



**Item No. 8**

**Meeting Date Wednesday 11<sup>th</sup> September 2024**

**Glasgow City  
Integration Joint Board  
Finance, Audit and Scrutiny Committee**

**Report By: Chief Internal Auditor for the Integration Joint Board**

**Contact: Duncan Black**

**Phone: 0141 287 4053**

**Review of Financial Management**

<b>Purpose of Report:</b>	To present to the IJB Finance, Audit and Scrutiny Committee details of the internal audit work undertaken in relation to Financial Management.
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<b>Background/Engagement:</b>	The Integration Joint Board is required to comply with Article 7 of the Local Authority Accounts (Scotland) Regulations 2014. The regulations require a local authority to operate a professional and objective internal auditing service in accordance with recognised standards and practices in relation to internal auditing.
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<b>Governance Route:</b>	<p>The matters contained within this paper have been previously considered by the following group(s) as part of its development.</p> <p>HSCP Senior Management Team <input type="checkbox"/></p> <p>Council Corporate Management Team <input type="checkbox"/></p> <p>Health Board Corporate Management Team <input type="checkbox"/></p> <p>Council Committee <input type="checkbox"/></p> <p>Update requested by IJB <input type="checkbox"/></p> <p>Other <input type="checkbox"/></p> <p>Not Applicable <input checked="" type="checkbox"/></p>
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<b>Recommendations:</b>	<p>The IJB Finance, Audit and Scrutiny Committee is asked to:</p> <p>a) note the content of the report.</p>
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**Relevance to Integration Joint Board Strategic Plan:**

To provide assurance on various aspects of the Strategic Plan.

**Implications for Health and Social Care Partnership:**

<b>Reference to National Health &amp; Wellbeing Outcome:</b>	n/a
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<b>Personnel:</b>	There are no direct implications for staff as a result of the content of this paper.
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<b>Carers:</b>	There are no direct implications for carers as a result of the content of this paper.
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<b>Provider Organisations:</b>	There are no direct implications for provider organisations as a result of the content of this paper.
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<b>Equalities:</b>	n/a
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<b>Fairer Scotland Compliance:</b>	n/a
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<b>Financial:</b>	There are no direct financial implications as a result of the content of this paper, however it does provide details on the review of the financial management arrangements within the IJB.
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<b>Legal:</b>	The IJB will be compliant with: <ul style="list-style-type: none"><li>- The Integrated Resource Advisory Group guidance in relation to audit provision.</li><li>- The Local Authority Accounts (Scotland) Regulations 2014.</li></ul>
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<b>Economic Impact:</b>	There is no direct wider economic impact within the city as a result of this report.
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<b>Sustainability:</b>	There are no direct sustainability implications as a result of the content of this paper.
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<b>Sustainable Procurement and Article 19:</b>	There are no direct sustainable procurement and Article 19 implications as a result of the content of this paper.
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<b>Risk Implications:</b>	Internal Audit facilitates the reduction of risks identified during the audit process.
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<b>Implications for Glasgow City Council:</b>	The Internal Auditors of Glasgow City Council will continue to report to the Council on operational matters relating to Social Care services.
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<b>Implications for NHS Greater Glasgow &amp; Clyde:</b>	The Internal Auditors of the NHSGGC will continue to report to the NHS Board on operational matters relating to NHS services.
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## 1 Introduction

- 1.1 As part of the agreed Internal Audit plan, we have carried out a review of financial management within the Glasgow City Integration Joint Board (IJB).
- 1.2 The IJB is required to approve a balanced budget based on funding delegated by its partner organisations, NHS Greater Glasgow and Clyde (NHSGGC) and Glasgow City Council (GCC). The IJB's Strategic Plan sets out what the IJB aspires to deliver in line with the funding arrangements. Continuing cost and demand pressures, coupled with significant savings targets, means that the IJB is operating in an increasingly challenging environment and is ever more reliant on sound financial management and governance being in place and operating effectively.
- 1.3 The purpose of the audit was to gain assurance that there are adequate controls in place for effective financial management of the IJB, including the arrangements for budget monitoring and reporting on financial performance. The audit included a review of the key controls in the following areas:
- Policies and procedures.
  - Budget setting and approval.
  - Recording and authorising of budget amendments and adjustments.
  - Budget monitoring reports.
  - Variance analysis and reporting.
  - Budget reconciliations.
  - Reporting to the IJB Board and IJB Finance, Audit and Scrutiny Committee.

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## 2 Audit Opinion

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2.1 Based on the audit work carried out, assurance can be taken that the control environment is [satisfactory](#).

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## 3 Main Findings

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3.1 We are pleased to report that the key controls are in place and operating effectively. There are appropriate documented policies and procedures relating to the IJB's financial management processes, and we found that these are up to date and accessible to staff.

3.2 There is a well-established annual budget setting and approval process, and this involves both senior management and members of the Board. Senior officers also meet with their counterparts from both partner organisations in advance of budget setting to highlight the budgetary pressures impacting the IJB which allows this to be fully considered when the partner organisations set and agree the financial settlements to be made to the IJB.

3.3 Despite a projected funding gap of £36.4m for the financial year 2024/25, a balanced budget was presented for the IJB. To address the funding gap (the difference between the settlements from the partner organisations and the projected cost of delivering the services) a series of cost/budget saving measures were identified. We found that progress against the approved budget savings identified are being appropriately monitored by senior management through the

Integration Transformation Board. This group has been in operation since 2015, is attended by the Chief Officer and the Assistant Chief Officers and is responsible for identifying/assessing savings options and monitoring and scrutinising progress towards achievement of these.

3.4 There are agreed processes for reconciling the approved budget to the financial ledger and for recording and approving changes to the budget during the year. A review of budget amendments is undertaken each period by a senior finance officer; the changes are considered, and further detail obtained, if necessary, to confirm that all adjustments are valid and agree to the financial ledger.

3.5 Details of all budget changes are also reported to the Board and IJB Finance, Audit and Scrutiny Committee (IJB FASC), with the Board responsible for approving any changes in excess of £100k per the Scheme of Delegation, although professional judgement is used, and formal approval from the IJB may also be sought for changes under this value if considered appropriate.

- 3.6 An update on the IJB's financial position is produced for every period, and this includes clear details of variances, with supporting narrative as appropriate. Monitoring reports are circulated to all of the senior management team and reported/discussed through the Core Leadership Group.
- 3.7 Monitoring reports are also presented to each Board and IJB FASC meeting with additional narrative provided where variances are identified and/or remedial action is required. We reviewed a sample of monitoring reports produced and confirmed that these agreed to the financial ledger and that the Board and IJB FASC are being provided with the most up to date information at each meeting.
- 3.8 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.9 We would like to thank officers involved in this audit for their cooperation and assistance.