

Meeting: NHS Highland Board

Meeting date: 25 March 2025

Title: Annual Review of Code of Corporate Governance

Responsible Executive/Non-Executive: Heledd Cooper, Director of Finance

Report Author: Ruth Daly, Board Secretary

Report Recommendation:

The Board is asked to:

- (a) **Approve and take assurance from** the recommendation of the Audit Committee in agreeing revisions to the Code of Corporate Governance, as set out in the appendices to this report, and
- (b) **Note** that the full suite of control documents will be revised and re-uploaded to the web once approved by the Board.

Board members can access the complete online 2024 [Code of Corporate Governance](#) which incorporates all control documents. Only the sections of the Code that will be revised are circulated to this meeting.

1 Purpose

This is presented to the Board for:

- Assurance

This report relates to a:

- Legal Requirement
- Local policy

This aligns to the following NHSScotland quality ambition(s):

- Safe, Effective and Person Centred

This report relates to the following Strategic Outcome(s)

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

2 Report summary

2.1 Situation

This report asks the Board to approve the recommendation of the Audit Committee in agreeing the 2025 revisions to sections of the Board’s Code of Corporate Governance. The report has been prepared by the Board Secretary, with input from Finance colleagues, to take account of developments and changes that require to be reflected in the Code.

2.2 Background

The Board agreed the current Code of Corporate Governance in March 2024 as part of its annual update. The Code incorporates the following sections:

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

2.3 Assessment

In March 2025, the Audit Committee considered several revisions to different sections of the Code and has agreed to recommend them for formal approval at this Board meeting.

The following provides a brief overview of sections of the code that have been revised since March 2024. The revised documents are appended for Committee’s agreement.

The full Code of Corporate Governance can be accessed on NHS Highland’s website: [Code of Corporate Governance](#). This document includes all the sections referred to in paragraph 2.2 above and will be refreshed to incorporate the revisions recommended for Board approval at this meeting.

Review of Governance Committee Remits

Governance Committee Terms of Reference have been considered and reviewed within the last quarter and are appended to this report for Audit Committee’s consideration and agreement. The full suite of ToRs is appended for information, and there are minor revisions only to the following two:

- Clinical Governance Committee – clarification and update to list of regular attendees to meetings
- Staff Governance Committee – revision to avoid misinterpretation of the reporting route for the People and Culture Portfolio Board, and clarification of the basis for the Employee Director’s membership.

Revisions to Fraud Policy

There are revisions proposed to the Fraud Policy and response plan as highlighted in the attached document. The revisions aim to clarify the approach to be taken by members of staff relating to contact with the media if they suspect fraud/theft. There are also some updates to the contact details for relevant individuals.

2.4 Proposed level of Assurance

This report proposes the following level of assurance:

Substantial	<div><div>x</div></div>	Moderate	<div><div></div></div>
Limited	<div><div></div></div>	None	<div><div></div></div>

3 Impact Analysis

3.1 Quality/ Patient Care

3.2 Workforce

3.3 Financial

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

3.4 Risk Assessment/Management

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

3.5 Data Protection

This report does not involve personally identifiable information.

3.6 Equality and Diversity, including health inequalities

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

3.7 Other impacts

No other impacts

3.8 Communication, involvement, engagement and consultation

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

3.9 Route to the Meeting

The contents of this report have been considered by individual governance committees and recommended for Board approval by the Audit Committee on 11 March 2025.

4 List of appendices

The following appendices are included with this report:

- Appendix 1 ToR Clinical Governance Committee – changes highlighted
- Appendix 2 ToR Staff Governance Committee – changes highlighted
- Appendix 3 Revised Fraud Policy and Response Plan.

Sections added	Sections deleted
Sections moved	



CLINICAL GOVERNANCE COMMITTEE CONSTITUTION AND TERMS OF REFERENCE

Date of Clinical Governance Committee confirmation – 9 January 2025 ✓

Audit Committee endorsement for Board approval 11 March 2025

For approval at NHS Highland Board 25 March 2025

1. PURPOSE

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

2. COMPOSITION

- 2.1 The membership of the Clinical Governance Committee will be:
 - 4 Non Executive Board members, one of whom would Chair the committee
 - Chair of the Area Clinical Forum
 - Staff side Representative
 - 2 Independent Public Members
 - Medical Director
 - Director of Public Health
 - Nurse Director

2.2 Ex Officio

Board Chair
Chief Executive

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

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

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

3. QUORUM

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

4. MEETINGS

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

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

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

- 4.4 The agenda and supporting papers will be sent out at least five clear working days before the meeting.
- 4.5 Items will be added to the agenda with the agreement of the Chair and/or Medical Director.
- 4.6 An action plan will be produced after each meeting within 5 working days to ensure business of the Committee is progressed and implementation of agreed actions takes place as soon as possible where appropriate.
- 4.7 All papers received by the Committee will be presented in person, unless otherwise agreed by the Chair.

