
Report To:	Inverclyde Integration Joint Board	Date:	10 August 2015
Report By:	Brian Moore Chief Officer Designate Inverclyde Health & Social Care Partnership	Report No:	IJB/06/20 15/LB
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Subject:	FINANCIAL REGULATIONS		

1.0 PURPOSE

- 1.1 The purpose of this report is to provide the Integration Joint Board (IJB) with draft Financial Regulations, for information, with the final Financial Regulations, supported by a detailed Finance Manual, to be approved by the IJB Audit Committee, upon conclusion of outstanding issues.

2.0 SUMMARY

- 2.1 This report provides the background to and current issues relating to the draft Financial Regulations relating to the Integration Joint Board for Inverclyde's Health and Social Care Partnership. The Financial Regulations provide the financial governance framework in which the IJB will operate.
- 2.2 The Financial Regulations, supported by a detailed Finance Manual are informed by both the:
- Professional guidance developed by the Integrated Resources Advisory Group (IRAG), a national group established to develop guidance to support the implementation of the Public Bodies Joint Working (Scotland) Act 2014.
 - Work to date from officer working groups comprising NHS and Local Authority finance professionals developing IRAG guidance into a set of procedures that will support the IJB in decision making in strategic and operational finance matters
- 2.3 The Draft Financial Regulations remain subject to revision to reflect ongoing local and national work in a number of areas including:
- Treatment of VAT
 - Treatment of overheads and support services
 - Reserves strategy
 - Year end accounts – treatment and content

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Integration Joint Board:
1. Note the contents of this report and agree the content of the Draft Financial Regulations

2. Agree to remit to the IJB Audit Committee the approval of the final Financial Regulations and Finance Manual, upon conclusion of the outstanding issues.

Brian Moore
Chief Officer Designate

Lesley Bairden
Chief Financial Officer Designate

4.0 BACKGROUND

- 4.1 For the last 18 months the IJB Chief Financial Officer Designate along with other finance officers from NHS Greater Glasgow and Clyde and the six Councils coterminous with the Board have been working closely to ensure appropriate financial arrangements are in place to support the IJB and HSCP as part of the Technical Finance Working Group.
- 4.2 The outputs from the Technical Finance Working Group (TFWG) are an agreed set of specimen documents and policies which each IJB can then customise and draw upon as required. This approach allows consistency between partnerships and continuity for NHSGGC.
- 4.3 Inverclyde Council Financial Regulations will be revised, as will the Standing Financial Instructions for NHSGGC to recognise the impact of the IJB.

5.0 FINANCIAL GOVERNANCE

- 5.1 As described above, the TFWG have produced and recommended a number of guidance papers, providing a high level set of principles for each partnership to follow as best practice, but also to adopt and revise to meet local requirements. To date the following papers have been agreed:
 - a. Governance Statement and Statement of Internal Control
 - b. Financial Regulations and Standing Financial Instructions
 - c. Risk Management, Insurance and Business Continuity
 - d. Managing Integrated Budgets Guiding Principles
 - e. Budget Setting
 - f. Scheme of Virement
 - g. Capital Planning Process
 - h. Managing Financial Performance
- 5.2 Work remains ongoing to develop papers on:
 1. Financial Governance Checklist
 2. Internal and External Audit Arrangements
 3. Treatment of VAT (national issue)
 4. Reserves Strategy
 5. Annual Accounts (national issue)

The outstanding work should be completed before the end of the current financial year 2015/16.

- 5.3 The policies agreed to date have been customised for Inverclyde IJB with a draft set of Financial Regulations and a supporting Finance Manual for consideration and approval by the IJB Audit Committee, in due course. There are no specific issues to highlight and there is no conflict with the Inverclyde Council Financial Regulations or the NHSGGC Standing Financial Instructions.

Subsequent updates will be brought for approval, to the IJB Audit Committee, as each of the remaining outstanding issues is resolved. In addition to the issues above work remains ongoing on the treatment of overheads and running costs relating specifically to the IJB.

