



West Lothian Integration Joint Board

Financial Regulations

Version 1.0

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INTEGRATION JOINT BOARD

FINANCIAL REGULATIONS

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1. SCOPE AND OBSERVANCE

- 1.1 The West Lothian Integration Joint Board is a legal entity in its own right created by the Public Bodies (Joint Working) (Integration Joint Board Establishment) (Scotland) Amendment (No.2) Order 2015 on 21 September 2015.
- 1.2 The Board is accountable for the stewardship of public funds and operates under public sector best practice governance arrangements, proportionate to its transactions and responsibilities. Stewardship is a function of management and, therefore, a responsibility placed upon the appointed members and officers of the Board. In particular:-
- (1) NHS (Financial Provisions) (Scotland) Regulations 1974 require NHS Directors of Finance to design, implement and supervise systems of financial control, and NHS circular 1974 (GEN) 88 requires the Director of Finance to:-
 - approve the financial systems;
 - approve the duties of officers operating these systems; and
 - maintain a written description of such approved financial systems including a list of specific duties.
 - (2) Section 95 of the Local Government (Scotland) Act 1973 Act requires that every local authority shall make arrangements for the proper administration of its financial affairs and shall secure that the proper officer of the authority has responsibility for the administration of those affairs.
- 1.3 Voting members of the Board together with non-voting members of the Board have a duty to abide by the highest standards of probity in dealing with financial issues. This is achieved by ensuring everybody is clear about the standards to which they are working and the controls in place to ensure these standards are met.
- 1.4 The key controls and control objectives for financial management standards are:-
- (1) the promotion of the highest standards of financial management by the Board;
 - (2) a monitoring system to review compliance with the financial regulations;

- (3) comparisons of actual and forward projection of financial performance with planned/budgeted performance that are reported to the Board; and
- (4) the Audit Committee of the Board fulfilling its duties under its Terms of Reference.

1.5 In all matters to do with the management and administration of the Integrated Budget by the Board and its officers exercising such delegated powers as the Board has agreed in this regard, these Financial Regulations will apply in all circumstances.

1.6 Prior to any funding being passed by one of the Parties to the Board as part of the Integrated Budget, the Financial Regulations or Standing Financial Instructions of the relevant Party will apply. Similarly, once funding has been approved from the Integrated Budget by the Board and directed by it to the Council or the NHS for the purposes of service delivery, the Standing Financial Instructions or Financial Regulations of the relevant Party will then apply to the directed sum, which will be utilised in accordance with the priorities determined by the Board in its Strategic Plan.

2. FRAMEWORK FOR FINANCIAL ADMINISTRATION

2.1 Section 95 of the Local Government (Scotland) Act 1973, requires all Integration Joint Boards (IJB) in Scotland to have adequate systems and controls in place to ensure the “proper administration of their financial affairs”, including the appointment of an officer with full responsibility for their governance. These Financial Regulations detail the responsibilities of the Chief Finance Officer who has been appointed as the “proper officer” along with the responsibilities of the Director and Members of the IJB. These Financial Regulations relate to the West Lothian IJB.

2.2 The Chief Finance Officer as the ‘proper officer’ for the administration of the IJB’s financial affairs will oversee the operation of the Financial Regulations within the IJB.

2.3 The IJB has been delegated the responsibility for delivering a set of Health and Social Care functions by West Lothian Council and NHS Lothian. These functions are laid out in the IJB’s Integration Scheme. West Lothian Council and NHS Lothian will delegate financial resources to the IJB in respect of these functions.

2.4 The IJB will issue directions to the Council and to the Health Board in relation to the delivery of the functions delegated to the IJB through its Strategic Plan. The Council and the Health Board in following these directions shall ensure that their own financial regulations are fully observed.

- 2.5 The IJB will not deliver any of the functions delegated to it itself, all operational delivery for delegated functions will be provided by West Lothian Council or NHS Lothian as directed by the IJB.
- 2.6 The Chief Finance Officer will monitor and report on compliance with these regulations which apply to all members of the IJB whether voting or non-voting.
- 2.7 The IJB will ensure that only expenditure within the legal powers of the IJB is incurred or directed to be incurred. Where this is not clear, the IJB will consult the Chief Finance Officer prior to incurring such expenditure.
- 2.8 The Financial Regulations may be varied or revoked by the IJB and any variation or revocation will be effective from the first working day after the conclusion of the IJB meeting at which it was approved.

3. INTEGRATION JOINT BOARD RESPONSIBILITIES

- 3.1 The IJB and its Officers (Director and Chief Finance Officer) will continuously strive to secure best value and economy, efficiency, and effectiveness in their use of resources.

3.2 Director

The Director will provide a strategic leadership role as principal advisor to, and officer of, the IJB and will be a member of the senior management teams of the Parties. The Director will lead the development and delivery of the Strategic Plan for the IJB and will be accountable to the IJB for the content of the directions issued to the Parties by the IJB and for monitoring compliance by the Parties with directions issued by the IJB.

3.3 Chief Finance Officer

The Chief Finance Officer will undertake the role as laid out in S95 of the 1973 Local Government (Scotland) Act and shall make arrangements for the proper administration of the IJB's financial affairs and, as the proper officer of the IJB, has responsibility for the administration of those affairs. The Chief Finance officer will discharge this duty by:-

- establishing financial governance systems for the proper use of delegated resources.
- ensuring that the Strategic Plan meets the requirement for best value in the use of the IJB's resources.
- ensuring that the directions to NHS Lothian and West Lothian Council require that the financial resources are allocated in line with the budget resources contained in the Strategic Plan.

