



Item No: 12

Meeting Date: Wednesday 8th May 2019

Glasgow City Integration Joint Board

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REVIEW OF IJB FINANCIAL REGULATIONS

Purpose of Report:	To update the Integration Joint Board on the outcome of a review of IJB Financial Regulations.
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Background/Engagement:	The IJB's Financial Regulations are an essential part of the corporate governance of the IJB. These require to be kept under review to ensure that there are adequate systems and controls in place for the proper management of the IJB's affairs.
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Recommendations:	The Integration Joint Board is asked to: a) approve the revised IJB Financial Regulations attached in Appendix 2; and b) agree that the IJB's Finance, Audit and Scrutiny Committee will undertake a scrutiny role in relation to the Financial Regulations.
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Relevance to Integration Joint Board Strategic Plan:

The IJB's Financial Regulations form part of the governance arrangements in place to support delivery of the IJB's Strategic Plan.
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Implications for Health and Social Care Partnership:

Reference to National Health & Wellbeing Outcome:	Not applicable at this time.
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Personnel:	There are no personnel implications.
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Carers:	Not applicable at this time.	
Provider Organisations:	Not applicable at this time.	
Equalities:	Not applicable at this time.	
Fairer Scotland Compliance:	Not applicable at this time.	
Financial:	The IJB's Financial Regulations form part of the financial governance arrangements in place to support delivery of the IJB's Strategic Plan.	
Legal:	Under Scottish Government regulations, for all IJBs in Scotland, the Chief Officer, supported by the Chief Finance Officer, must ensure that there are adequate systems and controls in place for the proper management of its financial affairs.	
Economic Impact:	Not applicable at this time.	
Sustainability:	Not applicable at this time.	
Sustainable Procurement and Article 19:	Not applicable at this time.	
Risk Implications:	Not applicable at this time.	
Implications for Glasgow City Council:	Glasgow City Council will continue to apply its own Financial Regulations to all operational and transactional finance matters for delivery of GCHSCP services.	
Implications for NHS Greater Glasgow & Clyde:	NHS Greater Glasgow and Clyde will continue to apply its own Standing Financial Instructions to all operational and transactional finance matters for delivery of GCHSCP services.	
Direction Required to Council, Health Board or Both	Direction to:	
	1. No Direction Required	✓
	2. Glasgow City Council	
	3. NHS Greater Glasgow & Clyde	
	4. Glasgow City Council and NHS Greater Glasgow & Clyde	

1. Purpose

- 1.1 This reports sets out the outcome of a review of the Financial Regulations which detail the responsibilities of the IJB for its own financial affairs, and which also set out the respective responsibilities of the Chief Officer and the Chief Finance Officer of the IJB.

2. Background

- 2.1. Both the Council and the Health Board operate under Financial Regulations/Standing Financial Instructions in the operational delivery of services. As this service delivery will continue to be carried out within the Council and the Health Board, all operational and transactional finance matters for delivery of GCHSCP services will comply with Council Financial Regulations and Health Board Standing Financial Instructions as appropriate.
- 2.2. Under Scottish Government Regulations, for all IJBs in Scotland, the Chief Officer, supported by the Chief Finance Officer, must ensure that there are adequate systems and controls in place for the proper management of its financial affairs.
- 2.3. As these Financial Regulations relate specifically to the affairs of the IJB itself, they are therefore more limited and focussed in scope.

3. Financial Regulations

- 3.1. The attached Financial Regulations set out the responsibilities of Board Members, the Chief Officer, and the Chief Finance Officer within the context of the IJB's financial management framework.
- 3.2. These Financial Regulations have been reviewed and a number of changes have been made and are mainly in relation to them being updated to reflect management and reporting arrangements which have evolved since the IJB was established and changes to future proof the regulations. Full details of all changes are shown in Appendix 1 and a revised copy of the new Financial Regulations are included in Appendix 2.
- 3.3. The current Financial Regulations stipulate that only the IJB can authorise changes to the Financial Regulations. This report recommends moving forward that an annual review of Financial Regulations are undertaken and if changes are required that these are reported to the IJB for approval with the IJB's Finance, Audit and Scrutiny Committee undertaking a scrutiny role if required.