6.0 OPERATIONAL CONSIDERATIONS

- 6.1 As previously discussed, a commencement date of 1 April 2016 for financial responsibilities of the IJB will allow a clean and transparent transfer of resources, including set aside budgets for large hospital services, for the IJB and its partners. This will align with the Strategic Plan covering the period 2016-19.
- 6.2 In the interim, aligned financial reporting will be brought to the IJB for information, effective from the next meeting of the IJB on 10 November, with inclusion of large hospital set aside and hosted service budgets from April 2016. An example report is included with the Due Diligence paper elsewhere on the agenda.
- 6.3 Financial reporting will broadly follow the integrated reporting previously presented to the CHCP however it will be further developed to include reporting for large hospital services and for hosted services, with a methodology currently being developed NHSGGC wide during 2015/16.
- 6.4 Strategic reporting will be developed to include a longer term financial strategy, annual financial performance statements and other requirements as determined in the final professional guidance.

7.0 OTHER ISSUES

- 7.1 Employment status of the Chief Officer and Chief Financial Officer remains subject to confirmation, along with associated VAT treatment. An update will be provided upon confirmation.
- 7.2 As Inverclyde already has an integrated management structure there are no cost implications or savings opportunities resulting from this legislative change. However the costs of servicing the IJB will be required to be identified and funded. An update will be provided upon confirmation.

8.0 IMPLICATIONS

8.1 Finance

There are no direct financial implications within this report. It should be noted that there will be costs associated with facilitating the IJB and ensuring appropriate governance. As the position is clarified all one off and recurring cost implications will be reported.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs / (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From	Other Comments
N/A					

Legal

8.2 There are no specific legal implications arising from this report.

Human Resources

8.3 There are no specific human resources implications arising from this report.

Equalities

8.4 There are no equality issues within this report.

Has an Equality Impact Assessment been carried out?

√

YES (see attached appendix)

NO – This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

Repopulation

8.5 There are no repopulation issues within this report.

9.0 CONSULTATION

9.1 The Council’s Chief Financial Officer and Director of Finance NHSGGC have been consulted.

10.0 BACKGROUND PAPERS

10.1 There are no background papers for this report.



Inverclyde Health and Social Care
Partnership

Integration Joint Board Financial Regulations

Version	Inverclyde Integration Joint Board Financial Regulations 2015 Draft 1		
Owner	Lesley Bairden Chief Financial Officer Designate		
Approved by	Integration Joint Board	Inverclyde Council	Greater Glasgow & Clyde HB
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Replaces Previous Version			

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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 itself and therefore are more limited and focussed in scope. All operational and transactional finance matters for delivery of Inverclyde Health and Social Care Partnership will comply with Inverclyde Council Financial Regulations and NHS Greater Glasgow & Clyde Standing Financial Instructions.
- 1.2 Inverclyde Health and Social Care Partnership is governed by the Inverclyde **Integration Joint Board** established by Scottish Ministers as a consequence of the Integration Scheme approved by Inverclyde Council and Greater Glasgow and Clyde Health Board in terms of the Public Bodies (Joint Working) (Scotland) Act 2014. Inverclyde Council and Greater Glasgow and Clyde Health Board 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 Integration Joint Board retains responsibility for oversight and management of expenditure within the allocated budgets.
- 1.3 Under Scottish Government Regulations, for all Integration Joint Boards in Scotland the Chief Officer, supported by the Chief Financial 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 the Inverclyde Health and Social Care Partnership 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 Financial Officer of the Integration Joint Board.
- 1.6 The Chief Officer and the Chief Financial 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 Integration Joint Board.
- 1.8 The Chief Officer and the Chief Financial Officer will ensure that the Integration Joint Board only commits to expenditure that it is legally able to commit to and is within scope of the approved Integration Scheme and Strategic Plan. Where this is not clear, the Chief Finance Officer will consult the Accountable Officer of Greater Glasgow and Clyde

Health Board and/or the Section 95 Officer of Inverclyde Council.

