CODE OF CORPORATE GOVERNANCE

Approved: 24 August 2016
Review date: 24 August 2017
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Summary

Healthcare Improvement Scotland’s Code of Corporate Governance (the Code) is based on the general principles of the UK Corporate Governance Code¹ and the International Framework: Good Governance in the Public Sector (the Framework)². The main principle of the UK Corporate Governance Code is that every institution should be headed by an effective Board, which is collectively responsible for the long-term success of the organisation. Every public sector entity needs one or more individuals who are explicitly responsible for providing strategic direction and oversight whilst being accountable to its stakeholders. The Board should establish formal and transparent arrangements for considering how they should apply the corporate reporting, risk management and internal controls principles.

The Framework states that good governance in the public sector encourages better informed and longer-term decision making as well as the efficient use of resources. It strengthens accountability for the stewardship of those resources. Good governance is characterized by robust scrutiny, which places important pressures on improving public sector performance and tackling corruption. Good governance can improve organisational leadership, management, and oversight, resulting in more effective interventions and, ultimately, better outcomes.

The Code of Corporate Governance for HIS sets out the above framework for our organisation.

The Code has been developed under the guidance of the Audit and Risk Committee and our Internal Auditor. The Code takes into consideration the role of the public in supporting our decision-making, governance and accountability.

The Code was approved by the Audit and Risk Committee and ratified by our Board in August 2015.

The Audit and Risk Committee will keep the Code under review and undertake a comprehensive review at least every 2 years.

We welcome any comments on the Code which can be directed to the Director of Finance and Corporate Services, margaret.waterston@nhs.net.
Introduction

1. Healthcare Improvement Scotland (HIS)

HIS is a public body which was formed on 1 April 2011. It was created by the Public Services Reform (Scotland) Act 2010\(^4\) and marks a change in the way the quality of healthcare across Scotland will be supported nationally.

1.1 Our mission

Our mission is to have a central role in supporting public services to offer higher quality sustainable care which meets the needs of the people of Scotland.

1.2 Our priorities

We will support the achievement of the Scottish Government’s ambition to build a safer, healthier and fairer society by the following:

- establishing the evidence for what will work best to integrate services and what high quality care would look like;
- supporting the redesign of services to achieve and sustain higher quality and increasingly integrated care;
- reviewing the current provision of services and supporting the commissioning and redesign of new services;
- working with citizens to ensure that their voice is heard in the design and provision of health and social care.

Our organisation includes:

- Scottish Health Council\(^5\)
- Scottish Intercollegiate Guidelines Network (SIGN)\(^6\)
- Healthcare Environment Inspectorate\(^7\)
- Scottish Health Technologies Group\(^8\)
- Scottish Medicines Consortium (SMC)\(^9\)
- Scottish Antimicrobial Prescribing Group (SAPG)\(^9\)

1.3 Principles for Good Governance in the Public Sector

The fundamental function of good governance in the public sector is to ensure that entities achieve their intended outcomes while acting in the public interest at all times.

Acting in the public interest requires:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.

In addition to the overarching requirements for acting in the public interest in the principles above, achieving good governance in the public sector also requires effective arrangements for:

- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimize the achievement of intended outcomes.
- Developing the entity's capacity, including the capability of its leadership and the individuals
within it.

- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

Good governance is dynamic, and HIS as a whole will be committed to improving governance on a continuing basis through a process of evaluation and review.
2. The Board

The Board of HIS\textsuperscript{10}, ‘the Board’, has corporate responsibility for ensuring that HIS fulfils the aims and objectives set by Scottish Ministers and for promoting the efficient and effective use of staff and other resources.

The purpose of the Board is to:

- 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.

The role of the Board is to:

- provide leadership and strategic direction;
- put in place controls to safeguard public resources;
- make sure that effective management structures and processes are in place;
- hold the executive to account for performance;
- oversee implementation of the Local Delivery Plan; and oversee performance management including risk management; and
- supervise the overall management of its activities.

2.1 Membership and appointments

The Board is appointed by the Scottish Ministers as determined by Public Services Reform (Scotland) Act 2010 Schedule 16\textsuperscript{11}.

Membership of the Board is as follows:

- Chairman (non-executive)
- Chairman of the Care Inspectorate (non-executive)
- 11 non-executive members, including the Employee Director (non-executive), and
- Chief Executive (executive member).

The Board will create such sub-committees, as are required by, for example, statute, guidance, regulation and Ministerial direction and as are necessary for the economical efficient and effective governance of its business. These are referred to within the organisation as the governance committees of the Board.

Members of the Board are required to comply with the Board Members’ Code of Conduct\textsuperscript{12} and the Healthcare Improvement Scotland Code of Conduct.

Board member responsibilities include:

- shared responsibility for the discharge of the functions of the Board;
- independent, impartial judgement on issues of strategy, resource allocation, performance management, key appointments and accountability to Scottish Ministers;
- responsibility for the overall performance of Healthcare Improvement Scotland; and
- responsibility to promote the efficient and effective use of staff and resources in accordance with Best Value.

Remuneration will be paid as determined by Scottish Ministers to the Chairman and other non-executive Board members.
Any member of the Board may, on reasonable cause shown, be suspended, removed or disqualified from membership of the Board in accordance with the Regulations identified below.

A member of the Board may resign office at any time by giving notice in writing to Scottish Ministers. On resignation, a non-executive director should provide a written statement to the Chairman, for circulation to the Board, if they have any concerns.

The Board should be of sufficient size that the requirements of business can be met and that changes to the Board’s composition and that of its committees can be managed without undue disruption, and should not be so large as to be unwieldy.

2.2 Appointment of the Chairman of the Board

The Chairman is appointed by the Cabinet Secretary for Health, Wellbeing & Sport13

2.3 Appointment of the Vice-Chairman of the Board

To enable the business of the Board to be conducted in the absence of the Chairman, the Board shall appoint a non-executive member to be Vice-Chairman.

The Vice-Chairman may resign from office at any time by giving notice in writing to the Chairman. The non-executive members may appoint another non-executive member as Vice Chairman in accordance with the above.
3. Review of this code

The Audit and Risk Committee will keep the Code of Corporate Governance under review and undertake a comprehensive review at least every 2 years.
Section A  Standing orders

The following section presents what is commonly known as the Standing Orders for regulating the business and proceedings of the Board of HIS.
4. How our Board meetings are conducted

4.1 Duties of the Chairman

The Chairman of the Board is accountable to the Scottish Ministers and has a specific responsibility for providing strategic leadership to the organisation through the Board and in conjunction with the Chief Executive. The Board will not concern itself with day-to-day operational matters, except where they have an impact on the overall performance of the organisation.

The Chairman is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role. At every meeting, the Chairman, if present, shall preside.

The Chairman is responsible for setting the Board’s agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues.

It shall be the duty of the person presiding at a meeting to preserve order, to promote a culture of openness and debate 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.

The Chairman is responsible for ensuring that the directors receive accurate, timely and clear information.

The Chairman shall draw attention to any apparent breach of the terms of the Standing Orders. They will be supported in this role by the corporate office.

The decision of the Chairman on all matters referred to in the Standing Orders shall be final and shall not be open to question or discussion in any meeting.

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

All members of the governing body should have the appropriate skills and knowledge and exercise leadership and to fulfil their roles and responsibilities. The Chairman of the Board will regularly review and agree with each non-executive Board member their training and development needs. To facilitate this, the Chairman may hold meetings with the non-executive Board members without the executive Board members present.