5. REMIT

5.1 The remit of the Clinical Governance Committee is to:

- interrogate the clinical and care governance systems to ensure that the principles and standards for clinical governance are being implemented;
- challenge evidence gathered across the organisation to raise areas of concern, ensure that these are properly addressed, and to monitor and review the effect of actions taken and report outcomes to the Board;
- review outcomes against local and national standards and to ensure compliance with national regulatory and performance requirements;
- select and agree a range of clinical targets and outcomes in conjunction with clinicians and other relevant personnel and ensure an appropriate audit and reporting framework is adhered to across the organisation
- receive exception reports from its reporting committees on relevant areas of concern and the submission of action plans of amended practice;
- receive reports from its reporting committees;
- receive regular reports from the Quality and Patient Safety Groups on the implementation of the quality & patient safety framework and on an agreed range of quality targets and outcomes;
- receive the Committee's risk register at every meeting
- receive the Strategic Risk Register at alternate meetings for consideration by the Committee;
- review regularly the sections of the NHS Highland Integrated Performance and Quality Report relevant to the Committee's responsibility; and
- receive updates on and oversee the progress on the recommendations from relevant external reports of reviews of all healthcare organisations including clinical governance

reports and recommendations from relevant regulatory bodies which may include Healthcare Improvement Scotland (HIS) reviews and visits.

- 5.2 The Committee will undertake an annual self-assessment of the its work and effectiveness in accordance with NHS Highland and Good Governance values. This will inform the Annual Report to the Board.
- 5.3 The Committee will provide an Annual Report incorporating a Statement of Assurance for submission to the Board via the Audit Committee. The proposed Annual Report will be presented to the first Committee meeting in the new financial year or agreed with the Chairperson of the respective Committee by the end of May each year for presentation to the Audit Committee in June.
- 5.4 The Committee shall draw up and approve, before the start of each financial year, an Annual Work Plan for the Committee's planned work during the forthcoming year.
- 5.5 The Committee is responsible for promoting the economical, efficient and effective use of resources by the organisation, on those areas within its remit, in accordance with the principles of Best Value. These are set out in the Scottish Public Finance Manual, along with a statutory duty under the Public Finance and Accountability (Scotland) Act 2000. The Committee will provide assurance to the Chief Executive, as Accountable Officer, that NHS Highland has systems and processes in place to secure best value in these delegated areas, and this assurance will be included as an explicit statement in the Committee's Annual Report.

6. AUTHORITY

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

appropriate together with an annual presentation to the Clinical Governance Committee.

- 6.5 Assurance regarding Adult Social Care Services is within the remit of the Argyll & Bute Integrated Joint Board and the Highland Health and Social Care Partnership.

7. REPORTING ARRANGEMENTS

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

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

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

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

Sections added	Sections deleted
Sections moved	



STAFF GOVERNANCE COMMITTEE CONSTITUTION AND TERMS OF REFERENCE

Date of Committee agreement – 14 January 2025

Intended date of Audit Committee agreement – 11 March 2025

Intended date of Board approval – 25 March 2025

1. PURPOSE

- 1.1** The purpose of the Staff Governance Committee is to support and maintain a culture within the health system where the delivery of the highest standard possible of staff management is understood to be the responsibility of everyone working within the system and is built upon partnership and collaboration. It will ensure that robust arrangements to implement the Staff Governance Standard are in place and monitored.
- 1.2** To assure the Board that the staff governance arrangements across NHS Highland are working effectively.
- 1.3** As a Committee of the Board, escalate any issues if serious concerns are identified regarding staff governance issues within NHS Highland.

2. COMPOSITION

- 2.1** The membership of the Staff Governance Committee will be:

- Four non-executive members, one of whom will be the Chair of the Committee.
- Employee Director **as Chair of joint staffside**
- Three Area Partnership Forum (Staffside) representatives
- Chief Executive

2.2 Ex Officio

Board Chair

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

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

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

3. QUORUM

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

4. MEETINGS

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

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

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

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

5. REMIT

5.1 The remit of the Staff Governance Committee is to:

- Consider NHS Highland's performance in relation to its achievements of effective Staff Governance and its compliance with the Staff Governance Standard and reporting on progress to Scottish Government.
- Take responsibility for the timely submission of all staff governance information required for national monitoring arrangements.
- Give assurance to the Board on the operation of Staff Governance systems within NHS Highland, regarding progress, issues, risks and mitigation and actions being taken, where appropriate.