- 1.9 If it is believed that anyone has broken, or may break, these Regulations, this must be reported immediately to the Chief Financial 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 Chief Financial Officer will interpret the regulations and put them into practice in a way which takes account of the obligations in the Integration Joint Board's standing orders relating to contracts, if and when applicable.
- 1.12 The Integration Joint Board will consider and approve any alterations to these Financial Regulations on an ad hoc basis as required for specific issues. The Financial Regulations will be periodically reviewed every 3 years..
- 1.13 These Financial Regulations are supported by detailed policies within the accompanying Finance Manual.

2. Corporate Governance

- 2.1 Corporate governance is about the structures and processes for decision-making, accountability, controls and behaviour throughout the Integration Joint Board. 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 Integration Joint Board's funds and affairs are managed. Integrity depends on the effectiveness of the control framework and on the personal standards and professionalism of members and officers involved in the running of its affairs.

Accountability There needs to be a clear understanding by everyone involved in the Integration Joint Board'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 Integration Joint Board's funds and performance are managed.

- 2.2 These financial regulations are an essential part of the corporate governance of the Integration Joint Board.

2.3 Members of the IJB are required to follow any formally agreed national codes of conduct.

3. Responsibilities under these Financial Regulations

3.1 The Integration Joint Board 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 Financial Officer (in consultation with the Chief Officer) will advise the Integration Joint Board on the financial implications of the Integration Joint Board's activities. The Chief Financial 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.

Strategic Plan and Integrated Budget

3.3 The Integration Joint Board will approve a Strategic Plan which sets out arrangements for planning and directing the functions delegated to it by Inverclyde Council and Greater Glasgow and Clyde Health Board. 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. The Integration Joint Board will publish its Strategic Plan as soon as practicable after finalisation of the plan.

3.4 The Chief Officer and the Chief Financial Officer will develop a case for the integrated budget based on the Strategic Plan and present it to Inverclyde Council and Greater Glasgow and Clyde Health Board for consideration and agreement as part of the annual budget setting process. Regulations 11 and 12 provide further guidance.

Budget Management

3.5 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 Integration Joint Board will ensure appropriate arrangements are in place to support good financial management and planning. The IJB must follow the agreed policies, as set out in the supporting Finance Manual (FM), in relation to:

- Management of Integrated Budgets – Guiding Principles (FM Section 1)
- Budget Setting (FM Section 2)
- Scheme of Virement (FM Section 3)
- Capital Planning (FM Section 4)
- Managing Financial Performance (FM Section 5)
- Reserves policy and strategy (FM Section 6 – to be developed)

3.6 Inverclyde Council's Section 95 Officer and Greater Glasgow and Clyde Health Board Director of Finance will provide the Chief Financial Officer with management accounts and forecasts to allow the Integration Joint Board to monitor the overall financial performance of the Integration Joint Board's functions in relation to the approved Revenue Budgets.

- 3.7 The Chief Financial Officer will provide to each meeting of the Integration Joint Board budget monitoring reports along with explanations for any significant variations from budget and the action planned to deal with them.

4. The Framework for Financial Administration

- 4.1 The Financial Regulations set out the responsibilities of Board Members, the Chief Officer and the Chief Financial Officer within the context of the Integration Joint Board's financial management framework.
- 4.2 The Chief Financial Officer will monitor how the Financial Regulations operate within the Integration Joint Board, and will provide the IJB with a written framework which governs its financial affairs.

5. Reviewing the Financial Regulations

- 5.1 The Integration Joint Board will consider and approve any alterations to these Financial Regulations. The *Integration Joint Board* may also withdraw these financial regulations. If so, this will come into force from the first working day after the end of the Integration Joint Board meeting at which the change or withdrawal was approved.

6. Legal Advice

- 6.1 Inverclyde Council and Greater Glasgow and Clyde Health Board will provide legal advice regarding these Financial Regulations as required in relation to the functions delegated to the Integration Joint Board.

7. More Information

- 7.1 For more information or clarification on these Regulations, please contact the Chief Financial Officer for Inverclyde's Health & Social Care Partnership.

Section B: Specific Areas

8. Financial Reporting

Introduction

This Financial Regulation gives advice on the Integration Joint Board'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.

