

Integration Joint Board

Agenda item:

Date of Meeting: 25 November 2020

Title of Report: Review of Financial Regulations

Presented by: Judy Orr, Head of Finance and Transformation

Integration Joint Board is asked to:

- **Note** that the Financial Regulations have been reviewed
- **Approve** the addition of a new section 16 on IJB members' expenses, gifts, hospitality and register of interests
- **Approve the next review** to be completed by 31 March 2022

1. EXECUTIVE SUMMARY

- 1.1. The Integration Joint Board has its own set of Financial Regulations which help it comply with the requirement under Section 95 of the Local Government (Scotland) Act 1973 to have arrangements for the proper administration of its financial affairs. These financial regulations have to be read in conjunction with the Standing Financial Instructions of NHS Highland and the Financial Regulations and Codes of Financial Practice of Argyll and Bute Council, which would apply to resources transferred to them by Argyll and Bute Integration Joint Board. Section 20.3 requires that these Regulations will be reviewed regularly by the Chief Financial Officer in consultation with the NHS Highland Director of Finance and the Section 95 Officer of Argyll and Bute Council, and where necessary, subsequent adjustments will be submitted to the Integration Joint Board for approval. A review has recently been carried out in connection with this requirement and a small number of changes are proposed to include a new section on IJB Members' expenses, gifts, hospitality and register of interests.
- 1.2. These changes were considered by the Audit & Risk Committee on 20 October 2020 and are now recommended to the Integration Joint Board for approval.

2. INTRODUCTION

- 2.1 The recent Internal Audit report on Financial Monitoring and Planning dated July 2020 found that whilst the financial regulations generally reflect current practice, the review date of October 2016 cited on the document was not demonstrably adhered to, and the document has not been reviewed since its approval in December 2015. This creates a risk that they will not be aligned with legislation or reflect current working practices which could result in the regulations being applied incorrectly and inconsistently. A review of the regulations has therefore been carried out by the Head of Finance and Transformation, and in consultation with the NHS Highland Director of Finance and the Section 95 Officer of Argyll and Bute council.

3. DETAIL OF REPORT

- 3.1 The Audit & Risk Committee is responsible for reviewing the internal control arrangements for the Integration Joint Board. A review of the financial regulations has been carried out by the Head of Finance and Transformation, in consultation with the NHS Highland Director of Finance and the Section 95 Officer of Argyll and Bute council, and the results of the review are now reported.

- 3.2 This follows the internal audit review of Financial Monitoring and Planning in July 2020 which found that the Financial Regulations generally reflect current practice, but there was no evidence of formal review of them having been carried out since their approval by the Integrating Joint Board in December 2015.

- 3.3 The financial regulations cover the following topics:

- Responsibilities of the Integration Joint Board; Chief Officer; Chief Financial Officer; Health Board accountable officer; Council section 95 Officer
- Financial Planning
- Limits on Expenditure, legality of expenditure and virements
- Financial monitoring and variations from planned expenditure including recovery plans
- Reserves
- Financial statements and financial records
- Capital expenditure and non-current assets
- Procurement / commissioning of services
- Audit, risk management and insurance
- Best value arrangements
- Partnerships
- Scope and observance of these financial regulations

- 3.4 The Audit & Risk Committee has noted that the required review has been carried out and that the Financial Regulations were reviewed from 9 other IJBs and most were very similar. The main change proposed is to add a new section on IJB Members' expenses, gifts, hospitality and register of interests. The additional text for this is highlighted in yellow on the appendix at section 16. No other amendments are proposed. The Audit & Risk Committee has reviewed these changes on 20 October 2020 and now recommends the updated set of financial regulations attached at Appendix 1 be approved.

4. RELEVANT DATA AND INDICATORS

- 4.1 Information is derived from the financial systems of NHS Highland and Argyll and Bute Council.

5 CONTRIBUTION TO STRATEGIC PRIORITIES

- 5.1 The financial regulations are a key statutory requirement.

6. GOVERNANCE IMPLICATIONS

- 6.1 Financial Impact – Financial Regulations are a key component of the internal control arrangements for the Integration Joint Board.

- 6.2 Staff Governance – None

- 6.3 Clinical Governance - None

7. EQUALITY & DIVERSITY IMPLICATIONS

- 7.1 None

8. GENERAL DATA PROTECTION PRINCIPLES COMPLIANCE

- 8.1 None directly from this report.

9. RISK ASSESSMENT

- 9.1 No implications for changes to risks.

10. PUBLIC & USER INVOLVEMENT & ENGAGEMENT

- 10.1 None.

11. CONCLUSIONS

- 11.1 The Integration Joint Board is asked to note that the required review has been carried out and to approve a new section on IJB Members' expenses, gifts, hospitality and register of interests. There are no other amendments.

12. DIRECTIONS

Directions required to Council, NHS Board or both.	Directions to:	tick
	No Directions required	√
	Argyll & Bute Council	
	NHS Highland Health Board	
	Argyll & Bute Council and NHS Highland Health Board	

AUTHOR NAME: Judy Orr, Head of Finance and Transformation

EMAIL: judy.orr@argyll-bute.gov.uk

APPENDICES:

Appendix 1: Draft Financial Regulations September 2020