



CÙRAM IS SLÀINTE NAN EILEAN SIAR

WESTERN ISLES HEALTH AND SOCIAL CARE PARTNERSHIP

Integration Joint Board – Financial Regulations

STATUTORY RESPONSIBILITY AND APPLICATION

1. The legislation requires that the Board is subject to the audit and accounts provisions of a body under Section 106 of the Local Government (Scotland) Act 1973. This will require audited annual accounts to be prepared with the reporting requirements specified in the relevant legislation and regulations (Section 12 of the Local Government in Scotland Act 2003 and regulations under section 105 of the Local Government (Scotland Act 1973).
2. The Board is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards and that public money is safeguarded, properly accounted for and used economically, efficiently, effectively, equitably and ethically. The Board's activities are furthermore guided by the Scheme of Delegation which sets out the underlying principles and responsibilities of openness, integrity and accountability.
3. In discharging these responsibilities, Board members and senior officers are responsible for implementing effective arrangements for governing the Boards' affairs and facilitating the effective exercising of its functions including arrangements for managing risk.
4. As a consequence of these responsibilities, the Board must regulate the actions taken on its behalf that carry financial implications to provide assurance of their propriety and consistency. It is furthermore a requirement of these regulations that all financial transactions instructed by the Board are within the legal powers of the Board. These Financial Regulations therefore form a key element of the maintenance of a robust, clear and accountable governance framework for the Board.
5. The Board has designated the Chief Officer (CO) as having responsibility for the preparation, implementation and reporting of the Board's Strategic Plan and the delivery of all delegated services.
6. The Board's Chief Financial Officer (CFO) will fulfill the section 95 officer role and be responsible for the administration of the financial affairs of the Board and will support the CO in this respect.
7. The financial statements of the Board will be prepared according to the Local Authority Accounting Code of Practice (UK). The CFO will be responsible for signing the financial statements.
8. Any non-compliance or material breach of these regulations or the associated finance rules, procedures or policies issued under their authority must be reported immediately to the CFO, who may consult others as appropriate to determine the proper action.



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9. The financial regulations will be reviewed every two years by the CFO, in consultation with the partners; NHS Western Isles and Comhairle nan Eilean Siar, and presented to the Board for approval if required.

RESPONSIBILITIES

Chief Officer (CO)

10. The CO responsibilities are subject of different regulations

Chief Financial Officer (CFO)

11. As the section 95 officer, the Board's CFO has responsibility for the administration of the Board's financial affairs. The CFO is responsible for advising the Board on all financial matters and for monitoring and reporting on the Board's financial performance and position.
12. This officer will also oversee the development and implementation of appropriate strategies to manage risk, control the delegated resources and comply with governance standards.

NHS Western Isles and Comhairle nan Eilean Siar Partners.

13. NHS Western Isles and Comhairle nan Eilean Siar remain fully accountable for the financial performance of their service areas against the budget allocated. They may incur revenue expenditure in furtherance of agreed Board policies only to the extent that budgetary provision has been made.
14. The Health Board and Comhairle will formally report material financial issues to the CO and the CFO, who will instruct appropriate action.
15. It will remain the duty of the Comhairle Section 95 Officer and the NHS Accountable Officer to monitor and regulate the financial performance of their respective share of the resources available to the Board during each reporting period, throughout the financial year. On a day-to-day basis the financial responsibilities of the NHS Accountable Officer are delegated to the NHS Director of Finance.



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Board Members

16. Board members' responsibilities with regard to financial matters are:

- approving the Board's financial strategy, including the partnership priorities and budget-setting;
- approving the Board's strategic direction and overseeing arrangements for securing and demonstrating best value;
- ensuring proper control is exercised over the Board's delegated resources through scrutiny of periodic financial reports comparing expenditure with the level of budgetary provision; and
- ensuring the development of service targets and performance measurements of a financial and non-financial nature to monitor service achievements.

17. In this regard, the respective remits and key functions of the Board, including audit matters, are set out in the Board's Standing Orders and Scheme of Delegation.

Following the Public Pound

18. The Board's CFO will establish arrangements to maintain control and clear public accountability over the use of resources identified as within the scope of the Board, as directed and set out in the Strategic Plan.

Internal and External Audit

19. The Board will make appropriate and proportionate arrangements to review and consider all key matters and outputs relating to internal and external audit provision in line with relevant good governance standards in the public sector.

20. The Board will arrange for the establishment of adequate and proportionate internal arrangements in line with Public Sector Internal Audit Standards. Detailed arrangements for the production and delivery of the Internal Audit plan and associated reporting shall be submitted to the Board annually for approval.