4. Recommendations

- 4.1 The Integration Joint Board is asked to:
 - a) approve the revised IJB Financial Regulations attached in Appendix 2; and
 - b) agree that the IJB's Finance, Audit and Scrutiny Committee will undertake a scrutiny role in relation to the Financial Regulations.

Changes to Financial Regulations

Section 1.11

Reference to the IJB's Finance, Audit and Scrutiny Committee scrutiny role added.

Section 3.3

31 March 2016 removed and replaced with 'by the March prior to each three-period' in reference to the publication of the Strategic Plan.

Section 3.8

'as required and/or requested' added at end of paragraph to provide flexibility if Partner reporting arrangements change

Section 5.1

Reference to the IJB's Finance, Audit and Scrutiny Committee scrutiny role added.

Section 9.1

Reference to the IJB approving Capital Plan removed and replaced with IJB's Property Strategy.

Section 10.2

Deleted – section referenced IJB receiving financial monitoring reports from both Partner Bodies on capital expenditure against approved schemes. Alternative arrangements have been established where this is managed through the HSCP's Capital Board.

Section 11.3

Deleted – section referenced that the IJB should follow Guidance on Budget Setting developed by the Health Board. The IJB has established its own processes for budget setting.

Section 14.3

'and other expenses, such as the cost of replacement care where they have caring responsibilities' has been added to reflect the change in policy for board member expenses approved by the IJB this year.



**Glasgow City Health and Social Care
Partnership**

**Integration Joint Board
Financial Regulations**

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The Integration Joint Board positively promotes the principles of sound corporate governance within all areas of the Board's affairs. These Financial Regulations are an essential component of the corporate governance of the Integration Joint Board.

Section A: Introduction and General Issues

1. What the Regulations Cover

- 1.1 Both the Health Board and the Council operate under Financial Regulations/Standing Financial Instructions in the operational delivery of services. As this service delivery will continue to be carried out within the Health Board and the Council, these Financial Regulations relate specifically to the affairs of the Integration Joint Board (IJB) itself and therefore are more limited and focussed in scope. All operational and transactional finance matters for delivery of Glasgow City Health and Social Care Partnership (GCHSCP) will comply with Glasgow City Council (GCC) Financial Regulations and NHS Greater Glasgow & Clyde (NHSGG&C) Standing Financial Instructions.
- 1.2 GCHSCP is governed by the Glasgow City Integration Joint Board, established by Scottish Ministers as a consequence of the Integration Scheme approved by Glasgow City Council and Greater Glasgow and Clyde Health Board in terms of the Public Bodies (Joint Working) (Scotland) Act 2014. GCC and NHSGG&C have delegated functions and resources to the Integration Joint Board. The IJB will direct the Council and the Health Board on how resources will be spent in line with the approved Strategic plan, and allocate resources back to the Council and Health Board in accordance with this direction. The IJB retains responsibility for oversight and management of expenditure within the allocated budgets.
- 1.3 Under Scottish Government Regulations, for all IJBs in Scotland the Chief Officer, supported by the Chief Finance Officer, must ensure that there are adequate systems and controls in place for the proper management of its financial affairs.
- 1.4 These Financial Regulations of GCHSCP detail the responsibilities of the Integration Joint Board for its own financial affairs.
- 1.5 The Regulations also set out the respective responsibilities of the Chief Officer and the Chief Finance Officer of the IJB.
- 1.6 The Chief Officer and the Chief Finance Officer will follow these Regulations at all times in relation to the conduct of the IJB's own financial affairs.
- 1.7 All actions that affect the Integration Joint Board's finances should only be carried out by properly authorised employees. The Chief Officer will establish a clear and effective framework of authorisation for the IJB.
- 1.8 The IJB will give directions to GCC and NHSGG&C that are designed to ensure resources are spent in accordance with the Strategic Plan and Integration Scheme.
- 1.9 If it is believed that anyone has broken, or may break, these Regulations, this must be reported immediately to the Chief Finance Officer, who may then discuss the matter with the Chief Officer to determine what action to be taken.
- 1.10 The Chief Officer and other authorised persons will ensure that all expenditure within the Integration budget meets proper accounting standards.
- 1.11 The IJB will consider and approve any alterations to these Financial Regulations. The IJB's Finance, Audit and Scrutiny Committee will undertake a scrutiny role in

relation to the Financial Regulations.

