

# NHS Ayrshire & Arran



<b>Meeting:</b>	<b>Ayrshire &amp; Arran NHS Board</b>
<b>Meeting date:</b>	<b>Tuesday 7 April 2026</b>
<b>Title:</b>	<b>Code of Corporate Governance</b>
<b>Responsible Director:</b>	<b>Gordon James, Chief Executive</b>
<b>Report Author:</b>	<b>Shona McCulloch, Head of Corporate Governance</b>

## 1. Purpose

This is presented to the Committee for:

- Decision

This paper relates to:

- Government policy/directive
- Local policy

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

- Safe
- Effective
- Person Centred

This supports the following Corporate Objectives:

- **Better Value** – Delivering innovative and sustainable services for everyone  
The Code of Corporate Governance ensures efficient and sustainable use of resources through clear financial controls and delegated authorities
- **Better Health** – Supporting you to live a healthier life  
Provides accountability and structured oversight of population-health responsibilities
- **Better Workplace** – Creating a great place for us to work  
Sets standards for staff conduct, behaviour and organisational integrity
- **Better Care** – Improving your experience of care  
Strengthens assurance arrangements that support safe, effective and person-centred care

## 2. Report summary

### 2.1 Situation

The Code of Corporate Governance (The Code) has been reviewed to meet the requirements of good corporate governance and to ensure it remains relevant and current detailing the governance framework for NHS Ayrshire & Arran (NHS A&A). Board Members are asked to approve the updated Code of Corporate Governance.

## 2.2 Background

The Code was the outcome of a review in December 2012 to bring together a number of corporate governance documents into a single framework for NHS Ayrshire & Arran. Version 01.0 was approved by the Ayrshire and Arran NHS Board in March 2013 and disseminated across the organisation. It was agreed this would be reviewed on an annual basis.

The Code provides the overarching governance framework for the organisation, presented in a detailed document which sets out how NHS Ayrshire & Arran will conduct its business. This includes the Ayrshire and Arran Integrated Health and Care governance framework which is discussed and supported by Healthcare Governance Committee prior to inclusion in The Code.

Two sections included in the Code of Corporate are informed by national Once for Scotland models:

- Model Standing Orders
- Model NHS Members Code of Conduct

The Code was last reviewed and approved by the NHS Board in October 2024.

## 2.3 Assessment

The Code has been reviewed by the Head of Corporate Governance with subject expert leads to seek updates since the last review.

Those involved in the review for 2026

- Shona McCulloch, Head of Corporate Governance
- Zoe Fance, Head of Procurement
- Amanda Dowse, Assistant Director of Finance (Governance and Shared Services)
- Judith Aspinwall, Financial Controller & Fraud Liaison Officer
- Debbie McCard, Risk Manager
- Geraldine Jordan, Director of Clinical and Care Governance

A high level note of changes is below with detail shown in Appendix 1. A summary will be reflected in The Code's revision history.

Section	Comment
Introduction	Section reviewed with no change
Section A – Board Standing Orders and How Committee Business is Organised	Section reviewed. Minor change to How Committee Business is Organised - Board agenda items
Section B – Members Code of Conduct	Section reviewed with no changes
Section C – Standards of Business Conduct for NHS Staff	Section reviewed and updated to strengthen our governance framework regarding financial spend with no changes
Section C1 - Supporting guidance on Acceptance and Declaration of Gifts, Hospitality and Interests	Section reviewed and updated to strengthen our governance framework regarding financial spend
Section D – Counter Fraud Policy	Section reviewed and updated Item 1 - A general review including roles & responsibilities to reflect both new legislation (Economic Crime & Corporate Transparency Act

	2023) and introduction of National Fraud Standards Item 2: Response Plan - Minor amendments following a review of other Boards' documentation.
Section E – Standing Financial Instructions	Section reviewed and updated to strengthen financial
Section F – Scheme of Delegation	Section reviewed and updated
Section G – Risk Management	Section reviewed and updated to reflect the Board's updated Risk Appetite
Section H - Integrated Health and Care Governance Framework	Section reviewed and updated. Agreed bi-annually by Healthcare Governance Committee for inclusion in the Code of Corporate Governance. Agreed August 2025.

The Code is presented as the final draft for Board approval.