The Chairman should ensure that the directors continually update their skills and the knowledge and familiarity with the organisation required to fulfil their role both on the Board and on governance committees.

The Chairman of the Board should ensure that new non-executive and executive Board members receive a full, formal and tailored induction on joining the Board.

4.2 Duties of the Vice-Chairman

If the Chairman is absent from any meeting, the Vice-Chairman, if present, shall preside, and if the Chairman and Vice-Chairman are both absent, the members present at the meeting shall elect from amongst themselves a non-executive member of the Board to act as Chairman for that meeting.

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

No business shall be transacted at a meeting of the Board unless six members are present and entitled to vote.

If a quorum is not present ten minutes after the specified start time, the Chairman will seek agreement to adjourn the meeting and reschedule.

If during any meeting a member or members are called away and the Chairman finds that the meeting is no longer quorate, the meeting shall be suspended. If a quorum is still not present at the end of ten minutes, the Chairman will seek agreement to adjourn the meeting and reschedule.

4.4 Attendance

A record of membership attendance will be maintained for each meeting. This information will contribute to the annual report for the Board and to the annual appraisal for Board members.

If a Board member is absent from a meeting for three or more consecutive meetings, without reasonable cause, the Chairman may request the Scottish Ministers to remove the member from office.

The following officers of HIS are expected to be in attendance at Board meetings:

- Chief Executive (executive Board Member)
- Director of Quality Assurance
- Director of Improvement Support and ihub
- Director of Evidence
- Executive Clinical Director
- Director of Scottish Health Council
- Director of Finance and Corporate Services

4.5 Decisions reserved for the Board

Decisions reserved for the Board include:

- the approval of strategy, business plans and budgets;
- the approval of the Code of Corporate Governance (which will include the Standing Orders, Standing Financial Instructions and Scheme of Delegation);
- the establishment, terms of reference and reporting arrangements for the governance committees acting on behalf of the Board;
- the approval of personnel policies, including arrangements for the appointment/removal and remuneration of key staff;
- the approval of financial and performance reporting arrangements;
- the approval of audit arrangements;
- the approval of the annual reports and accounts;
- the approval of capital expenditure schemes and disposals beyond the delegated limits of the Chief Executive; and
- any other matter on which the Board deems it competent to express a view.

4.6 Main categories of information considered by the Board

The Board will consider the following main categories of information to discharge its business:
• Executive Team report;
• Governance and risk management;
• Strategic business;
• Performance and financial management reports;
• Governance committee minutes and key points reports; and
• Chairman’s report;
• Additionally, when considered relevant to the agenda or the business of the organisation, the Board will receive a Stakeholder/Patient Story at each meeting.

4.7 Review of effectiveness

The Board will state in its annual report how performance evaluation of the Board, its Committees and its individual Board members has been conducted.

Performance evaluation will be assessed against best practice and assessment of compliance against a framework developed using the following:

• UK Code of Corporate Governance (2014)\(^1\)
• Ethical Standards in Public Life etc. (Scotland) Act 2000\(^15\)
• Good Governance Standard for Public Services(2004)\(^16\)
• International Framework: Good Governance in the Public Sector (2014)\(^2\)
• Audit Scotland: The Role of Boards (September 2010)\(^17\)
• On Board: A guide for Board members of public bodies in Scotland\(^18\)
• NHSScotland Board diagnostic (2011)\(^19\)
• Scottish Public Finance Manual (SPFM)\(^20\)
• Best Value in public services: Guidance for Accountable Officers\(^21\)
• Annual reports from all governance committees
• Internal/External audit reviews reports

The performance evaluation will also inform the Governance Statement for HIS.

Performance appraisal processes for the Chairman will be managed by the Director General (NHSScotland) on behalf of the Cabinet Secretary.

4.8 Declaration of interest

All Board members must comply with the national standards as outlined in: Ethical Standards in Public Life etc. (Scotland) Act 2000\(^15\) and On Board: A guide for Board Members of Public Bodies in Scotland and the Board Members’ Code of Conduct\(^12\) in terms of declaring interests.

4.9 Register of interests

The Board Secretary shall be responsible for maintaining a formal Register of Board members’ interests\(^10\). The register shall be made available to the public, on request, at the offices of the Board and on the organisation’s website.

Board members, supported by the Board Secretary, shall be responsible for ensuring that entries are reviewed no less than annually to reflect the changes in interests declared during the period since the last review.

HIS will formally record any award of contract to an organisation in which a Board Member has declared an interest. This measure helps protect public confidence in HIS by ensuring that
situations do not arise where the public may perceive that special favour or unfair advantage has been given to a Board Member which allows that Board Member to gain financially from the award of a contract.

4.10 Conduct of meetings and order of debate

Any member wishing to speak shall indicate this by raised hand and when called upon shall address the Chairman and restrict their remarks to the matter being discussed.

Any motion or amendment shall, if required by the Chairman, be required in writing, and after being seconded, shall not be withdrawn without agreement of the Board. No motion, or amendment, shall be spoken upon, except by the mover, until it has been seconded.

When more than one amendment is proposed, the Chairman of the meeting shall decide the order in which amendments are put to the vote. All amendments carried shall be incorporated in the original motion which shall be put to the meeting as a substantive motion.

Any member wishing to raise a point of order may do so by stating that they are raising a point of order immediately after it has arisen. Any member then speaking will cease and the Chairman shall call upon the member raising the point of order to state its substance. No other member shall be entitled to speak to the point of order except with the consent of the Chairman.

The Chairman shall give a ruling on the point of order, either immediately, or after such adjournment as they consider necessary. After this the member who was previously speaking shall resume their speech, provided the ruling permits.

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

4.11 Motions and amendments

A motion is a proposal.

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

- motions or amendments to approve or disapprove without further qualification
- motions or amendments to remit for further consideration, and
- motions or amendments to the terms of which have been fully set out in a minute of a committee or report by an executive member or other officer.

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

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

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

Where an amendment to a motion has been moved and seconded, no further amendment may be moved until the result of the vote arising from the first amendment has been announced.
If an amendment is rejected, a further amendment to the original motion may be moved. If an amendment is carried, it shall take the place of the original motion and any further amendment shall be moved against it.

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

The Chairman of a committee shall have the right to move the approval of the minute of that committee.

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

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

4.12 Notice of motions to be placed on an agenda

Notice of motions shall be given in writing to the Board Secretary no later than noon 14 days before the meeting and must be signed by the proposing member and at least one other member.

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

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

4.13 Questions

A member may put a question to the Chairman relating to the functions of the Board, irrespective of whether the subject matter of the question relates to the business which would otherwise fall to be discussed at that meeting, provided that notice has been given three days prior to the meeting.

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

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

4.14 Time allowed for speaking during formal debate

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

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

A motion that a debate is adjourned, or that a question is put, or that the meeting passes to the next item of business may be made at any stage of the debate. The motion, if seconded, shall be the subject of a vote without further debate.

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

4.16 Alteration or revocation of previous decision

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

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

- a recommendation to that effect, by an executive member or other officer in a formal report
- a motion to that effect of which prior notice has been given in terms of (notice of motions to be placed on an agenda – see section above).

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

4.17 Voting

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

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

Where a formal vote is taken, this shall be done by a show of hands except where members present resolve by simple majority that it be taken by secret ballot.

In the case of any matter relating to the appointment of a member of staff or relating to any disciplinary or grievance proceedings affecting a member of staff, the vote shall be taken by a show of hands, or by secret ballot.