- Oversee the commissioning of structures and processes which ensure that the delivery against the standard is being achieved.
 - Monitor and evaluate strategies and implementation plans relating to people and culture, through the Together We Care Strategy, Argyll & Bute HSCP Strategic Plan, the Annual Delivery Plan and the Workforce Plans for NHS Highland and Argyll & Bute HSCP.
 - Provide support for any policy amendment, funding or resource submission to achieve the Staff Governance Standard.
 - Review action taken on recommendations made by the Committee, NHS Boards, or the Scottish Ministers on Staff Governance matters.
 - Provide assurance and oversight to the Board for the operation of the Area Partnership Forum and the Health & Safety Committee. ~~and the groups reporting to the People and Culture Portfolio Board (namely: Culture Oversight Group; Health and Wellbeing Group; Diversity and Inclusion Group and Health and Care Staffing Act Programme Board) and escalate any matters as required.~~
 - Support the operation of the Area Partnership Forum and the Local Partnership Forums in their Staff Governance monitoring role and the appropriate flow of information to facilitate this.
 - Provide oversight for the delivery of Medical Education within the Board, including provision of an annual report to the Committee.
- 5.2 The Committee will undertake an annual self-assessment of its work and effectiveness in accordance with NHS Highland and Good Governance values. This will inform the Annual Report to the Board.
- 5.3 The Committee is also required to carry out a review of its function and activities and to provide an Annual Report incorporating a Statement of Assurance. This will be submitted to the Board via the Audit Committee. The proposed Annual Report will be presented to the first Committee meeting in the new financial year or agreed with the Chairperson of the respective Committee by the end of May each year for presentation to the Audit Committee in June.
- 5.4 The Committee shall draw up and approve, before the start of each financial year, an Annual Work Plan for the Committee's planned work during the forthcoming year and shall review this at each meeting.
- 5.5 The Committee is responsible for promoting the economical, efficient and effective use of resources by the organisation, on those areas within its remit, in accordance with the principles of Best Value. These are set out in the Scottish Public Finance Manual, along with a statutory duty under the Public Finance and Accountability (Scotland) Act 2000. The Committee will provide assurance to the Chief Executive, as Accountable Officer, that NHS Highland has systems and processes in place to secure best value in these delegated areas, and this

assurance will be included as an explicit statement in the Committee's Annual Report.

6. AUTHORITY

- 6.1 The Committee is authorised by the Board to investigate any activity within its Terms of Reference, and in so doing, is authorised to seek any information it requires from any employee.
- 6.2 In order to fulfil its remit, the Staff Governance Committee may obtain whatever professional advice it needs and require Directors or other officers of the Board to attend meetings.
- 6.3 Delegated authority is detailed in the Board's Standing Orders, as set out in the Purpose and Remit of the Committee.

7. REPORTING ARRANGEMENTS

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

FRAUD POLICY AND RESPONSE PLAN

Finance Department

Warning – Document uncontrolled when printed

Policy Reference:	Fin 98.0	Date of Issue:	November 2023
Prepared by:	Technical Accountant	Date of Review:	January
Lead Reviewer:	Fraud Champion	Version:	1.98
Authorised by:	Director of Finance	Date:	January 2025November
Planning For Fairness:	No		
Distribution: <ul style="list-style-type: none"> • Executive Directors • Non-Executive Members • All Managers • All Staff 			
Method Intranet ✓			

Fraud Policy

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

Response Plan

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

Annex 1: Misappropriation of Medicines

Annex 2 Flow Chart – Where misappropriation of medicines is suspected

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

FRAUD POLICY

1 Introduction

- 1.1 NHS Highland is committed to maintaining strict ethical standards and integrity in the conduct of its business activities. All NHS Highland staff and individuals acting on NHS Highland's behalf are responsible for conducting NHS Highland's business professionally, with honesty, integrity and maintaining the organisation's reputation and free from bribery.
- 1.2 One of the basic principles of public sector organisations is the proper use of public funds. It is therefore important that all those who work in the public sector are aware of the risk of and the means of enforcing the rules against fraud/theft and other illegal acts involving corruption, dishonesty or damage to property.

