

Scottish Borders Health and Social Care Partnership Integration Joint Board Audit Committee

07 June 2023

FINANCIAL REGULATIONS

Report by Hazel Robertson, Chief Finance Officer IJB



1. PURPOSE AND SUMMARY

- 1.1. This paper updates the Audit Committee of work undertaken to finalise the review of internal financial controls and shares the final draft of the updated Financial Regulations for approval.

2. RECOMMENDATIONS

- 2.1. The Scottish Borders Health and Social Care Integration Joint Board (IJB) Audit Committee is asked to:-
- a) Note that the Regulations have been substantially reviewed by the IJB CFO and confirmed by SBC and NHSB. All outstanding matters have now been resolved.
 - b) Note that the Audit Committees of partner bodies will also require to consider and accept that the changes conform with their own governance arrangements.
 - c) Recommend these Regulations to the IJB for approval.
 - d) Request that the CFO implement these within the IJB, making the required improvements in financial control, management and reporting, and communicating best practice to operational teams.

3. ALIGNMENT TO STRATEGIC OBJECTIVES AND WAYS OF WORKING

- 3.1. It is expected that the proposal will impact on the Health and Social Care Strategic Framework Objectives and Ways of Working below:

Alignment to our strategic objectives					
Rising to the workforce challenge	Improving access	Focusing on early intervention and prevention	Supporting unpaid carers	Improving our effectiveness and thinking differently to meet need with less	Reducing poverty and inequalities
				x	

Alignment to our ways of working					
People at the heart of everything we do	Good agile teamwork and ways of working – Team Borders approach	Delivering quality, sustainable, seamless services	Dignity and respect	Care and compassion	Inclusive co-productive and fair with openness, honesty and responsibility
	x	x			x

4. INTEGRATION JOINT BOARD DIRECTION

4.1. A direction is required to both partner bodies, to implement these regulations as they relate to financial controls within delegated and set aside services.

5. BACKGROUND

5.1. The existence of a sound system of internal financial control is an essential pre-requisite to high quality financial management. Financial regulations should be regularly reviewed and updated, and used as a tool to promote good practice. I would normally review these at least every 2nd year and require budget managers and finance staff to formally confirm that they understand, accept and undertake to comply with these. I have in another organisation created an easy read guide to help staff understand what good looks like.

5.2. The IJB Financial Regulations have not been reviewed and updated since 2017. They are not fully compliant with national guidance and they are not being fully followed. There are a range of other improvements that can be made to our financial arrangements and a programme has been developed to complete this work.

5.3. For the IJB it is even more crucial to have clear financial controls and processes because the financial controls and processes operate across three legal entities who have their own version of internal financial control.

6. ASSESSMENT

6.1. On commencing in post in August 2022 a high priority was to understand the financial control environment. Within a short time I discovered that:

- The Financial Regulations had not been updated since 2017
- There were areas where current financial practice was not compliant with the terms within our Regulations.
- Our Regulations do not fully comply with national guidance for IJB Financial Regulations.
- Our management accounting and reporting practices differ across the Partnership, and are not fully in line with the Regulations.
- There are gaps in the internal control environment eg a scheme of delegation and reservation of decision making processes.

6.2. This presents a risk to the quality and consistency of operational financial management practices and the ability of the IJB to fully rely on financial management information to strategically manage financial performance and planning.

6.3. I have identified further areas of improvement and have described these as being part of a Financial Framework.

6.4. Attached to this paper are:

- The final version of updated and agreed Financial Regulations for approval.

7. IMPROVEMENTS

7.1. Main improvements in application of the Financial Regulations are noted below and relatively easy to address:

- Para 22 and 23 in relation to virement. Virement is happening within the partner bodies but not across partner bodies. There is currently no formal sign off process of virement by the IJB.
- Para 27. Remedial action to be taken to address overspends. This is particularly pertinent in respect of the actions being taken to address the NHSB financial recovery plan and the extent to which such matters are being managed corporately. There is a need to integrate the IJB CFO in the NHS Financial Improvement Programme and the Financial Recovery Plan. We are now considering taking a system wide approach to overview of savings plans.
- Para 35. Full compliance with Reserves Policy and reporting on release of Reserves. This mainly relates to formal release of NHSB earmarked reserves which are being appropriately used in year, however the reserves table is not always being updated quarterly. This is relatively easy to address.
- Para 39. Commissioned services. We are currently reviewing the provision of commissioned services across the Partnership and may determine that the most efficient treatment of these could involve joint commissioning led by the Council on behalf of the Partnership.
- Para 51 arrangements for cross committee assurance.

7.2. Further development of the Financial Framework includes:

- Creation of a scheme of delegation and decision making arrangements will be very beneficial for helping navigate staff to the right fora by setting out mechanisms for escalation of issues.
- Taking a longer term consideration of financial sustainability will complement the Financial Recovery Plan being prepared by NHS Borders and sits well with the HSCP Strategic Framework and Recovery Plan.