Following approval by the NHS Board, the Code of Corporate Governance will be communicated across the organisation through the routes below:

- Published to internal and external web pages
- Distributed via Directors for cascade and highlighting through management meeting including our Health and Social Care partners
- Digital news routes

### **2.3.1 Quality/patient care**

The Code provides the over-arching governance framework for NHS Ayrshire & Arran, which includes our Integrated Health and Care governance arrangements. This ensures the quality of our governance practice across all areas and supports the effective delivery of services and patient care across the organisation.

### **2.3.2 Workforce**

There are no workforce implications as all activity relating to the ongoing management of the Code of Corporate Governance will be delivered within existing resources.

### **2.3.3 Financial**

There is no financial impact.

### **2.3.4 Risk assessment/management**

There has been no formal risk assessment. Reviewing The Code annually ensures any changes in legislation or related to national corporate governance arrangements are up to date.

### **2.3.5 Equality and diversity, including health inequalities**

An impact assessment is not required to support the Code of Corporate Governance which is constructed using national and local standards, guidance and policies.

### **2.3.6 Best Value**

The Code of Corporate Governance demonstrates leadership as well a cohesive and comprehensive approach to good Corporate Governance at a strategic and operational level.

### **2.3.7 Other impacts**

No other relevant impacts

### **2.3.8 Communication, involvement, engagement and consultation**

There is no duty to engage with external stakeholders.

### **2.3.9 Route to the meeting**

Discussed and recommended for NHS Board approval at Audit and Risk Committee on 19 March 2026.

## **2.4 Recommendation**

For decision. NHS Board Members are asked to approve the revised Code of Corporate Governance which has had sections updated following a review of all sections.

## **3. List of appendices**

Appendix 1 – Detail of changes made

Appendix 2 – Draft Code of Corporate Governance

## Revisions to Code of Corporate Governance

Section A - Board Standing Orders / How Committee business is organised			
Section	Area	Change from	2026 Version
Item 3 - clause 1.1 Page 14	How Committee Meetings must be organised - Board business	Board agenda headings used in 2024	Board agenda headings updated to align with governance areas, eg. Performance, healthcare, corporate

Section D - Counter Fraud Policy			
Section	Change from	2026 Version	Nature of Change
Introduction – legislative basis	No reference to ECCTA 2023 or NHS Scotland Counter Fraud Standards.	Adds ECCTA 2023 requirement for “ <i>reasonable fraud prevention procedures</i> ” and alignment with “ <i>NHS Scotland Counter Fraud Strategy 2023–26</i> ”.	New statutory compliance content.
Definition of fraud	Longer, traditional definitions of theft and fraud; emphasises internal controls and prevention.	Shorter, modernised definition: “ <i>any act of deception... including bribery and theft where deception is involved.</i> ”	Streamlined and aligned to national standards.
Public Service Values	Based on corporate governance principles (purpose, roles, transparency, equality).	Replaced with SG’s Standards of Conduct: <i>Accountability, Probity, Openness.</i>	Complete rewrite to align with national values framework.
Bribery Act 2010	Not included.	New subsection explicitly referencing Bribery Act offences and link to Standards of Business Conduct.	New statutory reference.
Roles & Responsibilities – Chief Executive	Not explicitly described.	New explicit statement: “ <i>The Chief Executive as Accountable Officer is responsible for ensuring adequate controls...</i> ”	New clarity on Accountable Officer duties.
Fraud Champion role	Not included.	New role added: “ <i>senior strategic role... to strengthen the counter fraud agenda.</i> ”	New governance role added.
Audit Committee role	Not explicitly described.	New: Committee will “ <i>take a proactive stance... routinely consider fraud... monitor progress and action.</i> ”	Strengthened governance oversight.