2 The Bribery Act 2010 – Key Points

- 2.1 The Bribery Act 2010 ("The Act") came into effect on 1 July 2011, aiming to tackle bribery and corruption in both the private and public sectors.
- 2.2 The Act is one of the strictest pieces of legislation on bribery and makes it a criminal offence for any individual (employee, contractor, agent) associated with NHS Highland, to give, promise or offer a bribe, and to request, agree to receive or accept a bribe (sections 1, 2 & 6 offences) and this can be punishable for an individual by imprisonment of up to ten years.
- 2.3 In addition, the Act introduces a corporate offence (section 7 offence) which means that NHS Highland can be exposed to criminal liability, punishable by an unlimited fine, if it fails to prevent bribery by not having adequate preventative procedures in place that are robust, up to date and effective. The corporate offence is not a standalone offence and will follow from a bribery/corruption offence committed by an individual associated with NHS Highland, in the course of their work. NHS Highland therefore takes its legal responsibilities very seriously.
- 2.4 If a bribery offence is proved to have been committed by an outside body corporate with the consent or connivance of a director or senior officer of NHS Highland, under the Act, the director or senior officer would be guilty of an offence (section 14 offence) as well as the body corporate which paid the bribe.

3 The Bribery Act 2010 – NHS Highland's Aims & Objective's

- 3.1 NHS Highland welcomes the Act and is keen to ensure compliance with the Act's standards.
- 3.2 NHS Highland does not tolerate any form of bribery, whether direct or indirect, by its staff, agents or external consultants or any persons or entities acting for it or on its behalf.
- 3.3 NHS Highland will not conduct business with service providers, agents or representatives that do not support its anti-bribery statement and it reserves the right to terminate its contractual arrangements with any third parties acting for or on behalf of NHS Highland with immediate effect, where there is evidence that they have committed acts of bribery.
- 3.4 The success of NHS Highland's anti-bribery measures depends on all employees, and those acting for NHS Highland, playing their part in helping to detect and eradicate bribery. Therefore, all employees and others acting for or on behalf of NHS Highland are encouraged to report any suspected bribery.

4 National Fraud Initiative (NFI)

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

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

- 5.1 This guidance is not intended solely for staff. It is also intended for anyone acting on the Board's behalf including Non-Executive Directors, the Board's contractors, agents etc. Reference to 'staff' in this section will also mean all of these.
- 5.2 The Fraud Policy relates to all forms of fraud, bribery, corruption or theft and is intended to provide guidance to employees on the action, which should be taken when any of these are suspected. Such occurrences may involve employees of NHS Highland, suppliers/contractors or any third party. This document sets out the Board's policy and response plan for detected or suspected fraud, bribery, corruption or theft. It is not the purpose of this document to provide direction on the prevention of fraud.
- 5.3 Whilst the exact definition of fraud, bribery, corruption or theft is a statutory matter, the following working definitions are given for guidance:
- Fraud broadly covers deliberate material misstatement, falsifying records, making or accepting improper payments or acting in a manner not in the best interest of the Board for the purposes of personal gain.
 - Bribery is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage.
 - Corruption relates to a lack of integrity or honesty, including the use of trust for dishonest gain. It can be broadly defined as the offering or acceptance of inducements, gifts, favours, payments or benefits in kind which may influence the action of any person. Corruption does not always result in a loss. The corrupt person may not benefit directly, however they may be unreasonably using their position to give some advantage to another.
 - Theft is removing property belonging to NHS Highland, its staff or patients with the intention of permanently depriving the owner of its use, without their consent.

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

- 5.4 NHS Highland already has procedures in place, which reduce the likelihood of fraud occurring. These are included within the Code of Corporate Governance (i.e. Standards of Business Conduct, Standing Orders, Standing Financial Instructions), financial procedures, systems of internal control and risk assessment. The Board takes part in post payment verification system which covers all Family Health Service expenditure.
- 5.5 It is the responsibility of NHS Highland and its management to maintain adequate and effective internal controls, which deter and facilitate detection of any fraud. The role of Internal Audit is to evaluate these systems of control. It is not the responsibility of Internal Audit to detect fraud, but rather to identify weaknesses in systems that could potentially give rise to error or fraud.

6 Collaborating to Combat Fraud

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

- 6.2 NHS Highland will agree formal partnership agreements with other investigative bodies e.g. Counter Fraud Services (CFS) and, where appropriate, engage in joint investigations and prosecutions.
- 6.3 The Cabinet Office on behalf of Audit Scotland assists appointed auditors by conducting a National Fraud Initiative which is a data matching exercise. Data matching involves comparing computer records held by one body against other computer records held by the same or another body. This is usually personal information. Computerised data matching allows potentially fraudulent claims and payments to be identified. Where a match is found it indicates that there may be an inconsistency which requires further investigation. No assumption can be made as to whether there is fraud, error or other explanation until an investigation is carried out. The exercise can also help bodies to ensure that their records are up to date.
- 6.4 Audit Scotland currently requires NHS Highland to participate in a statutory data matching exercise under its powers in Part 2A of the Public Finance and Accountability (Scotland) Act 2000 to assist in the prevention and detection of fraud. We are required to provide particular sets of data to the Cabinet Office on behalf of Audit Scotland for matching in each exercise, and these are set out in Audit Scotland's instructions for Participants. It does not require the consent of the individuals concerned under the Data Protection Act 2018.
- 6.5 Data matching in Scotland is subject to a Code of Data Matching Practice, and information on Audit Scotland's legal powers and the reasons why it matches particular information, is provided in the full text Privacy Notice.