Preparing Procedures, Records and Accounts

8.1 The Chief Financial Officer will prepare the Annual Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (The CODE), reporting the Integration Joint Board's financial performance for the year to 31 March to the Integration Joint Board. 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 Integration Joint Board will be hosted by Inverclyde Council.

8.3 The Chief Financial 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 Financial 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.

Presenting External Audit Reports

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

8.5 In consultation with Inverclyde Council, which hosts the annual accounts, the Chief Financial Officer will make appropriate arrangements for the public inspection of the Integration Joint Board's Accounts.

9. Capital Planning

Introduction

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

- 9.1 The Chief Officer annually, in consultation with Inverclyde Council and Greater Glasgow and Clyde Health Board, will prepare a Capital Plan to make best use of existing resources and identify the asset requirements to support the Strategic Plan.
- 9.2 The Capital Plan will be submitted to the Integration Joint Board for approval.
- 9.3 Business Cases will be prepared by the Chief Officer and Chief Finance Officer and submitted to Inverclyde Council's Capital Planning Group or Greater Glasgow and Clyde Health Board's Capital Planning Group for approval.
- 9.4 The Chief Officer will be a member of both partners' Capital Planning Groups.
- 9.5 Where new capital investment is required to deliver the Strategic Plan both partners should consider the Business Plan.

10. Control of Capital Expenditure

Introduction

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

- 10.1 The Integration Joint Board does not receive a capital funding allocation. Capital projects are funded by either Inverclyde Council or Greater Glasgow and Clyde Health Board and expenditure will be controlled in accordance with their financial regulations.
- 10.2 The Integration Joint Board will receive financial monitoring reports from both partners which include information on capital expenditure against approved schemes relevant to the services delegated to the Integration Joint Board.
- 10.3 In matters relating to capital planning and expenditure, the Capital Planning Guidance developed for the partnerships in GG&C should be followed.

11. Strategic Plan and Financial Plan

Introduction

This Financial Regulation details the Integration Joint Board'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 Integration Joint Board. 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. The Chief Officer will develop a case for an Integration Budget based on the Strategic Plan for approval by the IJB.
- 11.3 The Guidance on Budget Setting developed for the partnerships in the Board area should be followed.

12. Control of Revenue Expenditure

Introduction

This Financial Regulation sets out the principles of the Integration Joint Board'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

Greater Glasgow and Clyde Health Board and Inverclyde Council shall decide upon the internal audit service to review internal control systems operated within the Integration Joint Board 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 Integration Joint Board'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 Integration Joint Board'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 Integration Joint Board will be entitled to payment of travel expenses. Non-voting members are required to submit claims on the Integration Joint Board'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 Integration Joint Board will be shared equally by the Health Board and the Council.
- 14.4 The Chief Financial Officer will ensure that a record of all expenses paid under the Scheme, 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 Integration Joint Board takes on operational responsibilities in the future:

15. Petty Cash

Introduction

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

16. Inventories

Introduction

This Financial Regulation gives details of Integration Joint Board'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

Introduction

This Financial Regulation details the Integration Joint Board's requirements for Income. The only receipts to be processed through the books of accounts of the Integration Joint Board 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

Introduction

This Financial Regulation provides details of the Integration Joint Board's requirements for payroll, travel and subsistence. The Chief Officer and the Chief Financial Officer of the Integration Joint Board will employ employees of either the Health Board or the Council and the employing organisation is responsible for payment of salaries and expenses, it is essential that the Integration Joint Board 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

Introduction

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

Introduction

This Financial Regulation details the Integration Joint Board'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

Introduction

This Financial Regulation details the Integration Joint Board'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

Introduction

This Financial Code details the Integration Joint Board's requirements for Property and Security. All non-current assets and associated liabilities remain with Inverclyde Council and Greater Glasgow and Clyde Health Board.

23. Internal Control and Authorisation

Introduction

This Financial Code provides advice on authorisation and internal control. The Integration Joint Board requires that the Chief Officer and the Chief Financial 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

Introduction

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

Introduction

This Financial Regulation provides advice on VAT.

The Guidance on VAT developed nationally for partnerships should be followed.