<b>Section D - Counter Fraud Policy</b>			
<b>Section</b>	<b>Change from</b>	<b>2026 Version</b>	<b>Nature of Change</b>
NSS Post-Payment Verification	Included but described differently.	Updated wording: <i>"NSS will lead the post payment verification program review..."</i>	Modernised and clarified.
Internal Audit	Similar content but placed earlier and framed as part of internal control.	Reframed: <i>"duty to evaluate systems... does not include detection of fraud."</i>	Minor wording update.
Response Plan – categorisation of irregularities	Appears under Roles & Responsibilities.	Moved to Introduction of Response Plan.	Structural improvement.
Reporting Fraud – log requirements	Log must document reasons for action/no action; reviewed by Internal Audit.	Log must <i>"detail the review process... actions taken... conclusions reached"</i> and <i>"regular updates to Audit &amp; Risk Committee."</i>	Strengthened reporting and oversight.
Who must be informed	Board, CIA, External Audit, Police, CFS.	Adds Fraud Champion and Board Members; emphasises early notification of DoF/CE.	Expanded notification chain.
CFS meeting composition	Specifies CFS, FLO, HR, department manager, senior manager.	Similar but wording updated; emphasises CFS as specialist reporting agency.	Minor update.
Annex	"Further Guidance on Fraud" – list of publications.	Removed	Removed and Key Contacts added
Annex	No list of key contacts	Added Key Contacts with named individuals and contact details.	Key Contacts

<b>Section E – Standing Financial Instructions</b>			
<b>Section</b>	<b>Area</b>	<b>Change from</b>	<b>Nature of Change</b>
1.1-1.6	Introduction	Did not include specific reference to Health and Social Care Partnerships. Referenced 1974 statutory instrument. No reference to non-compliance.	Removed reference to 1974 statutory instrument and added reference to H&SCP <i>"In respect of Health and Social Care Partnership NHS funds are regulated by Health Board SFIs and Council Funds are regulated by the appropriate Council Standing Orders to ensure appropriate treatment of funds by those employees"</i> . Paragraph referencing non-compliance added. Some minor changes to wording and placement across sections.
3.2	Roles & Responsibilities	Repeated text contained in section 1 "These SFIs do not provide detailed procedural advice..."	Removed paragraph

Section E – Standing Financial Instructions			
Section	Area	Change from	Nature of Change
9.7	Internal Audit	Referenced 'Chief' Internal Auditor	Removed word 'Chief'
21.1 and 21.5	Patient Property	Reference to Operating Procedures in last paragraph	Moved reference to the operating procedure to first paragraph
19.1, 19.2	General	Referenced out of date Procurement Operating Procedures	Removed reference to Procurement Operating Procedures
19.5	Quick Quotes between £10,000 - £50,000	Not defined	Addition that at least 3 quotes must be from 3 different suppliers
19.7	Direct award rules	Not defined	New section defining compliance checks
19.8	Disaggregation	Wording required updating to ensure clarity	Wording updated to state that Orders shall not be disaggregated to circumvent the procurement thresholds.
19.9	Tender Waiver (General)	Wording required updating to ensure clarity	Wording updated to ensure clarity that a Tender Waiver is not required for a Direct Award from a Framework (which now uses clause 19.7)
	Tender Waiver (Reason): Standardisation & exceptions	Older references (MHRA 2006, Audit Scotland 2004)	Updated references (MHRA 2021, SHTN 00-04 2024)
	Tender Waiver (Reason): Advantageous Terms	Not defined	New clauses added in accordance with Procurement Regulations
19.16	Retention periods	6 years (successful), 3 years (unsuccessful) Tender documents.	Updated to current legislation - 5 years for both successful and unsuccessful Tender documents
19.17	Invoice No Order Exceptions List	Only the Director of Finance can approve additions to this list	Updated to include ability for Assistant Director of Finance to approve additions to this list
19.19	Segregation of Duties	Incorrectly defined as Order and Receipting	Updated to define that no individual shall order and <b>approve</b> the same Order, with the exception of National Distribution Service orders
19.20	Retrospective POs	Not defined	Now explicitly prohibited
23.2	Information Technology	Referenced Data Protection act 1984	Now references appropriate UK General Data Protection and Data Protection Act 2018
23.6	Information Technology	Responsibility to notify Data Protection Officers of changes in use of personal data processed	Wording amended to notify Information Governance Team of changes in use of personal data processed and for the Information Governance Team to advise on whether a Data Protection Impact Assessment is required