7 Public service values

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

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

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

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

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

8 NHS Highland policy & public interest disclosure act

- 8.1 NHS Highland is committed to maintaining an honest, open and well-intentioned atmosphere within the service. It is committed to the deterrence, detection and investigation of any fraud within NHS Highland.
- 8.2 NHS Highland encourages anyone having reasonable suspicion of fraud to report the incident. It is NHS Highland's policy that no staff member will suffer in any way as a result of reporting any reasonably held suspicions. For these purposes "reasonably held suspicions" shall mean any suspicions other than those which are groundless and/or raised maliciously.

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

9 Instructions to staff

- 9.1 Staff who suspect improper practices or criminal offences are occurring relating to fraud, theft, bribery or corruption, should normally report these to the Fraud Liaison Officer (FLO) via their line manager, but may report directly where the line manager or Head of Department is unavailable or where this would delay reporting. If the suspected improper practice involves the Head of Department, the report should be made to a more senior officer or the nominated officer as described in 13.1 below. Managers receiving notice of such offences must report them to the nominated officer.
- 9.2 It should be noted that staff who wish to raise concerns about unprofessional behaviour or decisions, where fraud, theft, bribery or corruption are not suspected, should do so by following the guidance contained in the NHS Highland's [Whistleblowing Policy](#). Following investigation of the complaint, if improper practices or criminal offences are suspected, the matter should be referred by the investigating officer, to the FLO. Any further action taken will follow the guidance contained within this policy.
- 9.3 Confidentiality must be maintained relating to the source of such reports.
- 9.4 Further choices for staff are:
- You may use the Counter Fraud Service (CFS) Fraud Hot Line which is 0800 151628 or report your suspicions (anonymously, if desired) through the CFS Website on www.cfs.scot.nhs.uk
- 9.5 It should be added that under no circumstances should a member of staff speak or write to representatives of the press, TV, radio, ~~other third parties or use blogs or twitter to publicise details~~ about a suspected fraud/theft. ~~Care needs to be taken that nothing is done which could give rise to an action for slander or libel.~~
- 9.6 Please be aware that time may be of the utmost importance to ensure that NHS Highland does not continue to suffer a loss.

10 Roles & responsibilities

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

Sarah Macaulay
Technical Accountant & Fraud Liaison officer
Assynt House
Beechwood Park
Inverness IV2 3BW
01463 704836
Email: sarah.macaulay@nhs.scot

- 10.2 __ Where a fraud is suspected within the service, including the Family Health Services i.e. independent contractors providing Medical, Dental, Ophthalmic or Pharmaceutical Services, the FLO will make an initial assessment and, where appropriate, advise CFS at the NHS National Services Scotland.
- 10.3 __ The Director of Human Resources or nominated deputy, shall advise those involved in the investigation on matters of employment law and other procedural matters, such as disciplinary and complaints procedures.
- 10.4 __ Where the incident is thought to be subject to either local or national controversy and publicity then the Board and the Scottish Government Health Directorates should be notified before the information is subjected to publicity.
- 10.5 __ It is the responsibility of NHS Highland's senior officers to ensure that their staff are aware of the above requirements and that appropriate reporting arrangements are implemented.
- 10.6 __ It is the responsibility of all staff to protect the assets of NHS Highland. Assets include information and goodwill as well as property.
- 10.7 __ It shall be necessary to categorise the irregularity prior to determining the appropriate course of action. Two main categories exist:
- Theft, burglary and isolated opportunist offences; and
 - Fraud, bribery, corruption and other financial irregularities.
- The former will be dealt with directly by the Police whilst the latter may require disclosure under the SGHSCD NHS Circular No. CEL (2013)11 – Strategy to Combat Financial Crime in NHS Scotland.
- 10.8 __ Responsibility for ensuring that recommendations from CFS investigation reports and from data matching exercises conducted under NFI have been implemented and steps taken to ensure full compliance has been delegated to the CFC, name and address below.