Immediately before any vote is taken, the question on which the vote is to be held shall be read out. Thereafter, no-one shall interrupt the proceedings until the result of the vote has been announced.

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

Under no circumstances may an absent Board member vote by proxy. Absence is defined as being absent at the time of the vote. Members shall be able to attend and vote whilst participating under videoconferencing, teleconferencing or similar procedures.
4.18  Voting in the case of vacancies and appointments

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

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

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

4.19  Adjournment and duration of meetings

During any meeting, any member may move that the meeting be adjourned, at any time, except in the course of a speech by another member. No motion for adjournment may be made within 30 minutes of a motion for adjournment having previously been rejected if the meeting is still considering the same item of business.

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

If carried, the meeting shall be adjourned until the time and place specified in the motion. Unless the time and place is specified, the adjournment shall be until the next ordinary meeting.

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

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

In case of disorder, the Chairman may immediately adjourn the meeting to a fixed time, or as decided afterwards. Should the Chairman vacate the meeting, this shall indicate that the meeting is adjourned.

No meeting shall last longer than four hours. It shall, however, be competent, before the expiry of the time limit, for any member to move that the meeting be continued for such further period as is deemed appropriate.

A meeting may be adjourned to any other day, hour and place. A motion to adjourn a meeting shall be moved and seconded and shall be put to the meeting without discussion. If such a motion is carried, the meeting shall be adjourned until the next scheduled meeting or to such day, hour and place as may be specified in the motion.

4.20  Reception of deputations

Every application for the reception of a deputation must be in writing, duly signed and delivered, faxed or emailed to the Board Secretary at least three clear working days prior to the date of the meeting at which the deputation wish to be received. The application must state the subject and the proposed action to be taken.

The deputation shall consist of not more than ten people.

No more than two members of any deputation shall be permitted to address the meeting, and they may speak in total for no more than ten minutes.
Any member may put any relevant question to the deputation, but shall not express any opinion on the subject matter until the deputation has withdrawn. If the subject matter relates to an item of business on the agenda, no debate or discussion shall take place until the relevant minute or other item is considered in the order of business.

4.21 Receipt of petitions

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

4.22 Disqualification/suspension of members from meetings

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

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

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

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

Additionally, further disqualification criteria is outlined in Public Services Reform (Scotland) Act 2010 Schedule 16\(^1\) (section 6) and will apply at all times.

4.23 Suspension and alteration of Standing Orders

The Board may, on its own or if directed by the Scottish Ministers, vary and revoke Standing Orders for the regulation of the procedure and business of the Board. The Audit and Risk Committee is responsible for advising the Board on these matters.

Any one or more of the Board’s Standing Orders may be suspended on a duly seconded motion, incorporating the reasons for suspension, if carried by a majority of members present.

4.24 Independent advice

The Board shall ensure that directors, especially non-executive directors, have access to independent professional advice at the organisation’s expense where they judge it necessary to discharge their responsibilities as directors.
5. How our Board meetings are scheduled and informed

5.1 Plan of business

The Chairman will ensure that a plan of business (the business planning schedule), per financial year, is developed that reflects the terms of reference for the Board. The plan will be reviewed quarterly. The plan will incorporate forward planning for future financial years. The business planning schedule will form the basis of the agenda for each meeting.

5.2 Annual schedule of meeting dates

An annual schedule of meeting dates (per financial year) will be developed and submitted to the Board for approval well in advance of the following year.

5.3 Calling and scheduling of meetings

Ordinary meetings shall be held as often as required and in accordance with a published annual schedule approved by the Board. The Board may sit in Committee at other times and outwith ordinary meetings as required.

The Chairman may call a meeting at any time. The Chairman of a governance committee may call a meeting of that committee at any time or/and shall call a meeting when required to do so by the Board.

The Chairman may call a meeting at any time and shall do so on receipt of a requisition in writing for that purpose. This must specify the business proposed to be transacted at the meeting and shall be signed by one third of the whole number of members, including at least two non-executive members.

Meetings may be conducted in any way in which each member can participate such as videoconferencing or teleconferencing.

A meeting convened by the Chairman shall be designated a special meeting and at least three clear days' notice shall be given of such meetings. In the case of a requisitioned meeting, the meeting shall be held within 14 days of receipt of the requisition and no business shall be transacted at the meeting other than that specified in the requisition.

It is within the discretion of the Chairman to cancel, advance or postpone an ordinary meeting if there is a good reason for doing so.

Members who are unable to attend a meeting should give their apologies in advance by notifying the Chairman of the Board and the Board Secretary.

5.4 Notice of meetings and agenda of business

The Chairman (or authorised nominee) shall convene meetings by issuing to each member, not less than five clear days before the meeting, a notice detailing the agenda of business to be transacted at the meeting, together with copies of all relevant papers where available at the time of issue of the agenda; other than in exceptional circumstances when it must be delivered three clear days before the meeting.

The meeting notice will specify the time, place and business to be transacted, shall be delivered to every member by post to the home address and by electronic mail. The notice of meeting shall be signed by the Chairman, or by a member or an officer authorised to sign on their behalf.
Failure of delivery of any notice shall not invalidate the meeting.

Requests for inclusion of any item on the agenda of meetings shall be sent to the Chairman not less than 14 days before the date of that meeting and considered in discussion with the Chief Executive.

The Board will receive the minutes of the previous meeting for approval and the action point register from the previous meeting. The Chairman will seek assurance that all actions from the previous meeting have been addressed or that a status report has been provided.

As detailed above, the Board may exclude the public, press and staff while considering any matter that is confidential. (Exemptions, Freedom of Information (Scotland) Act 2002 (the Act) and Environmental Information (Scotland) Regulations 2004 (the Regulations) will apply and will be noted within the minute.

5.5 Order of business

For ordinary meetings, the business shall proceed in the order shown in the agenda unless the Chairman determines there is business that should be considered as a matter of urgency by reason of special circumstances.

No item of business shall be transacted at a meeting unless it is included in the agenda, published in advance of the meeting, or it has been determined by the Chairman to be a matter of urgency by reason of special circumstances.

5.6 Submission of reports

Reports shall be submitted by the executive Board member or other officers, when requested. Additionally, reports will also be submitted when, in the professional opinion of an officer of HIS, a report is required to allow compliance with any statute, regulation or Ministerial Direction, other rule of law, or as required within their area of responsibility.

Any report to be submitted shall be provided not later than seven days prior to the meeting. Any observations by those officers on matters within their professional remit shall be incorporated into the report.

Only those reports which require a decision to be taken by the Board or are necessary to enable the Board to discharge its business or exercise its monitoring role, will normally be included on the agenda. The Chairman shall make the final determination on whether or not an item of business should be included on an agenda.

All reports requiring decisions will be submitted in writing. Verbal reports will only be accepted in exceptional circumstances, and with the prior approval of the Chairman.

5.7 Record of business and related process

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

All papers will clearly state the agenda reference, the Lead Director and Lead Officer, the purpose of the paper, the action/recommendations the Board is asked to consider and provide the relevant level of information in order that the Board can effectively discharge its remit.

A record of business undertaken at each meeting shall be produced. The record of the meeting will clearly and succinctly record what was decided, why it was decided, what action will be taken, by
whom and by when and how this will be reported back to the Board. The record of business will be recorded by applying the principle of collective responsibility or by referencing the job title against the relevant staff member concerned (relates to officers of HIS) or otherwise as agreed by the Board.