21. The Board will approve unsigned and audited accounts by the 30 June and 30 September each year respectively. The Accounts Commission will periodically appoint the external auditors to the Board who will undertake their duties in accordance with relevant auditing standards and the Audit Scotland Code of Audit Practice. All significant Audit outputs will be reported to the next subsequent meeting of the Board.



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Risk Management

22. The Health Board and Comhairle nan Eilean Siar are responsible for the delivery of effective implementation of risk management arrangements in relation to their respective service areas and for ensuring their effectiveness and review on an ongoing basis.
23. The CO is responsible for establishing the Board's risk strategy and profile and ensuring effective risk management arrangements are in place.
24. There will be bi-annual reporting on risk management to the Board
25. The CO will liaise with the partner's Directors of Finance to ensure appropriate provision for insurance according to the risk management strategy.

THE STRATEGIC PLAN

26. The Strategic Plan will be underpinned by a financial plan that sets out the expected resource consequences of planned changes in service.
27. The Board will approve the Strategic Plan after consultation with its stakeholders, in line with legislation. The resources in the Strategic Plan will comprise:
 - the budget allocation made to the Board by Comhairle nan Eilean Siar for delegated adult social care services;
 - the budget allocation made to the Board by the Health Board for delegated healthcare services; and
 - the amount set aside by the Health Board for any delegated services provided in the Western Isles Hospital for the population of the Board.

FINANCIAL PLANNING/ BUDGETING

28. The Board will publish an annual budget, setting out the total resources included in the Strategic Plan for that year by 31st March.
29. The CO and the CFO will develop resource plans and budget for the Board's resources in line with the method set out in the Integration Scheme.
30. The legislation requires that in order to determine payments from the Board to the Health Board and the Comhairle, a direction will be given. The direction should be in writing and must include information on the integrated functions that are being directed and how they are to be delivered along with the amount of and method of determining the payment to carry out the delegated functions.



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31. A direction from the Board will take the form of a report from the CO to the Health Board or the Comhairle referring to the arrangements for delivery set out in the Strategic Plan. Once issued they can be amended or varied by a subsequent direction.
32. The Local Authority Section 95 Officer and the Health Board Accountable Officer will consult first with the CFO about any proposal that has financial implications for the Board before submitting the proposal to their respective Committees for approval.
33. The CFO will be consulted about all reports to the Board which have significant risk and /or financial implications.
34. The Board will allocate the resources identified as in scope by the Health Board and the Comhairle in line with the Strategic Plan as part of the annual budget process.
35. The annual budget will be built up from a base budget and will consider inflation, demand and other known pressures. This will then be adjusted as appropriate to take account of efficiency saving requirements.
36. Virements between partners over £20,000 must be approved by the CFO and reported quarterly to the Board

MANAGING FINANCIAL PERFORMANCE/ FINANCIAL MONITORING

37. The Health Board and the Comhairle Directors of Finance and the CFO will establish a process of regular in-year reporting and forecasting to provide the CO with management accounts for both arms of the operational budget and for the Board as a whole.
38. The detailed procedures for, and the form of, the financial reporting arrangements for the Board will be determined by the CFO in accordance with the general directions of the Local Authority Section 95 Officer and the Health Board Accountable Officer.
39. It will remain the duty of the Local Authority Section 95 Officer and the Health Board Accountable Officer to monitor or regulate the financial performance of their respective share of the resources available to the Board during each reporting period throughout the year. Budgetary control information will be provided to the CFO on a monthly basis. The CFO will be responsible for reporting the financial performance to the IJB for its scrutiny and review.
40. It will be the responsibility of the Local Authority Section 95 Officer and the Health Board Accountable Officer to comply with the agreed reporting timetable and to make available to the CFO in good time the relevant financial information required for the financial reporting. This will include such details as may be required for the purpose of reporting to the IJB on the financial planning of revenue expenditure including data on levels of existing services and the development of the strategic commissioning plan and the annual report.