11 Contact Points

Relevant contact points are as follows:

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

Board Secretary:	Ruth Daly Assynt House, Beechwood Park Inverness IV2 3BW 01463 704868 Email: ruth.daly2@nhs.scot
Accountable Officer for Controlled Drugs:	Sarah Buchan Dr Boyd Peters Assynt House, Beechwood Park Inverness IV2 3BW 01463 706895 Email: Sarah.buchan3boyd-peters2@nhs.scot
Associate Director of Pharmacy, (Community Pharmacy Services and CD Governance)	Fiona Macfarlane Assynt House, Beechwood Park Inverness IV2 3BW 01463 706830 Email: Fiona.macfarlane4@nhs.scot
Associate Director of Pharmacy (Acute Services):	Rhona Gunn Raigmore Hospital Inverness 01463 705582 Email: rhona.gunn2@nhs.scot
Lead Nurse for Medicines Governance:	Claire Henderson-Hughes Assynt House Inverness 01463 705168 Email: Claire.henderson-hughes@nhs.scot
Associate Director of Pharmacy: (Primary Care))	Thomas Ross Assynt House Beechwood Park Inverness IV2 3BW 01463 706980 Email: thomas.ross2@nhs.scot
Lead Pharmacist: (Mental Health)	Karen MacAskill New Craigs Hospital Leachkin Road Inverness 01463 704663 Email: karen.macaskill@nhs.scot
Associate Director of Pharmacy: (Argyll & Bute)	Fiona Thomson Lorn & Islands Hospital Glengallan Road Oban PA34 4HH 01631 788942 Email: fiona.thomson5@nhs.scot
Internal Auditor:	Azets Tel: 0131 473 3500
Counter Fraud Services: CFS National Fraud Initiative: Audit Scotland	

RESPONSE PLAN

12 Introduction

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

13 Reporting fraud

- 13.1 ___ A "nominated officer" will be appointed as the main point of contact for the reporting of any suspicion of fraud, corruption, bribery or theft. For NHS Highland, this officer is the FLO (see 11). In the absence of the FLO, the Deputy will deal with the issue. For incidents involving any Executive Directors, the nominated officer shall be the Board's Chairman, contacted through the FLO.
- 13.2 ___ The FLO shall be trained in the handling of concerns raised by staff. Any requests for anonymity shall be accepted and should not prejudice the investigation of any allegations. Confidentiality should be observed at all times.
- 13.3 ___ All reported suspicions must be investigated as a matter of priority to prevent any further potential loss to NHS Highland.
- 13.4 ___ The FLO shall maintain a log of any reported suspicions. The log will document with reasons the decision to take further action or to take no further action. The log will also record any actions taken and conclusions reached. This log will be maintained and will be made available for review by Internal Audit.
- 13.5 ___ The FLO should consider the need to inform the Highland NHS Board, the Chief Internal Auditor, External Audit, the Police and CFS, of the reported incident. In doing so, they should take cognisance of the following guidance:
- inform and consult the Director of Finance and the Chief Executive at the first opportunity, in all cases where the loss may exceed the delegated limit (or such lower limit as NHS Highland may determine) or where the incident may lead to adverse publicity.
 - it is the duty of the Director of Finance to notify the Chief Executive and Chairman immediately of all losses where fraud/theft is suspected.
 - CFS should normally be informed immediately in all but the most trivial cases.
 - If fraud, bribery or corruption is suspected, it is essential that there is the earliest possible consultation with CFS. In any event, CFS should be contacted before any overt action is taken which may alert suspects and precipitate the destruction or removal of evidence. This includes taking action to stop a loss or tighten controls.
 - if a criminal act of fraud, bribery or corruption is suspected it is essential that there is the earliest possible consultation with the Police. In any event the Police should be contacted before any overt action is taken which may alert suspects and precipitate the destruction or removal of evidence. This includes taking action to stop a loss or tighten controls.
 - at the stage of contacting the Police, the FLO should contact the Director of Human Resources to consider whether/when to initiate suspension of the employee pending an enquiry.
- 13.6 ___ All such contact should be formally recorded in the Log.