The first draft of the record of the meeting will be electronically submitted to the Lead Director for initial review and approval within five working days of the meeting date. The draft record of the meeting will be electronically submitted to the Chairman of the Board for further review and approval within a further five working days.

An action point register will be prepared following the meeting which reflects the key actions from the meeting. This register will be approved and circulated to Executive Team members within two working days from the date the meeting was held. The noted responsible officer will be held accountable for the action as recorded against their name.

5.8 Admission of the public and the press

HIS recognises that effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the entity plans and carries out its activities in a transparent manner.

Members of the public and representatives of the press will be admitted to every formal meeting of the Board but will not be permitted to take part in discussion. (Public Bodies (Admission to Meetings) Act 1960)\(^24\).

Notification of the time and place of the public Board meeting shall be published on the HIS website. The dates and times of our Board meetings are available here\(^10\).

The Board may exclude the public and press while considering any matter that is confidential. Exemptions to this include items which fall within the scope of the Freedom of Information (Scotland) Act 2002\(^22\) (the Act) and Environmental Information (Scotland) Regulations 2004\(^23\) (the Regulations).

The exemptions summary provides details of exemptions as specified in the Freedom of Information (Scotland) Act 2002 but should not be relied upon as a comprehensive application of the exemptions in restricting access to information.

For guidance on application of the Act and Regulations, please contact the Director of Finance and Corporate Services.

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

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

Members of the public and press should leave when the meeting moves into reserved business.

Except as provided for in the preceding paragraph, no announcements or information shall be released on behalf of or in the name of the Board to any person or to any body or to the press or other media except by or through the Chairman, Chief Executive or other member or officer authorised to do so by the Chairman or the Chief Executive.

Nothing in this Standing Order shall preclude the Chairman from requiring the removal from a
meeting of any person or persons who persistently seek to disrupt the proceedings of a meeting.

5.9 Admission of Healthcare Improvement Scotland staff

All members of staff are encouraged to attend the Board meetings of HIS.

When the nature of the business to be transacted is such that members of the public and press are excluded from a meeting of the Board, the attendance of members of staff of Healthcare Improvement Scotland will be at the discretion of the Chairman.
6.0 Governance committees of the Board

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 shall create the following governance committees:

- Audit & Risk Committee
- Quality Committee
- Staff Governance Committee
- Scottish Health Council Committee
- Executive Remuneration Committee
- Improvement Hub Committee

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.

6.1 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 Chairman 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 Chairman.

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 Chairman 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 Chairman of the Board and the Chairs of all governance committees.

6.2 Functions

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

Governance committees may seek the approval of the Board to appoint sub-committees for such purposes as may be necessary.

Governance committees may from time to time establish working groups for such purposes as may be necessary.
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 Chairman of the Board or a governance committee, or in their absence, the Vice-Chairman 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 Chairman 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.

6.3 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 this Standing Order, 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.
7.0 Terms of Reference for all governance committees of the Board

(The following information applies as standard to the Terms of Reference for all of the governance committees of the Board)

7.1 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 co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience.

The committee is authorised by the Board to appoint sub-committees, as considered necessary.

7.2 Membership

The Board shall appoint the membership of the governance committees. By virtue of their appointment the Chairman 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 Board shall appoint Chairmen and Vice-Chairmen of committees who shall hold office for two years. In the case of members of the Board, this shall be dependent upon their continuing membership of the Board.

The persons appointed as a committee Chairman shall usually be a non executive member of the Board and only in exceptional circumstances shall the Board appoint a Chairman 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.
7.3 Quorate

Refer to individual governance committee terms of reference.

7.4 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.

7.5 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.

7.6 Record of business and related process

The committee Chairman in conjunction with the Lead Director and/or Lead Officer will set the agenda for meetings.

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

All papers will clearly state the agenda reference, the Lead Director and Lead Officer, the purpose of the paper, the action and recommendations the committee is asked to consider and provide the relevant level of information in order that the committee can effectively discharge its remit.

A record of business undertaken at each meeting shall be produced. The record of the meeting will clearly and succinctly record what was decided, why it was decided, what action will be taken, by whom and by when and how this will be reported back to the Committee. The record of business will be recorded by applying the principle of collective responsibility or by referencing the job title against the relevant staff member concerned (relates to officers of HIS) or otherwise as agreed by the committee members.

The first draft of the record of the meeting will be electronically submitted to the Lead Director and/or the Lead Officer for initial review and approval within 5 working days of the meeting date. Thereafter, the draft record of the meeting will be electronically submitted to the Chairman of the committee for further review and approval within 5 working days.

The draft record of the meeting will be approved by the Committee at the next meeting.

The Corporate Office will provide the committee with a secretariat function.

7.7 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 Chairman 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.

7.8 Annual schedule of meeting dates

An annual schedule of Board and committee meeting dates (per financial year) will be developed and submitted to the Board for approval well in advance of the following year.

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

7.9 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.
8.0 Audit and Risk Committee

8.1 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.

8.2 Remit

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

- the strategic processes for risk, control and governance and the Governance Statement;
- the accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management’s letter of representation to the external auditors;
- the planned activity and results of both internal and external audit;
- the adequacy of management response to issues identified by audit activity, including external audit’s management letter/report;
- the effectiveness of the internal control environment;
- assurances relating to the corporate governance requirements for the organisation;
- proposals for tendering for either internal or external audit services or for purchase of non-audit services from contractors who provide audit services; and
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

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.

8.3 Membership

The committee will comprise:

- Non executive Board members x 4
- the following officers of HIS will be in attendance:
  - Chief Executive (Lead Director)
  - Director of Finance and Corporate Services
  - Representation from the ET
  - Internal Audit representative and a representative of External Audit
  - other officers of HIS 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.

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

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

8.4 Quorum

A minimum of two 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.

8.5  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 and Corporate Services once per year without any other Directors or Auditors present.

The Board or the committee Chairman may convene additional meetings of the committee to consider business which may require urgent consideration.
9.0 The Quality Committee

9.1 Purpose

The committee shall be responsible for oversight of the governance and assurance of the strategic fit of the work of the organisation with its Strategy: Driving Improvement in Healthcare 2014-2020. The committee will assure the Board that the organisation is focusing on the right priorities and delivering them to the highest quality.

9.2 Remit

The Quality Committee is responsible for considering, on the Board’s behalf, progress being made by the organisation to deliver the strategy and to manage any associated risks. The Board could commission this committee to scrutinize any work where further assurance is required. In particular, the Committee will assure:

- the strategic fit of new work into the organisation, and the required refocusing of existing work
- the quality of strategically and/or operationally significant areas of work, and
- governance and internal alignment of the work of the Scottish Medicines Consortium (SMC), the Scottish Antimicrobial Prescribing Group (SAPG), the Scottish Intercollegiate Guidelines Network (SIGN) and the Scottish Health Technologies Group (SHTG).

The Committee will have a specific role in guiding the strategic direction of new work or re-crafting the strategic direction of existing work. This committee will use the organisation’s decision making/development framework that is aligned with the strategy. The committee will be outcomes focused and will provide appropriate clinical assurance.

Note: Annex 1 provides further detail on the responsibility for the provision of independent advice to NHSScotland based on health technology assessment (clinical and cost effectiveness) which is delegated to the three health technologies groups noted above, ie Scottish Medicines Consortium (SMC), Scottish Intercollegiate Guidelines Network (SIGN) and the Scottish Health Technologies Group (SHTG). Details of SAPG activities to optimise antimicrobial use are also included.