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41. As a minimum the CFO will provide monthly management reports to the CO and quarterly management reports will be prepared and presented to the Board for scrutiny and review. The format and details of the report will be agreed by the Board. The existing budgetary control frameworks adopted by each partner will form the basis of generating the required financial and performance monitoring information.
42. The CFO will review the financial performance against the agreed planned outcomes as set out in the Strategic Plan and ensure respective financial plans are updated as necessary to support their achievement.
43. In the event of additional expenditure being occurred over and above the total resources available to the Board the Local Authority Section 95 Officer and the Health Board Accountable Officer will discuss with the CFO at the earliest opportunity.
44. Any item of expenditure of an emergency nature will be dealt with by the partner for that service in line with their arrangements for emergency expenditure.
45. The Board will approve a Reserve Policy to enable the Board to use its power to hold reserves. The reserves policy and reserves strategy will detail the level of reserves required and their purpose.
46. In order to allow a valid comparison of actual results with estimated income and expenditure of the service, it shall be the responsibility of the Local Authority Section 95 Office and the Health Board Accountable Office to provide such information as may be required for this purpose to the CFO.
47. Where it appears that the amount of income received or expenditure made has or may significantly deviate from that included in the total resources included in the Strategic Plan, resulting in a significant change to the Boards' overall financial position, or impacting upon the policy of the Board, or revenue implications for future years, it will be the CFO responsibility to agree a solution with the Directors of Finance of the partners.
48. If the Board's CFO is advised that a significant change is likely to the Board's overall financial position, and that the deviation requires a change of policy of the Board, or results in revenue implications for future years, a report will be provided for the Board in good time detailing the financial consequences to enable appropriate action to be taken timeously.
49. If an overspend is forecast on either partner's in scope budget, the CO and the Board's CFO will agree a recovery plan with the relevant partner to balance the overspending budget and to determine the actions required to deliver the recovery plan. If the overspend arises from the assumptions in the Board's strategic plan on the impact of service changes that are not realised as anticipated this should be subject to a report and corrective action. This corrective action may include a recovery plan which should consider revisions to the commissioning of services and or financial plans to account for the changed circumstances and the use of any available reserves.



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50. The CO will determine the actions required to be taken to deliver the recovery plan in conjunction with all relevant parties. These actions should be approved by the Board as advised by the CFO.
51. Subject to discussion and consultation with the Health Board and the Comhairle, the Board may increase the payment to the affected body by utilising any balance on the general fund, if available, in line with the reserves policy. This may require adjustments to the allocations from the Board to these bodies to reflect the recovery plan agreed.
52. If the recovery plan is unsuccessful then the Partners will agree jointly the mechanism by which the overspend will be addressed as per the Integration Scheme, paragraph 10.39.

SET ASIDE BUDGET FOR DIRECTED HOSPITAL SERVICES

53. In respect of resources for delegated functions that are provided in the Western Isles Hospital, these will be excluded from the aligned budget of the Board and instead retained and set-aside for direction by the Board through the Strategic Plan. These will be termed Set Aside Budgets.
54. Any changes to the set-aside budget will be required to be agreed by the IJB and the Health Board.

ACCOUNTING SYSTEMS AND RECORDS

55. It is the responsibility of the CFO to determine the appropriate accounting policies for the Board. The Accounting Standards as adapted for the public sector will apply to the Board. The Code of Practice on Local Authority Accounting in the UK will be the applicable guidance for their interpretation. Accounting records are required to be kept in line with best practice.
56. The Board's financial statements will be completed in compliance with the audit and publication timetable specified in regulations (Local Authority Accounts (Scotland) Regulations 2014). The IRAG guidance states that there should be agreement of in-year transactions and year end balances between the Comhairle and the Health Board by 31 May each year.
57. The CFO must provide any relevant information required by the Health Board and the Comhairle to enable their statements to be prepared within the statutory timetable for the preparation and publication of the financial statements.
58. Where there is an in-year variance in the Board's annual accounts, either an overspend or underspend on service expenditure, the Health Board and the Comhairle should agree the creditor/debtor with the Board as part of the year end close down procedures.



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59. Recording of financial information in respect of reserves of the Board will be processed via the local authority ledger.

CAPITAL

60. At present the Board is not empowered to own capital assets. The ownership of assets and associated liabilities will remain with each of the partners.
61. In preparing the Strategic Plan the CO will consider all of the resources which are required to deliver the integration outcomes including the relevant assets owned by the Health Board and the Comhairle.
62. The Board or partners should identify the asset requirements to support the Strategic Plan. This will enable the CO to identify capital investment projects or business cases to submit to the Comhairle or Health Board for consideration as part of their capital planning processes, recognising that partnership discussion would be required at an early stage if a project was to be joint funded.
63. The CFO must be consulted regarding any capital investment.

TAXATION

64. HMRC have confirmed that the Board is not a taxable person under the VAT Act 1994 as it will not provide services directly. This is on the basis that the Board is not delivering any supplies that fall within the scope of VAT.
65. Although the Board will be responsible for producing the Strategic Plan for the delivery of services by the Comhairle and the Health Board, the Board will not be responsible for the actual delivery of delegated services and as there is no consideration received by the Board for the production of the plan this will not alter the VAT registration position.
66. VAT may be incurred on support services provided to the Board. Prior to any changes in support service arrangement the CFO should be consulted.

Debbie Bozkurt
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