2. Corporate Governance

2.1 Corporate governance is about the structures and processes for decision-making, accountability, controls and behaviour throughout the IJB. The basic principles of corporate governance are as follows.

Openness: Anyone with an interest in the affairs of the IJB should have confidence in the decision-making and management processes and the individuals involved in them. This confidence is gained through openness in its affairs and by providing full, accurate and clear information which leads to effective and timely action and scrutiny.

Integrity: There should be honesty, selflessness, objectivity, and high standards of conduct in how the IJB's funds and affairs are managed. Integrity depends on the effectiveness of the control framework and on the personal standards and professionalism of Board members and officers involved in the running of its affairs.

Accountability: There needs to be a clear understanding by everyone involved in the IJB's affairs of their roles and responsibilities. There should also be a process which provides appropriate independent examination of the decisions and actions of those involved in the council's affairs, including how the IJB's funds and performance are managed.

2.2 These financial regulations are an essential part of the corporate governance of the IJB.

2.3 Board members are required to follow any formally agreed national codes of conduct.

3. Responsibilities under these Financial Regulations

3.1 The IJB will continuously work to secure best value for money, and economy, efficiency and effectiveness in how the organisation directs its resources.

3.2 The Chief Finance Officer (in consultation with the Chief Officer) will advise the IJB on the financial implications of the IJB's activities. The Chief Finance Officer will ensure that budget holders receive impartial advice, guidance and support and appropriate information to enable them to effect control over expenditure and income.

3.3 Strategic Plan and Integrated Budget

The IJB will approve a Strategic Plan which sets out arrangements for planning and directing the functions delegated to it by GCC and Greater Glasgow and NHSGG&C. The Strategic Plan will cover a three-year period and will determine the budgets allocated to each operational partner for operational service delivery in line with the Plan, recognising that these may need to be indicative for years two and three. The IJB will publish its Strategic Plan by the March prior to each three-year period.

3.4 The Chief Officer and the Chief Finance Officer will develop a case for the integrated budget based on the Strategic Plan and present it to GCC and NHSGG&C for consideration and agreement as part of the annual budget setting process. Regulations 11 and 12 provide further guidance.

3.5 Budget Management

Budget holders within the Council and the Health Board will be accountable for all budgets within their control as directed by the IJB in line with its Strategic Plan. The

IJB will ensure appropriate arrangements are in place to support good financial management and planning. The IJB must follow the agreed policies in relation to:

- Management of Integrated Budgets – Guiding Principles
- Budget Setting
- Scheme of Virement
- Managing Financial Performance
- Capital Planning
- Reserves policy and strategy

3.7 The Chief Finance Officer and relevant finance staff will use finance IT systems within both organisations to produce financial reports and forecasts in order to monitor the overall financial performance in relation to the approved Revenue Budgets.

3.8 The Chief Finance Officer will provide to each meeting of the IJB budget monitoring reports along with explanations for any significant variations from budget and the action planned to deal with them. Budget monitoring reports will also be provided to the Council and the Health Board from an operational perspective, as required and/or requested.

4. The Framework for Financial Administration

4.1 The Financial Regulations set out the responsibilities of Board Members, the Chief Officer and the Chief Finance Officer within the context of the IJB's financial management framework.

4.2 The Chief Finance Officer will monitor how the Financial Regulations operate within the IJB, and will provide the IJB with a written framework which governs its financial affairs.

5. Reviewing the Financial Regulations

5.1 The IJB will consider and approve any alterations to these Financial Regulations. The IJB may also withdraw these financial regulations. If so, this will come into force from the first working day after the end of the meeting at which the change or withdrawal was approved. The IJB's Finance, Audit and Scrutiny Committee will undertake a scrutiny role in relation to the Financial Regulations.