- providing the IJB with appropriate financial assurance to allow the IJB to understand the assumptions and risks associated with the annual budgets allocated by West Lothian Council and NHS Lothian.
- ensuring the annual financial statement is prepared for approval by the Board
- monitoring the overall financial performance of the IJB's functions and resources (as directed by either the Council or Health Board) and review the use of funding to ensure expenditure is not incurred unless it relates to agreed functions and allocations.

3.4 The Chief Finance Officer in consultation with the Director will advise the IJB and all its Committees on the financial implications of the IJB's activities. This will include the financial implications of the IJB's Strategic Plan which will be underpinned by a Financial Plan.

3.5 The responsibilities of the IJB and its Committees in relation to the conduct of the IJB's financial affairs are defined in the IJB's Standing Orders and Integration Scheme. In summary they are as follows.

3.6 IJB

The IJB, on recommendations from the Director and the Chief Finance officer and taking account of the IJB Strategic Plan, will agree on the use of resources delegated to it by West Lothian Council and NHS Lothian. The IJB will also:

- consider and approve any alterations to the Financial Regulations.
- approve its annual financial statement
- approve its annual unaudited accounts and governance statement
- consider its audited accounts and report by its external auditor
- publish an Annual Performance Statement including information on financial performance

4. FINANCIAL MANAGEMENT AND PLANNING

4.1 Accounting Policies and Records

The IJB's accounting policies are governed by the appropriate local government Acts as directed and amended by Scottish Ministers. The accounting records of the IJB will be held by West Lothian Council on behalf of the IJB.

4.2 Revenue Budgets

The IJBs Strategic Plan will be key to influencing the corporate and financial plans developed by West Lothian Council and NHS Lothian for IJB functions. The Director and Chief Finance Officer will liaise closely with West Lothian Council and NHS Lothian on the development of corporate and financial strategy, taking account of the IJB Strategic Plan.

Revenue budget resources delegated to the IJB by West Lothian Council and NHS Lothian are used in accordance with the IJB Strategic Plan. The operational budget management of resources associated with IJB delegated functions will be undertaken by West Lothian Council and NHS Lothian. The IJB Chief Finance Officer will liaise with West Lothian Council and NHS Finance staff on budget monitoring matters.

The Chief Finance Officer will provide the IJB with quarterly budget monitoring reports along with explanations for any significant variances from budget and the remedial action planned. The Integration Scheme lays out the arrangement for the management of variances within the IJB's operational budget – that is the resources that have been allocated to NHS Lothian and West Lothian Council to undertake the functions delegated. The Director and the Chief Finance officer will prepare and present to the IJB arrangements for the financial management of these variances.

At the end of the financial year the Chief Finance Officer is responsible for reporting the final outturn position to the IJB

4.3 Capital

The IJB does not receive a capital funding allocation. Capital projects are funded by either West Lothian Council or NHS Lothian and expenditure will be controlled within their financial regulations.

The Director will consult with West Lothian Council and NHS Lothian on making best use of existing partner capital resources associated with delegated functions and on additional capital investment proposals to support delivery of the IJB Strategic Plan.

4.3 Final Accounts

The Chief Finance Officer is responsible for preparing the IJB Final Accounts in compliance with relevant legislation and accounting requirements, and liaising with External Audit on relevant matters connected to the accounts and other finance related matters.

The Chief Finance Officer submits a copy of the Accounts to the IJB and the Controller of Audit in accordance with the agreed timescales

4.4 Reserves Policy

Legislation empowers the IJB to hold reserves, which should be accounted for in the financial accounts and records of the Board. The Chief Finance Officer will prepare a Reserves Policy to hold and manage any such reserves which will be presented to the IJB for approval.

4.5 VAT

HM Revenues and Customs have confirmed there is no requirement for a separate VAT registration for the Board. This position will continue to be kept under review by the Chief Finance Officer along with any cost implications to the IJB arising from VAT.

5. AUDIT AND RISK

5.1 Risk

The Director will be responsible for establishing the IJB's risk strategy and profile and developing the risk reporting arrangements, including a risk register. The risk management strategy will be approved by the IJB and reviewed by the IJB Audit Committee.

5.2 Insurance

The IJB is a member of the NHS CNORIS scheme which will provide the IJB with the appropriate insurance cover. This insurance scheme covers the IJB, its professional advisors and Council or NHS officers who have been requested by the IJB to provide specific advice or services to the IJB. NHS Lothian and West Lothian Council in delivering functions as directed by the IJB will ensure that the appropriate clinical and liability insurance is in place.

5.3 Internal Audit

The IJB Internal Auditor will be responsible for reporting to the IJB's Audit Committee. The internal audit service will undertake work in compliance with the Public Sector Internal Audit Standards as defined within the Audit Charter.

The IJB Internal Auditor will at the start of each financial year prepare an annual risk based plan for the IJB and submit this for approval to the IJB's Audit Committee.

The IJB Internal auditor will submit an annual audit report summarising the work undertaken by the Section over the year and provide an opinion on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control. This will be presented to the Director and the Audit Committee with responsibility for governance within the IJB.

All internal audit reports for the IJB will be presented to the Director and the IJB's Audit Committee.

The operational delivery of services by NHS Lothian and/or West Lothian Council as directed by the IJB will be covered by the respective internal audit arrangement of these bodies.

6. FOLLOWING THE PUBLIC POUND

- 6.1 Current guidance for Local Authorities where funding is provided by one partner to another body to deliver services which would otherwise be provided by the funder, requires arrangements to be in place to maintain control and clear public accountability over the public funds. This will apply in respect of:
- the resources delegated to the Integration Joint Board by the Local Authority and Health Board; and
 - the resources paid to the Local Authority and Health Board by the Integration Joint Board for use as directed and set out in the Strategic Plan.