9.3 Membership

The Committee will comprise:

- Non executive Board members x 6 (one of whom will be the Chair of the SHC)
- The Chair of SMC
- The Chair of SAPG
- The Chair of SIGN
- The Chair of SHTG
- Public Partners
- the following officers of HIS will be in attendance:
  - Chief Executive (Lead Director)
  - Representation from the ET
  - other officers of HIS 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.

9.4 Quorum

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

9.5  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.

Annex 1

Health Technologies Groups (Scottish Health Technologies Group (SHTG), Scottish Intercollegiate Guidelines Network (SIGN), Scottish Medicines Consortium (SMC) and Scottish Antimicrobial Prescribing Group (SAPG).

The Public Services Reform (Scotland) Act, 2010, specifies functions for HIS in relation to the evaluation and provision of advice to the health service on the clinical and cost effectiveness of new and existing health technologies including drugs (hereafter described as medicines). NHS HDL (2005) 41 specifies that standards for quality and care set for NHSScotland apply to services contracted from the independent sector.

Responsibility for the provision of independent advice to NHSScotland based on health technology assessment (clinical and cost effectiveness) is delegated to the three health technologies groups. SAPG provides the national framework for antimicrobial stewardship. The work of the groups is supported by HIS staff, based in the Evidence Directorate.

SHTG provides advice on the evidence about the clinical and cost effectiveness of existing and new non medical technologies likely to have significant implications for patient care in Scotland. Members of SHTG are nominated by NHS Boards. SHTG also includes public partners and representation from the Association of British Healthcare Industries (ABHI), Life Sciences Advisory Board, Directors of Public Health, Planning and Finance groups, Board Chief Executives and the Scottish Association of Medical Directors.

SIGN produces evidence based clinical guidelines. Members of SIGN Council are nominated by the Royal Colleges and professional organisations. SIGN Council also includes three public partners.

SMC produces clinical advice about the clinical and cost-effectiveness of all new medicines. SMC is a consortium of stakeholders from Area Drug and Therapeutic Committees (ADTCs) and representation is derived from ADTCs across NHSScotland. SMC also includes three representatives from the Association of British Pharmaceutical Industry (ABPI) and three public partners.

SAPG is a national clinical multi-disciplinary forum which co-ordinates and delivers a national framework for antimicrobial stewardship. This comprises information (surveillance data on antimicrobial use and resistance), quality improvement interventions to optimise prescribing, and education for health and care staff, patients and the public. Members of SAPG include national stakeholders, representatives from NHS board Antimicrobial Management Teams and two public partners.

All members of SHTG, SIGN, SMC and SAPG must abide by the HIS Code of Conduct.

The governance reporting route for the four groups is through the Quality Committee to the HIS Board. The Chair of the Quality Committee provides a specific point of contact for the four chairs regarding any concerns or threats to the independence of the groups.
- HIS is responsible for:
  - Implementation of the methodologies approved by the four groups.
  - Management of the processes used to produce the advice by the four groups.
- Response to legal challenge (to both the advice and also in relation to legal challenges to governance and internal controls). A letter of comfort was provided by Scottish Government to HIS on 23 April 2013 specifically regarding potential legal challenge.
- Contribution to the annual appraisal process in the home NHS Board by the Executive Clinical Director for the clinical chairs of the groups. The chairs are able to request professional support at any time from the Executive Clinical Director.

The following table identifies the accountability lines for the three technology groups and SAPG.

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<thead>
<tr>
<th></th>
<th>Methodology</th>
<th>Advice</th>
<th>Governance and internal controls</th>
<th>Legal challenges</th>
<th>Clinical assurance</th>
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<tr>
<td>SHTG</td>
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<td>HIS</td>
<td>HIS</td>
<td>Quality Committee</td>
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10.0 Staff Governance Committee

10.1 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.

10.2 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.

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 Local Delivery Plan and financial plans), before making a recommendation to the Board for its approval.

10.3 Membership

The Committee is appointed by the Board. It comprises a minimum of four non-executive Board members (one of which should be the Employee Director). The Board appoints one non-executive Board member as Chair of the Committee.

The membership also includes:

- Chief Executive
- Director of Finance and Corporate Services (or designated deputy)
- Two staff representatives from trade unions/professional organisations nominated by the HIS Partnership Forum
- Appropriate representation from Human Resources

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.

10.4 Quorum

A quorum shall be at least two Non-Executive members of the Board and the Chief Executive and/or the Director of Finance and Corporate Services (or designated deputy).
10.5 Meetings

The Committee shall hold four business meetings a year.
11.0 Scottish Health Council Committee

11.1 Purpose

The purpose of the Scottish Health Council is to:

- support, ensure and monitor NHS Boards’ activities regarding patient focus and public involvement
- support and ensure that HIS meets its duties in respect of: (i) patient focus, public involvement (ii) equalities (excluding staff governance), (iii) User Focus, and
- contribute to the development of person centred services in NHSScotland.

11.2 Remit

The duties of the Council are:

- approval of the Council’s strategic objectives, priorities and workplan
- review performance against workplan and delivery of outcomes.
- arrangements for the appointment/removal of key staff
- the establishment of terms of reference, membership, and reporting arrangements for all sub committees acting on behalf of the Council
- approval of systems and processes by which the organisation makes assessments of NHS Boards’ performance in patient focus and public involvement
- approval of any reports or self assessments to the Board of HIS on the Duty of User Focus, Equalities Duties or Person Centredness.

The Chair of the Council shall be a member of the Quality Committee.

11.3 Membership

The Chair of the Council shall be appointed by Scottish Ministers. 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, and up to six who shall be members of the public appointed by the Chair of the Scottish Health Council. The Director of the Scottish Health Council is supported by the Head of Policy (Scottish Health Council) and both are expected to attend meetings.

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

11.4 Quorum

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

In the absence of the Chair either of the non-executive board members may deputise. For the purposes of determining whether a meeting is quorate, members attending by either video or teleconference link will be determined to be present.

11.5 Meetings

The Council will meet approximately six times a year and not less than four times a year. Meetings will be held at a place and time as determined by the Committee.
12.0 Executive Remuneration Committee

12.1 Purpose

The Executive Remuneration Committee (‘the Committee’) is appointed by the Board to assist it in discharging its responsibilities for staff employed on executive and senior management terms & conditions and remuneration arrangements (‘Executive Cohort’) and to maintain the highest possible standards of corporate governance in this area. In addition, the Committee takes an overview of the wider Executive Team, some of whom are employed on ‘Agenda for Change’ terms & conditions and remuneration arrangements.

12.2 Remit

- Agree all terms & conditions of employment for all staff on the Executive Cohort, including job description, job evaluation, terms of employment, basic pay, performance pay and benefits (including pension or superannuation arrangements and motor cars).
- Agree the performance plan for all staff on the Executive Cohort and review the performance arrangements for those members of the wider Executive Team employed on ‘Agenda for Change’ terms & conditions. In exceptional circumstances, consider revisions to performance plans/arrangements during the course of an assessment year.
- Review the performance of all Executive Team members against their performance plans (Executive Cohort) or in line with their performance arrangements (Agenda for Change).
- Agree the Board’s arrangements for job evaluation of staff on the Executive Cohort and to oversee these arrangements with the assistance of the Board’s designated lead HR officer.
- To act as the appeals body for those on the Executive Cohort who have a grievance concerning their Terms and Conditions of Service and in relation to disciplinary matters.
- Give final procedural authorisation to any individual voluntary redundancy and/or premature retirement arrangements for staff on Executive Cohort terms & conditions recommended via the organisation’s established provisions.