<b>Section F – Scheme of Delegation</b>			
<b>Section</b>	<b>Area</b>	<b>Change from</b>	<b>2026 version</b>
Item 1 - 2.2	Matters reserved for Board Agreement	All Strategic plans and those policies with resource implications of greater than £4,000,000.	All Strategic plans and those policies with resource implications of greater than £1,000,000.
Item 1 – 2.3	Matters reserved for Board Agreement	Business plans with resource implications greater than £4,000,000.	Approval of business plans with resource implications greater than £1,000,000.
Item 1 – 2.5	Matters reserved for Board Agreement	New 2.5 added	Approval of any new investment or project not already included within the approved Resource Plan or Capital Plan, where the total value exceeds £1,000,000  Following paragraphs renumbered.
3.21 & 17.1	Clinical Claims/Other Settlements (legal claims) AND Losses & Special Payments	Duplication of text	Removed reference to clinical claims in clause 17.1 and updated 3.21 to be clearer on limits and authority/approvals
15.15	Area of Responsibility/Duties Delegated  Payment Signatories	Did not include Purchase Orders approvals.  Authority levels did not align with operational needs and was not consistently applied across systems and processes	Payment signatories including Payment Authorisation for SLAs, Resource Allocation, Private Finance and Purchase Order Approvals  Band 5 and above only for authorisation, increased levels for senior staff
15.16	PECOS requisition - approval by non PECOS user	not referenced	included to cover Procurement team who add and approve on behalf of approver
15.17	PECOS - capital	not referenced	included to cover instances where finance team review capital POs after these have been approved by authorised signatory
15.28	Contracts for the supply of service by NHS Ayrshire & Arran to non NHS organisations	Directors £50,000 and Healthcare Managers £25,000	Chief Executive over £50,000 and Directors up to £50,000
16	Scheme of delegation - Tenders	referenced Head of Medical Physics	changed to Deputy Director of Acute Services

<b>G - Risk Management</b>			
<b>Item</b>	<b>Area</b>	<b>Change from</b>	<b>2026 version</b>
Item 1: para 7	Statement of intent	Each objective will be developed further through the implementation of a Risk Management Improvement Plan.	The Risk Management Strategy is due for review in 2026 and will be supported by an implementation plan.
Item 3: 3.2	Approach to Risk Management	The Strategy sets out the vision, objectives and organisational arrangements for the management of risk, over the three-year period from 2023-2026 and describes in detail the risk management process for identifying, rating, prioritising and managing risk, how these functions should be carried out and organisational responsibility and accountability. These functions include adverse event and near miss reporting and management; identification and management of risk; and a more integrated approach to sharing of learning information with the ultimate aim of improving patient care and reducing harm.	Add sentence to end of paragraph. New strategy will be developed for 2026-2029 with an associated implementation plan.
Item 5: 5.1	Risk Appetite	Risk appetite is described as the amount of risk, on a broad level, that NHS Ayrshire & Arran is willing to accept in pursuit of its strategic objectives.	Risk Appetite is the amount and type of risk that NHS Ayrshire and Arran aims to operate within to achieve its objectives.
5.2		Risk tolerance is the acceptable level of variability to achieving strategic objectives	Risk Tolerance is the level of risk that NHS Ayrshire and Arran is willing to operate, given the current constraints (e.g. funding). (Note - Tolerance is not the same as a Tolerated risk).
5.3		The NHS Board considers the level of risk that it is prepared to accept for key aspects of delivery of healthcare and these are described using our four pillars of performance of service, quality, people and finance, with an underpinning Quality of Reputation, which spans all four Pillars, as demonstrated in the following statement.	Risk Management is an integral part of good governance and corporate management mechanisms. An organisation's risk management framework harnesses the activities that identify and manage uncertainty, allowing it to take opportunities, managed risks and not to simply avoid them. A key consideration in balancing risks and opportunities, supporting informed decision-making and preparing tailored responses is the organisation's risk appetite.  Key considerations in risk management: <ul style="list-style-type: none"> <li>• It is often not possible to manage all risks at any point in time to the most desirable level;</li> </ul>