14 Managing the investigation

- 14.1 The Director of Finance will appoint a manager to oversee the investigation. Normally, the manager will be an employee from CFS. The circumstances of each case will dictate who will be involved and when.
- 14.2 The manager overseeing the investigation (referred to hereafter as the “investigation manager”) should initially:
- initiate a Diary of Events to record the progress of the investigation.
 - if possible, determine the nature of the investigation i.e. whether fraud or another criminal offence. In practice it may not be obvious if a criminal event is believed to have occurred. If this is established the Police, External Audit and the Chief Executive should be informed if this has not already been done.
- 14.3 If after initial CFS enquiries it is determined that there are to be no criminal proceedings then a NHS Highland internal investigation may be more appropriate. In this instance, all information/evidence gathered by CFS will be passed to NHS Highland. The internal investigation will then be taken forward in line with Employment law, PIN guidelines and relevant Workforce policies such as the Management of Employee Conduct, as appropriate.
- 14.4 The formal internal investigation to determine and report upon the facts, should establish:
- the extent and scope of any potential loss.
 - if any disciplinary action is needed.
 - the criminal or non-criminal nature of the offence, if not yet established.
 - what can be done to recover losses; and
 - what may need to be done to improve internal controls to prevent recurrence.
- 14.5 This report will normally take the form of a report to NHS Highland's Audit Committee.
- 14.6 Where the report confirms a criminal act and notification to the Police has not yet been made, it should now be made.
- 14.7 Where recovery of a loss to NHS Highland is likely to require a civil action, arising from any act (criminal or non-criminal), it will be necessary to seek legal advice through the Central Legal Office, which provides legal advice and services to NHS Scotland.
- 14.8 This report should form the basis of any internal disciplinary action taken. The conduct of internal disciplinary action will be assigned to the Director of Human Resources or delegated officer within the Directorate, who shall gather such evidence as necessary.

15 Disciplinary/dismissal procedures

- 15.1 Consideration should be made in conjunction with CFS/FLO on whether/when to suspend the employee(s) who are subject to any investigation, pending the results of the investigation. This should be carried out in line with NHS Highland's Employee Conduct Policy.
- 15.2 The disciplinary procedures of NHS Highland must be followed in any disciplinary action taken by NHS Highland toward an employee (including dismissal). This may involve the investigation manager recommending a disciplinary hearing to consider the facts, consideration of the results of the investigation and making further recommendations on appropriate action to the employee's line manager

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

16 Gathering evidence

- 16.1 ___ This policy cannot cover all the complexities of gathering evidence. Each case must be treated according to the circumstances of the case taking professional advice as necessary.
- 16.2 ___ If a witness to the event is prepared to give a written statement, it is best practice for an experienced member of staff, preferably from the Human Resources Directorate, to take a chronological record using the witness's own words. The witness should sign the statement only if satisfied that it is a true record of their own words.
- 16.3 ___ At all stages of the investigation, any discussions or interviews should be documented and where feasible agreed with the interviewee.
- 16.4 ___ Physical evidence should be identified and gathered together (impounded) in a secure place at the earliest opportunity. An inventory should be drawn up by the investigating officer and held with the evidence. Wherever possible, replacement or new document etc. should be put into use to prevent access to the evidence. If evidence consists of several items, for example a number of documents, each one should be tagged with a reference number corresponding to the written record.
- 16.5 ___ CFS staff acting on behalf of the Director of Finance require and are to receive access to;
- All records, documents and correspondence relating to relevant transactions
 - At all reasonable times to any premises or land of NHS Highland
 - The production or identification by any employee of any Board, cash, stores or other property under the employee's control

17 Interview procedures

- 17.1 ___ Interviews with suspects should be avoided until the formal disciplinary hearing. The investigating officer should, wherever possible, gather documentary and third party evidence for the purposes of their report. If, however, an employee insists on making a statement it must be signed and dated and should include the following:
- “I make this statement of my own free will; I understand that I need not say anything unless I wish to do so and that what I say may be given in evidence”.
- 17.2 ___ Informal contact with the Police should be made at an early stage in the investigation to ensure that no actions are taken which could prejudice any future criminal case through the admissibility of evidence, etc.

18 Disclosure of loss from fraud

- 18.1 ___ Guidance on the referring of losses and special payments is provided in CEL10 (2010). External Audit should be notified of any loss as part of their statutory duties. Scottish Financial Return (SFR) 18.0 on Losses and Compensation Payments is submitted annually to the Audit Committee and will include all losses with appropriate description within the standard categories specified by the SGHSCD.
- 18.2 ___ Management must take account of the permitted limits on writing off losses for “Category 2 Boards”, as outlined in circular [CEL \(2010\)](#).

19 Police Involvement

- 19.1 ___ It shall normally be the policy of NHS Highland that, wherever a criminal act is suspected, the matter will be notified **to the Police, as follows:**
- During normal working hours, it will be the decision of the Director of Finance as to the stage that the Police are contacted. If the Director of Finance is unavailable, this decision will be delegated to the FLO.

- Out with normal working hours, the manager on duty in the area where a criminal act is suspected, may contact the Police and is duty bound to report the matter to the Director of Finance at the earliest possible time.