12.3 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 Chairman of the Board and the Employee Director).

The Chief Executive and designated lead HR officer shall normally attend meetings other than when their own remuneration (if applicable) is being considered.

12.4 Quorum

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

12.5 Meetings

Meetings shall be held not less than twice per year.
12.6 Record of business

The Corporate Governance Office will prepare a record of the business from the meeting. This will be held in the Human Resource confidential files but will be available for review as permitted. An abridged version of the record of business will be submitted as an agenda item under the reserved business of the Board.
13.0 Improvement Hub Committee

13.1 Purpose

The Improvement Hub supports and facilitates Integration Authorities, Third Sector, Independent Sector, Housing and NHS Boards to jointly improve health and wellbeing outcomes for people, families and communities, whilst seeking to reduce inequalities through:

a) Supporting the development of cultures of continuous quality improvement so that every person working in health and social care is engaged in the work of improving their day to day practice

b) Supporting the work to design systems, services and processes which enable people to receive the right support and care, in the right place, at the right time whilst also reducing harm, waste, duplication, fragmentation and inappropriate variation.

We support improvement work across integrated health and social care services, and also provide a national improvement offering for NHS Boards. Therefore any services designed and delivered by public, third, independent and housing sector partners which come under the remit of either Integration Authorities and/or NHS Boards are within our potential remit. We relate to NHS Boards and Local Authorities equally on matters pertaining to the ‘integrated space’, we also have a wider role with NHS Boards as the national NHS improvement body.

We recognise that to deliver on the above we need to develop strong and effective partnership working with a wide range of other national organisations.

13.2 Remit

The Improvement Hub committee shall be responsible for oversight of

- the governance of the Improvement Hub
- the strategic focus of the Improvement Hub

The Improvement Hub committee is responsible for considering, on the Board’s behalf, progress being made by the organisation to deliver effective improvement support and to manage any associated risks. The Board could commission this committee to scrutinize any work where further assurance is required. In particular, the Committee will assure:

- the Improvement Hub is focusing on the right priorities to effectively support health and social care services in their work to develop both cultures of continuous quality improvement and to transform/redesign pathways of care
- the strategic fit of new commissions for improvement support work
- the quality of strategically and/or operationally significant areas of work
- that effective partnership working is in place with other national organisations involved in supporting improvement across health and social care, including the Care Inspectorate, which has a statutory role to support improvement in social care

The Committee will have a specific role in guiding the strategic direction of new work or re-crafting the strategic direction of existing work. This committee will use the organisation’s decision making/development framework that is aligned with the strategy. The committee will be outcomes focused and will provide appropriate clinical and care assurance.

The Chair of the Improvement Hub shall be a member of the Quality Committee.
13.3 Membership
The Committee will comprise:

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<tr>
<th>Organisation</th>
<th>Designation</th>
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<tbody>
<tr>
<td>Healthcare Improvement Scotland</td>
<td>Committee Chair/HIS Vice Chairman</td>
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<tr>
<td>Scottish Council for Voluntary Organisations</td>
<td>Deputy Chief Executive</td>
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<td>Scottish Federation of Housing Associations</td>
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<tr>
<td>NHS Board Chief Executives Group</td>
<td>Chief Executive, NHS Fife</td>
</tr>
<tr>
<td></td>
<td>Chief Executive, NHS Highland</td>
</tr>
<tr>
<td>Coalition of Care and Support Providers in Scotland</td>
<td>Director, Coalition of Care and Support Providers in Scotland</td>
</tr>
<tr>
<td>Integration Joint Board Chief Officers Group</td>
<td>Chief Officer, West Dunbartonshire Health and Social Care Partnership</td>
</tr>
<tr>
<td>NHS Board Quality Improvement Executive Leads</td>
<td>Medical Director, NHS Forth Valley</td>
</tr>
<tr>
<td>Healthcare Improvement Scotland</td>
<td>Non Executive Board Member</td>
</tr>
<tr>
<td>Healthcare Improvement Scotland</td>
<td>Non Executive Board Member</td>
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<tr>
<td>Healthcare Improvement Scotland</td>
<td>Public Partner</td>
</tr>
<tr>
<td>Health and Social Care Alliance</td>
<td>Public Partner</td>
</tr>
</tbody>
</table>

Each committee member will be given the option of naming one deputy who may then attend on their behalf.

13.4 Quorum

A minimum of 8 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.

13.5 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.
## Purpose

<table>
<thead>
<tr>
<th>Governance committees of the Board</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Audit and Risk</strong>&lt;br&gt;<strong>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.</strong></td>
</tr>
<tr>
<td><strong>Quality</strong>&lt;br&gt;<strong>To provide oversight of the governance and assurance of the strategic fit of the work of the organisation with its Strategy: Driving Improvement in Healthcare 2014-2020. The committee will assure the Board that the organisation is focussing on the right priorities and delivering them to the highest standard.</strong></td>
</tr>
<tr>
<td><strong>Staff Governance</strong>&lt;br&gt;<strong>To hold the organisation to account in terms of meeting the requirements of the NHS Scotland Staff Governance Standard.</strong></td>
</tr>
<tr>
<td><strong>Remuneration</strong>&lt;br&gt;<strong>To assist the Board in discharging its responsibilities for executive and senior management remuneration and to maintain the highest possible standards of corporate governance in this area.</strong></td>
</tr>
<tr>
<td><strong>Scottish Health Council</strong>&lt;br&gt;- support, ensure and monitor NHS Boards’ activities regarding patient focus and public involvement&lt;br&gt;- support and ensure that Healthcare Improvement Scotland meets its duties in respect of: (i) patient focus, public involvement (ii) equalities (excluding staff governance), (iii) User Focus, and&lt;br&gt;- contribute to the development of person centred services in NHSScotland.</td>
</tr>
<tr>
<td><strong>Improvement Hub</strong>&lt;br&gt;<strong>Support and facilitate Integration Authorities, Third Sector, Independent Sector, Housing and NHS Boards to jointly improve health and wellbeing outcomes for people, families and communities, whilst seeking to reduce inequalities.</strong></td>
</tr>
</tbody>
</table>

*All governance committees report to the Board*
Section B  Standing Financial Instructions

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 these Standing Financial Instructions.

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 Healthcare Improvement Scotland.

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 and Corporate Services 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 and Corporate Services 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 Healthcare Improvement Scotland.

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 and Corporate Services 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 and Corporate Services” means the chief financial officer of HIS
“Head of Division” means the chief officer of a division of HIS or Corporate Support function
“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 within HIS
“Financial Services” means the central finance function of HIS
“Executive Team (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

"SGHSC" 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 and Corporate Services, and Head of Division 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 Chairman 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 and Corporate Services 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 and Corporate Services 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 and Corporate Services 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 Head of Division to ensure that these SFIs and associated documents are made known to the appropriate persons within the Division 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 Head of Division 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 and Corporate Services.

4.0 Variation and revocation

These Standing Financial Instructions may only be varied or revoked in accordance with the HIS Standing Orders.
Section C  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 SGHSC to the Board and to SGHSC, 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 and Corporate Services 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 and Corporate 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 and Corporate Services, 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 Head of Unit is the designated budget holder and is accountable to the Chief Executive and to the Board for the financial performance of his/her Unit.