**G - Risk Management**

Item	Area	Change from	2026 version
			<ul style="list-style-type: none"> <li>• Organisations have finite resources and must manage resources on a risk based approach;</li> <li>• Outcomes cannot be guaranteed when decisions are made in conditions of uncertainty;</li> <li>• It is often not possible, and not financially affordable, to fully remove uncertainty from a decision;</li> <li>• Decisions should be made using the best information and expertise available and rationale for decisions should be documented;</li> <li>• The risk culture must embrace openness, support transparency, welcome constructive challenge and promote collaboration, consultation and co-operation</li> </ul> <p>NHS Ayrshire and Arran’s purpose is ‘Working together to achieve the healthiest life possible for everyone in Ayrshire and Arran.’ This purpose is supported through commitments to our service users and families, our staff and our partners and underpinned by our Values: Caring, Safe and Respectful.</p> <p>All processes, procedures and activities carried out by NHS Ayrshire and Arran carry with them a degree of risk. It is necessary to agree the acceptable level of risk, based on what is considered to be justifiable and proportionate to the impact on patients, carers, the public, members of staff and the Board. The delivery of public services can be inherently high risk and the concept of applying risk appetite can be challenging.</p>
5.4		To support the statement, NHS with approval of the Good Governance Institute (GGI) has utilised the use of ‘A matrix to support better risk sensitivity in decision taking’. This can be seen as a ‘cornerstone’ to base our Risk Appetite on. Adaptations have been made to ensure alignment with the needs of NHS Ayrshire & Arran including changes to language to better fit our organisation, and the addition of the People element to align with our four Pillars	The Risk Appetite Statement is based upon guidance from the Orange Book – Risk Appetite Guidance Note V2 2021. The Risk Appetite Statement should be used as a tool by Managers to identify whether enough action is being taken to mitigate a risk or whether additional action is required. This Risk Appetite Statement should be used to support the prioritisation of tasks and resources.

**G - Risk Management**

Item	Area	Change from	2026 version
		approach. The matrix is attached at Appendix 1.	
5.5		Not previously included	<p>Risks are assessed using the risk domains from the NHS Scotland Impact Matrix 2025. The risk score (Current) is created by selecting the level of risk impact (range of 1-5) and multiplying this against the likelihood of the risk occurring (range of 1-5), this provides the risk score in the range of 1-25. These scores have been divided into four risk levels (Low, Medium, High and Very High), as shown in the Diagram 1 below. Further detail on this process is provided in the NHS Ayrshire and Arran Risk Management Strategy.</p> <p>The risk impact is assessed against the following domains:</p> <ul style="list-style-type: none"> <li>• Healthcare Experience</li> <li>• Transformation &amp; Innovation</li> <li>• Injury/Illness</li> <li>• Service Delivery/ Business Interruption</li> <li>• Workforce</li> <li>• Financial</li> <li>• Compliance</li> <li>• Public Confidence</li> <li>• Health Inequalities</li> </ul> <p>Diagram 1 – Risk Scoring Matrix included</p> <ul style="list-style-type: none"> <li>• Averse (Low risk score of 1 - 3): Avoidance of risk and uncertainty in achievement of deliverables is a key organisational objective. We will accept the lowest level of risk within this area. This appetite level reduces the potential for opportunities and innovative development.</li> <li>• Cautious (Medium risk score of 4 - 9): Requirement for safe proven/tested delivery options that have a low degree of risk and only a limited reward potential. The potential for benefit or return is not a key driver.</li> </ul>

<b>G - Risk Management</b>			
<b>Item</b>	<b>Area</b>	<b>Change from</b>	<b>2026 version</b>
			<ul style="list-style-type: none"> <li>• Moderate (High risk score of 10 - 16): Preference for balanced options that have a degree of inherent risk is considered appropriate with the potential for some reward. Levels of risk are mostly controllable.</li> <li>• Open (Very High risk score 20-25): Willing to consider all potential delivery options and choose the one most likely to result in successful delivery whilst also providing an acceptable level of reward. Eager to be innovative and confident. Acceptance that a very high level of risk would be actively taken in the pursuit of innovation / transformation. Potential for high degree of residual risk. Levels of risk are not fully/ not mostly controllable.</li> </ul>
5.6	Appetite and Tolerance Statements	New clause - not previously included	Risk appetite and tolerance statements have been created using the NHS Ayrshire and Arran corporate objectives and organisational values. These have been aligned to the domains within the risk impact matrix. Each statement has then been assigned a risk appetite and tolerance level (averse, cautious, moderate, open) that relate to a risk level within the risk scoring matrix. The Risk Appetite and Tolerance Statements can be found in Appendix 1. Appendix 2 contains the Risk Appetite and Tolerance Summary Levels
5.7	Identifying Risk Appetite and Tolerance for Risks	New clause - not previously included	In order to identify the Risk Appetite for any risk, once it has been scored the highest domain of each risk should be used to identify the Risk Appetite /Tolerance Level. Where there are multiple impacts of the same rating, the risk owner should select the most appropriate domain to identify the Risk Appetite, taking into account the priorities and values of NHS Ayrshire and Arran. When the current risk score is greater than the risk appetite or tolerance level, this identifies that additional work is required to reduce the level of risk or the risk should be considered for escalation.
Appendix 1	NHS Ayrshire & Arran Risk Appetite Statement	Previous Risk Appetite Statement	Deleted
Item 7 7.3	Learning and Development	To meet organisational requirements, training will be delivered which is dependent upon departmental training needs analysis and risk. Whilst there are many subjects	To meet organisational requirements, training will be delivered which is dependent upon departmental training needs analysis and risk. Whilst there are many subjects which will fall under the