6. Legal Advice

6.1 GCC and NHSGG&C will provide legal advice regarding these Financial Regulations as required in relation to the functions delegated to the IJB.

7. More Information

7.1 For more information or clarification on these Regulations, please contact the Chief Finance Officer.

Section B: Specific Areas

8. Financial Reporting

This Financial Regulation gives advice on the IJB's requirements for accounting procedures and records, production and publication of Annual Accounts, maintenance of a joint property register and the presentation of External Audit reports to the Board.

8.1 Preparing Procedures, Records and Accounts

The Chief Finance Officer will prepare the Annual Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, reporting the IJB's financial performance for the year to 31 March to the IJB. The approved Accounts must also be forwarded to the Controller of Audit no later than the 30th June of the same year, or such date as decided by the Controller of Audit.

8.2 The accounts of the IJB will be hosted by GCC.

8.3 The Chief Finance Officer must provide any information necessary for the closure of the Accounts and within prescribed timescales. Details of the information required and procedures to be followed will be issued annually by the Chief Finance Officer. The format of the Accounts and the relevant notes to the Accounts of the Health Board and the Council will be in line with national CIPFA and / or LASSAAC guidance.

8.4 Presenting External Audit Reports

The Chief Finance Officer will ensure the presentation of all External Audit reports including reports on the audited Annual Accounts to the IJB and make such reports available to the Health Board and Local Authority.

8.5 In consultation with GCC, which hosts the annual accounts, the Chief Finance Officer will make appropriate arrangements for the public inspection of the IJB's Accounts.

9. Capital Planning

Introduction

This Financial Regulation details the IJB's requirements in relation to its three year Capital Plan.

9.1 The Chief Officer annually, in consultation with GCC and NHSGG&C, will prepare a Capital Plan to make best use of existing resources and identify the asset requirements to support the Strategic Plan and deliver on the IJB's Property Strategy.

9.2 Business Cases will be prepared by the Chief Officer and Chief Finance Officer and submitted to GCC's Capital Planning Group or NHSGG&C's Capital Planning Group for approval.

- 9.3 The Chief Officer will be a member of both partners' Capital Planning Groups.
- 9.4 Where new capital investment is required to deliver the Strategic Plan both partners should consider the Capital Plan.

10. Control of Capital Expenditure

Introduction

This Financial Regulation details the IJB's requirements for monitoring Capital Expenditure in relation to the approved Capital Plan.

- 10.1 The IJB does not receive a capital funding allocation. Capital projects are funded by either GCC or NHS GG&C and expenditure will be controlled in accordance with their financial regulations.

11. Strategic Plan

Introduction

This Financial Regulation details the IJB's requirements for the preparation of a Strategic Plan covering the next three financial years.

- 11.1 The format of the Strategic Plan will be determined by the Chief Officer taking into account legislative requirements in terms of consultation and approval processes and national guidance in terms of content.
- 11.2 The Chief Officer will each year update the Strategic Plan which will incorporate a financial plan for the resources within the scope of the IJB. The Strategic Plan will set out the level of capacity required in each year for three years in all sectors in the care pathway and the allocation of resources within the scope of the plan across the sectors, recognising that these may need to be indicative for years two and three. The Chief Officer will develop a case for an Integration Budget based on the Strategic Plan for approval by the IJB.

12. Control of Revenue Expenditure

Introduction

This Financial Regulation sets out the principles of the IJB's requirements for budget monitoring, variance reporting and virement to control revenue expenditure. Detailed policies support these principles as identified at 3.5 above.

13. Internal Audit

Introduction

NHSGG&C and GCC shall decide upon the internal audit service to review internal control systems operated within the IJB and decide upon which Chief Internal Auditor and internal audit team from either the Health Board or the Local Authority shall be the incumbent. Internal audit shall independently and objectively examine, evaluate and report on the adequacy of internal control, governance and risk management arrangements within the IJB. The guidance developed on Internal Audit for the partnerships across the Board area should be followed.

14. Board Members' Expenses

Introduction

This Financial Regulation details the IJB's requirements for the payment of Board Members' expenses and provides guidance on claims procedures.

