Board Panel
8.	Income	
8.1	Grant agreements and Other income not covered in 8.2 or 8.3	
	Agreement value below £49,999	Director
	Agreement value greater than £50,000	Director, Head of Finance & Procurement,
8.2	Additional allocations (Scottish Government)	
	Allocation value below £49,999 (not bundled)	Falls below the de minimis limit for SG funding. Do not progress
	Extension to existing allocation value below £49,999	Director
	New or extension to allocation value between £50,000 and £499,999	Director Executive Team
	New or extension to allocation value greater than £500,000	Director Executive Team Board of Directors
8.3	Credit Note Approval	
	Value (excl VAT) less than £999	Budget holder
	Value (excl VAT) between £1,000 and £4,999	Budget holder Director/Associate Director/Head of Department
	Value (excl VAT) between £5,000 and £9,999	Budget holder Director/Associate Director/Head of Department, Head of Finance & Procurement
	Value (excl VAT) greater than £10,000	Budget holder Director/Associate Director/Head of Department Head of Finance & Procurement, Director of Finance, Planning & Governance/Chief Executive

9.	Expense Payments	
9.1	Non NHS Staff Expense Payments	One of the following: Budget holder or Head of Service or Unit Head or Associate Director or Director
9.2	HIS Staff Expense Payments	One of the following: 1 – Direct Line Manager 2 – 1st Approvers Line Manager 3 – 2nd Approvers Line Manager