<b>G - Risk Management</b>			
<b>Item</b>	<b>Area</b>	<b>Change from</b>	<b>2026 version</b>
		<p>which will fall under the description of risk management, the following training will be provided:</p> <ul style="list-style-type: none"> <li>· Risk Management Awareness</li> <li>· Risk Assessment Training</li> <li>· Adverse Event Review Training</li> <li>· Risk System Training</li> <li>· Root Cause Analysis Training</li> </ul>	<p>description of risk management, the following training will be provided:</p> <ul style="list-style-type: none"> <li>· Risk Management Awareness</li> <li>· Risk Assessment Training</li> <li>· <u>Risk Appetite Awareness</u></li> <li>· Adverse Event Review Training</li> <li>· Risk System Training</li> <li>· Root Cause Analysis Training</li> </ul>
7.4		<p>The Risk Management Strategy calls for a more integrated approach to sharing of learning information with the ultimate aim of improving patient care and reducing harm. This requirement is reinforced further by the Quality and People strategies which identify the Learning Organisation as a key to the delivery of the Quality Strategy ambitions; the ‘Learning from adverse events through reporting and review: A national framework for Scotland December 2019 (4th Edition)’ and NHS Ayrshire &amp; Arrans ‘purpose’.</p>	<p>The Risk Management Strategy calls for a more integrated approach to sharing of learning information with the ultimate aim of improving patient care and reducing harm. This requirement is reinforced further by the Quality and People strategies which identify the Learning Organisation as a key to the delivery of the Quality Strategy ambitions; the <a href="#">HIS National Framework for Reviewing and Learning from Adverse Events in NHS Scotland, February 2025</a>. and NHS Ayrshire &amp; Arrans ‘purpose’.</p>

<b>Ayrshire and Arran Integrated Health and Care Governance Framework section</b>			
<b>Item</b>	<b>Title Section</b>	<b>Changed from</b>	<b>Changed to</b>
2.1	Professional Governance	A large proportion work in hospitals, with a significant number working in community settings in or close to people’s own homes.	A large proportion of staff work within Health & Care Settings in or close to people’s own homes.
		Lines of accountability can be convoluted and often span organisational boundaries.	Lines of accountability can be complex and often span organisational boundaries.
		Professional accountability requires to ensure these components are in place for developing good governance: culture,	Professional accountability requires that the following components are in place for developing good governance: culture, systems, practices, performance, vision and leadership.

		systems, practices, performance, vision and leadership.	
		Nursing, Midwifery and Allied Health Professionals (AHPs) are professionally accountable to the Executive Nurse Director. The Executive Nurse Director has overall responsibility for NMAHP practice and standards, supported by Associate Nurse Directors, Head of Midwifery and Associate Director of AHPs.	Nursing, Midwifery and Allied Health Professionals (AHPs) are professionally accountable to the Executive Nurse Director. The Executive Nurse Director has overall responsibility for NMAHP practice and standards, supported by Associate Nurse Directors, Midwifery Director, Deputy Nurse Director and Director of AHPs.
Appendix 4:	Health and Care Governance arrangements for each Partnership	Schematics as per review 2024	The three HSCP Clinical and Care Governance schematics have been reviewed and updated in June 2025.