The Director of Finance and Corporate Services, 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 and Corporate Services 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 and Corporate Services 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 and Corporate Services will devise, introduce and maintain systems of budgetary control, and all staff of HIS will ensure compliance with these systems.
The Director of Finance and Corporate Services 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 and Corporate Services acting on their behalf.

The Director of Finance and Corporate Services 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 and Corporate Services 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.
Section D  Banking arrangements

1.0  General

The Director of Finance and Corporate Services 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 and Corporate Services.

The Director of Finance and Corporate Services 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 and Corporate Services 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 and Corporate Services 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.
Section E Staff appointments, remuneration and related matters

1.0 Staff appointments

The Board will delegate responsibility to the Head of Human Resources 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 and Corporate Services 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 Finance and Corporate Services 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 and Corporate Services 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 and Corporate Services 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 Head of Human Resources, shall ensure that procedures governing the treatment of early retirement and redundancy shall comply with NHSScotland guidance. The overall impact of retiral/redundancies on the organisation’s financial performance will be reported to the Board.
Section F  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.

No order shall be issued for any item or items for which there is no budget provision, unless authorised by the Director of Finance and Corporate Services 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 Quotations

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

<table>
<thead>
<tr>
<th>Threshold</th>
<th>Procurement Route</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than £1,000</td>
<td>Below threshold - goods or services below this value may be sourced from wherever convenient by procurer (purchaser/buyer) without having to obtain written or verbal quotations.</td>
</tr>
<tr>
<td>Between £1,000 and £4,999</td>
<td>Quotes - email/telephone quotes to be obtained dependent on the complexity of the contract.</td>
</tr>
<tr>
<td>More than £5,000 and less than £49,999 (previously £5,000 to £20,000)</td>
<td>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)</td>
</tr>
<tr>
<td>Between £50,000 and less than the OJEU thresholds (previously greater than £20,000)</td>
<td>Tender - the procurer undertakes a formal tendering process and is encouraged to advertise on the national advertising website Public Contracts Scotland.</td>
</tr>
<tr>
<td>Over EU Thresholds (&gt;£111,676)</td>
<td>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.</td>
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</table>

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. QQSs 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 Authorisation Form shall be submitted to the Chief Executive for approval and the decision recorded and retained with the tender documentation.

The 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 form, signed by the appropriate Director, also requires authorisation from the Procurement Manager and the Director of Finance and Corporate Services or Finance General Manager 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.

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 and Corporate Services 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 and Corporate Services 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 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 and Corporate Services on the certificate of the Director or such person as may be identified in the contract. The Director of Finance and Corporate Services 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 and Corporate Services.

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

NHS Circular MEL (1994) 4 advises Health Boards and Special Health Boards of the results of a review of the use of Management Consultants and sets out a course of action to be adopted.

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 and Corporate Services 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 and Corporate Services 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 receipted, 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 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 and Corporate Services 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.
Section G  Income, information and services

1.0  Income

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

The Director of Finance and Corporate Services 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 and Corporate Services at the time.

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

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

2.0  Financial Information and Services

The Director of Finance and Corporate Services 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 and Corporate Services 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 1998 and the Computer Misuse Act 1990.

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

The Director of Finance and Corporate Services shall ensure that an adequate audit trail exists through the computerised system.

The Director of Finance and Corporate Services 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 and Corporate Services 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 and Corporate Services shall periodically seek assurances that adequate controls are in operation.

The Director of Finance and Corporate Services 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 and Corporate Services 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.

The Director of Finance and Corporate Services shall ensure that procedures governing the retention, retrieval and destruction of 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 and Corporate Services shall ensure that appropriate business continuity and disaster recovery strategies are in place for finance systems.

3.0 Internal Audit

The Director of Finance and Corporate Services 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 and Corporate Services, shall prepare and submit to the Audit 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 and Corporate Services shall arrange for officers to investigate the matter and if appropriate will involve the Internal Auditor.

The Director of Finance and Corporate Services 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 and Corporate Services and shall refer audit reports to the appropriate officers designated by the Director of Finance and Corporate Services. Failure to take remedial action within a reasonable period shall be reported to the Director of Finance and Corporate Services. 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 Chairman of the Audit and Risk Committee.
Section H  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 and Corporate Services 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 and Corporate Services 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 and Corporate Services.

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 and Corporate Services 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 and Corporate Services. 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 and Corporate Services 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 and Corporate Services 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 and Corporate Services 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 and Corporate Services.

A bank account is available specifically for lodgements and disbursements of non-exchequer funds. The account will be operated by the Chief Executive and the Director of Finance and Corporate Services.

All non-exchequer monies received will be lodged in the bank account and the Director of Finance and Corporate Services 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 and Corporate Services.

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

The Director of Finance and Corporate Services 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 and Corporate Services.

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 Counter Fraud Services. 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 Chairman and the Head of Human Resources.

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 and Corporate Services 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 and Corporate Services 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 and Corporate Services 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 Counter Fraud Services Strategic Plan 2013-16 and subsequent updates provide further information. This can be found on the intranet under the CFS section.
Section I  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 and Corporate Services has certified professionally to the costs and revenue consequences detailed in the business case.

The Director of Finance and Corporate Services:

- 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 on-going 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 and Corporate Services 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 and Corporate Services 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 and Corporate Services 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 and Corporate Services 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 and Corporate Services 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 and Corporate Services 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 and Corporate Services and the transaction recorded appropriately in the Accounts.

The Director of Finance and Corporate Services 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.
Section J   Annual accounts, reports and risk management

1.0   Annual Accounts and Reports

The Director of Finance and Corporate Services 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 and Corporate Services 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 and Corporate Services 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 and Corporate Services 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.
Section 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  Matters reserved for the Board

The following shall be reserved for agreement by the Board:

- values, aims and strategic plan for the HIS Board;
- standing orders for the Proceedings and Business of the Board, Standing Financial Instructions and the Scheme of Delegation;
- the establishment of terms of reference and reporting arrangements for all governance committees of the Boards and sub-committees acting on behalf of the Board;
- Board Members’ Register of Interests;
- the Local Delivery Plan;
- strategic plans and policies with resource implications greater than £500,000;
- business plans with capital (including Information & communications technology) resource implications greater than £1,000,000;
- endorsement of joint plans with NHS Boards, Care Inspectorate and other partners;
- annual approval of the Financial Strategy;
- annual approval of the revenue and capital budget allocation;
- 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 between budget heads, including transfers from reserves and balances where the value in any one instance exceeds £500,000;
- financial and performance reporting arrangements;
- approval of the Annual Report and Annual Accounts, including the Governance Statement the incurring of expenditure for which no provision or insufficient provision has been made in the budget of the Board;
- arrangements for the appointment and removal of key staff; and
- arrangements for the approval of policies required as a result of national guidelines.

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 Chairman, 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 and Corporate Services.

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 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 and Corporate Services 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 2014 (net of VAT) is as follows:

PUBLIC CONTRACTS (SCOTLAND) REGULATIONS 2012

<table>
<thead>
<tr>
<th>Entities listed in Schedule 1</th>
<th>SUPPLIES</th>
<th>SERVICES</th>
<th>CAPITAL</th>
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<tbody>
<tr>
<td></td>
<td>£111,676</td>
<td>£111,676</td>
<td>£200,000</td>
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<tr>
<td></td>
<td>€134,000</td>
<td>€134,000</td>
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</tbody>
</table>

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 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 Head of Human Resources, amend staffing establishments in respect of the number and grading of posts. In so doing, the Director of Finance and Corporate Services 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.