- 14.1 Payment of voting Board Members' allowances will be the responsibility of the Members' individual Council or Health Board, and will be made in accordance with their own Schemes.
- 14.2 Members are entitled to payment of travel and subsistence expenses relating to approved duties. Members are required to submit claims on the IJB's agreed expenses claim form and as far as practicable to provide receipts in support of any expenses claimed.
- 14.3 Non-voting members of the IJB will be entitled to payment of travel and other expenses, such as the cost of replacement care where they have caring responsibilities. Non-voting members are required to submit claims on the IJB's agreed expenses claim form and as far as practicable to provide receipts in support of any expenses claimed. The costs relating to expenses incurred by the non-voting members of the IJB will be shared equally by the Health Board and the Council.
- 14.4 The Chief Finance Officer will ensure that a record of all expenses paid under the Scheme is maintained, detailing name, amount and nature of payment.

Section C: Future Considerations

The following areas are a generic list of headings that will need to be fully developed if the IJB takes on operational responsibilities in the future.

15. Petty Cash

This Financial Regulation details the IJB's requirements for the operation of petty cash expenditure. The IJB's Petty Cash requirements will be provided for by the host partner. The IJB will not hold petty cash.

16. Inventories

This Financial Regulation gives details of IJB's requirements for inventories. All items of equipment, plant, machinery, vehicles, computer equipment, software and other similar items will be held by the parent bodies.

17. Income

This Financial Regulation details the IJB's requirements for Income. The only receipts to be processed through the books of accounts of the IJB will be the allocations from the parent organisations and the directions to the parent bodies. This will not be in cash but transactions through the ledger. All other income, charges, and grants will be processed through the parent organisations. All arrangements for the collection, custody, control and banking of cash will be made by the parent organisations.

18. Payroll, Travel and Subsistence

This Financial Regulation provides details of the IJB's requirements for payroll, travel and subsistence. The Chief Officer and the Chief Finance Officer of the IJB will employ employees of either GCC or NHS GG&C, and as the employing organisation is responsible for payment of salaries and expenses, it is essential that the IJB has systems in place to ensure timeous and accurate information is passed to that organisation's Payroll Section.

19. Orders for Work, Goods and Services

The method of purchasing has a major impact on the Value for Money obtained. All procurement will be made via the normal procurement route of the parent organisations and in accordance with these organisations' Standing Financial Instructions/Financial Regulations and Codes relating to Contracts. This applies also to orders for computer hardware, software and telecommunications.

20. Payment of Accounts, Contributions & Subscriptions

This Financial Regulation details the IJB's requirements for payments of accounts, etc. All payments will be made via the accounts payable processes of the parent organisations and in accordance with those organisations' Standing Financial Instructions or Financial Regulations as appropriate.

21. Contracts for Building, Engineering and Associated Works

This Financial Regulation details the IJB's requirements in relation to payments for Contracts for Building, Engineering and Associated Works. Non-current assets are owned by the parent organisations which will arrange for any required maintenance works to be undertaken. All contracts placed for maintenance works will be procured in accordance with the parent organisations' Standing Financial Instructions or Financial Regulations as appropriate. All payments for this work will be made via the accounts payable processes of the parent organisations and in accordance with the parent organisations' Standing Financial Instructions or Financial Regulations as appropriate.

22. Property and Security

This Financial Code details the Joint Board's requirements for Property and Security. All non-current assets and associated liabilities remain with GCC and NHSGG&C.

23. Internal Control and Authorisation

This Financial Code provides advice on authorisation and internal control. The IJB requires that the Chief Officer and the Chief Finance Officer be accountable. This means they will understand and accept responsibility for their actions. Employees engaged in financial administration must therefore:

- be capable of performing work allocated to them;
- devote sufficient time to carry out their duties properly;
- undertake their tasks efficiently;
- be demonstrably above reproach.

24. Retention of Financial Documents

This Financial Code provides guidance on the retention and disposal of financial documents. A Retention of Documents service will be provided by one of the parent body.

25. VAT

This Financial Regulation provides advice on VAT.
The Guidance on VAT developed nationally for partnerships should be followed.