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

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

20 Media CoveragePress Release

20.1 ~~Under no circumstances should a member of staff speak or write to representatives of the press, TV or radio, about a suspected fraud without the express authority of the Chief Executive. To avoid potentially damaging publicity to the NHS and/or the suspect, NHS Highland should prepare at an early stage, a Press release, giving the facts of any suspected occurrence and any actions taken to date e.g. suspension. The Central Legal Office and the Police should agree the release where applicable.~~

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

21 Resourcing the investigation

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

- Internal staff from within NHS Highland
- Human Resources
- Internal Audit
- External Audit
- CFS
- Specialist Consultant
- Police

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

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

22 The law and its remedies

22.1 Criminal Law

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

22.2 Civil Law

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

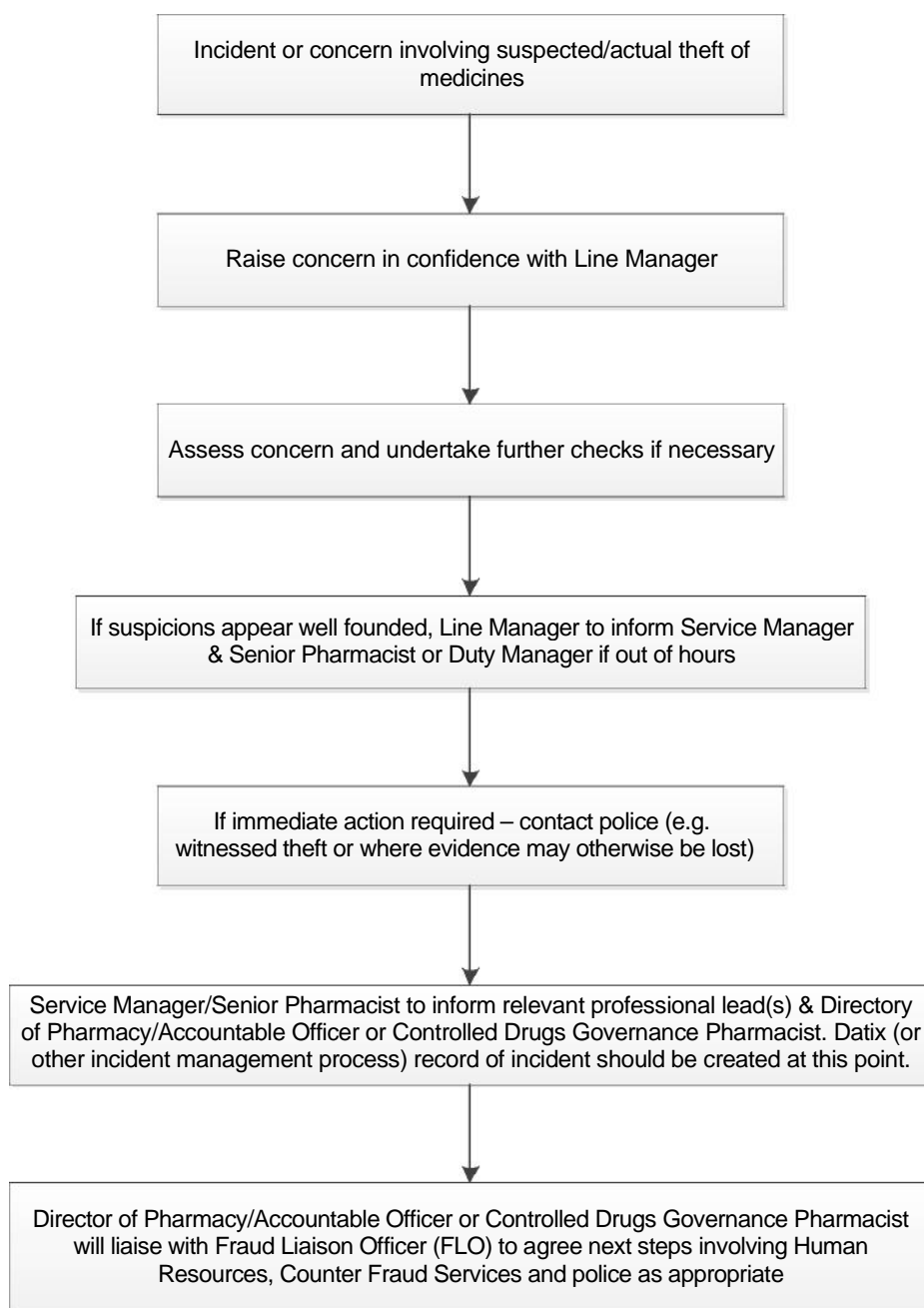
Annex 1 to this policy gives guidance to staff on the action which should be taken in all cases where misappropriation of medicines is suspected.

SAFE AND SECURE HANDLING OF MEDICINES

Suspected or actual theft of medicines

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

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



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

PROCEDURES FOR DEALING WITH ALLEGATIONS FRAUD/OTHER IREGULARITIES

ANNEX 3