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 and Corporate Services 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 and Corporate Services 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 and Corporate Services 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 and Corporate Services is authorised to put in place proper arrangements to ensure that 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 and Corporate Services 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 and Corporate Services is authorised to oversee the Board’s arrangements in respect of accounts held in the name of the Board.

15.0 Director of Finance and Corporate Services

The Director of Finance and Corporate Services 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 Finance and Corporate Services 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 a Director, nominated by the Chief Executive, after taking appropriate advice, as necessary, from the ET.

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 2 - Delegation of powers to Directors and Officers

<table>
<thead>
<tr>
<th>Delegated matter</th>
<th>Details of authority</th>
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<tr>
<td><strong>1. Purchasing</strong></td>
<td><strong>1.1 Competitive tenders:</strong> Goods and services of £50,000 and above to be sought through competitive tenders.</td>
</tr>
<tr>
<td><strong>1.2 Quotations:</strong> Three quotations shall be sought wherever possible, as follows:</td>
<td><strong>expenditure of £5,000 to £49,999 (excluding VAT) – three written quotations</strong></td>
</tr>
<tr>
<td></td>
<td><strong>expenditure of £1,000 to £4,999 (excluding VAT) – three telephone quotes</strong></td>
</tr>
<tr>
<td></td>
<td><strong>expenditure below £1,000 (excluding VAT) – no quotations are required but best value shall be sought</strong></td>
</tr>
<tr>
<td><strong>1.3 Administration of tenders:</strong> The opening of tenders and maintenance of tender registers</td>
<td><strong>Directors of Finance and Corporate Services</strong></td>
</tr>
<tr>
<td><strong>2. Operation of all detailed financial matters including bank accounts and banking procedures</strong></td>
<td><strong>Directors of Finance and Corporate Services</strong></td>
</tr>
<tr>
<td><strong>3. Management of Land, Buildings and other assets belonging to or leased by the Board</strong></td>
<td><strong>3.1 Overall responsibility for all assets</strong> Chief Executive</td>
</tr>
<tr>
<td></td>
<td><strong>3.2 Maintenance of Asset register.</strong> Directors of Finance and Corporate Services</td>
</tr>
<tr>
<td></td>
<td><strong>3.3 Annual asset check.</strong> Directors of Finance and Corporate Services</td>
</tr>
<tr>
<td></td>
<td><strong>3.4 Management of assets belonging to and leased by the Board</strong> Directors of Finance and Corporate Services</td>
</tr>
<tr>
<td></td>
<td><strong>3.5 Disposal of Assets:</strong> (value equates to the net book value of the asset or the realisable value, whichever is the higher) Directors of Finance and Corporate Services</td>
</tr>
<tr>
<td></td>
<td><strong>up to £ 5,000</strong> Directors of Finance and Corporate Services</td>
</tr>
<tr>
<td></td>
<td><strong>from £5,000 to £49,999</strong> Directors of Finance and Corporate Services</td>
</tr>
<tr>
<td>in excess of £50,000</td>
<td>Chief Executive/Director of Finance to seek SGHSCD approval and to seek prior approval from the Audit and Risk Committee</td>
</tr>
<tr>
<td>---------------------</td>
<td>----------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Disposals must be notified in writing to Finance Department</td>
<td></td>
</tr>
</tbody>
</table>

4. **Losses, condemnations and special payments**

4.1 **Losses**
Approval of the writing-off of losses within the following limits:

<table>
<thead>
<tr>
<th>cash losses up to £5,000 due to:</th>
<th>Chief Executive or Director of Finance and Corporate Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>theft, fraud</td>
<td></td>
</tr>
<tr>
<td>overpayment of salaries, wages, fees and other allowances</td>
<td></td>
</tr>
<tr>
<td>other causes</td>
<td></td>
</tr>
<tr>
<td>fruitless payments up to £5,000 (including capital schemes)</td>
<td></td>
</tr>
<tr>
<td>bad debts and abandoned payments up to £5,000</td>
<td></td>
</tr>
<tr>
<td>stock losses eg theft, fraud or fire damage</td>
<td></td>
</tr>
</tbody>
</table>

4.2 **Condemnation**
Approval of articles to be condemned or otherwise disposed of

<table>
<thead>
<tr>
<th>Approval of special payments within the following limits:</th>
<th>Chief Executive or Director of Finance and Corporate Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>compensation payments (made under legal obligations) up to £100,000 plus costs</td>
<td></td>
</tr>
<tr>
<td>ex-gratia payments</td>
<td></td>
</tr>
<tr>
<td>extra-contractual payments to contractors up to £5,000</td>
<td></td>
</tr>
<tr>
<td>compensation payments (including payments to staff for loss of personal effects) up to £5,000</td>
<td></td>
</tr>
<tr>
<td>Private street works charges with the advice of the District Valuer up to £5,000</td>
<td></td>
</tr>
<tr>
<td>other payments up to £2,500</td>
<td></td>
</tr>
<tr>
<td>Maintaining a losses and special payments register, detailing all losses and special payments made.</td>
<td>Director of Finance and Corporate Services</td>
</tr>
<tr>
<td>Reporting to the Board, on an annual basis any losses and special payments made</td>
<td>Director of Finance and Corporate Services</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>
| **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 warning | Line manager |
| 6.3 Stage 2 formal absence warning or appeal against Stage 1 absence warning issued by Line Manager | Unit Head |
| 6.4 Stage 3 formal absence warning or appeal against Stage 1 or Stage 2 warnings issued by a Line Manager or Head of Unit | Unit Head |
| 6.5 Stage 4 absence dismissal | Director or Chief Executive |
| 6.6 Appeals against any level of absence warning or dismissal | Director or Chief Executive  
Chief Executive or Board Panel |
| **7. Management of Employee Capability** |  |
| 7.1 Informal discussion | Line manager |
| 7.2 Stage 1 formal advisory warning | Line manager |
| 7.3 Stage 2 formal advisory warning or appeal against Stage 1 absence warning issued by Line Manager | Unit Head |
| 7.4 Stage 3 formal advisory warning or appeal against Stage 1 or Stage 2 warnings issued by a Line Manager or Head of Unit | Unit Head |
| 7.5 Stage 4 dismissal | Director or Chief Executive |
| 7.6 Appeals against any level of advisory warning or dismissal | Director or Chief Executive  
Chief Executive or Board Panel |
References

1. UK Corporate Governance Code
2. International Framework: Good Governance in the Public Sector
3. Healthcare Improvement Scotland
4. Public Services Reform (Scotland) Act 2010
5. Scottish Health Council
6. Scottish Intercollegiate Guidelines Network (SIGN)
7. Healthcare Environment Inspectorate
8. Scottish Health Technologies Group
9. Scottish Medicines Consortium
10. Board of Healthcare Improvement Scotland/Register of Board members’ interests
11. Public Services Reform (Scotland) Act 2010 Schedule 16
12. Board Members’ Code of Conduct
13. Cabinet Secretary for Health and Well Being
14. Scottish Ministers
15. Ethical Standards in Public Life etc. (Scotland) Act 2000
17. Audit Scotland: The Role of Boards (September 2010)
18. On Board: A guide for Board members of public bodies in Scotland
19. NHSScotland Board diagnostic (2011)
20. Scottish Public Finance Manual (SPFM)
21. Best Value in public services: Guidance for Accountable Officers
22. Freedom of Information (Scotland) Act 2002
23. Environmental Information (Scotland) Regulations 2004
24. Public Bodies (Admission to Meetings) Act 1960