7.3. Having discussed these improvements with my peers, there is a consensus that the planned improvements are required. I extended the timescales for completion of this developmental activity to end June to allow for further discussion and cross committee assurance.

7.4. These documents will come back to the IJB Audit Committee for formal approval once I have received confirmation from the partner bodies Audit Committee considerations.

7.5. In the summer we will begin to work on a long term view of financial strategy over a 5-10 year time frame. This reflects the need to consider the approach required for a return to financial balance for NHS Borders and thus the IJB.

7.6. These changes and improvements address the s95 responsibilities of the IJB CFO, providing a sound basis for financial transactions and control, budgetary management and financial

management and strategy. The IJB CFO has formally written to both parties to set out the improvement programme and action required. Both are in agreement with the programme of work outlined.

7.7. These improvements will provide support for the IJB CFO through relevant staff from the virtual finance team and enable discussion on finance to become more strategically focussed and operationally aligned.

8. IMPACTS

Community Health and Wellbeing Outcomes

8.1. It is expected that these improvements will indirectly support improvement in all of the National Health and Wellbeing Outcomes below, and directly on outcome 9. In improving financial control and management, this should enable the movement of resources to support service changes.

N	Outcome description	Increase / Decrease / No impact
1	People are able to look after and improve their own health and wellbeing and live in good health for longer.	
2	People, including those with disabilities or long term conditions, or who are frail, are able to live, as far as reasonably practicable, independently and at home or in a homely setting in their community.	
3	People who use health and social care services have positive experiences of those services, and have their dignity respected.	
4	Health and social care services are centred on helping to maintain or improve the quality of life of people who use those services.	
5	Health and social care services contribute to reducing health inequalities.	
6	People who provide unpaid care are supported to look after their own health and wellbeing, including to reduce any negative impact of their caring role on their own health and well-being.	
7	People who use health and social care services are safe from harm.	
8	People who work in health and social care services feel engaged with the work they do and are supported to continuously improve the information, support, care and treatment they provide.	
9	Resources are used effectively and efficiently in the provision of health and social care services.	Direct increase

Financial impacts

8.2. There is no financial cost to implementation of this approach

8.3. The impact of these changes should improve budgetary control, monitoring, reporting and forecasting thus supporting delivery of the HSPC Strategic Framework.

8.4. The impact of these changes should improve financial grip and control, supporting delivery of financial savings targets, supporting virement across the partnership, enabling more financial planning, and contributing towards the adoption of a long term strategic financial approach. This will also provide assurance to government that the IJB and HSPC are supporting the delivery of the NHS Board Financial Recovery Plan.

Equality, Human Rights and Fairer Scotland Duty

8.5. Integrated Impact Assessment Stage 1 Proportionality and Relevance

The IJB has a statutory obligation to eliminate unlawful discrimination, harassment and victimisation; advance equality of opportunity between people who share a characteristic (age, disability, gender re-assignment, trans/transgender identity, marriage or civil partnership, pregnancy and maternity, race groups, religion or belief, sex-gender identity, and sexual orientation) and those who do not; and foster good relations between people who share a characteristic and those who do not. This involves tackling prejudice and building understanding.

Additionally, where proposals are “strategic”, the Fairer Scotland Duty requires us to show that we have actively considered how we can reduce socio-economic inequalities in the decisions that we make and to publish a short written assessment on how we have done this.

The Stage 1 review has been completed and agreed with the Equalities Lead.

Legislative considerations

- 8.6. The implementation of the Regulations and the wider Financial Framework supports the s95 officer to fulfil their statutory role. This is achieved in partnership with SBC and NHSB.

Climate Change and Sustainability

- 8.7. There are no direct impacts for Climate Change and Sustainability.

Risk and Mitigations

- 8.8. The adoption of the Financial Regulations and wider Financial Framework reduces risks of errors, omissions, or misstatement of the financial position across the Partnership. The final version of the Regulations is key to cementing the required control environment, along with the Scheme of Delegation and Decision Making Processes. Dates are planned for finalisation of these documents.
- 8.9. There is a risk that the capacity of the virtual finance team is insufficient to meet requirements across the partner bodies and the partnership. The virtual team works well together and have to date always fulfilled any information requests from the IJB CFO. Further work is to be undertaken on setting out the financial reporting timescales and expectations, to help staff to manage their workload. These timetables will be developed in partnership with the virtual team.

9. CONSULTATION

Communities consulted

- 9.1. No consultation required following the Stage 1 Integrated Impact Assessment.
- 9.2. This report does not directly relate to service delivery so there no requirement to consider the Integration Planning and Delivery Principles.
- 9.3. The Director of Finance NHS Borders and the Acting Chief Financial Officer for SBC have been fully involved in the update of the Financial Regulations and are in agreement to the programme of improvement work as set out in the Financial Framework. The operational timetable for information requirements will be co-produced with the virtual finance team. Information

requirements to support financial reporting and planning will meet the standards required by these Regulations.

9.4. At this stage no consultation with other groups is required. The following groups will be involved as required in the Financial Framework development and implementation, particularly around financial management and financial planning:

- Unpaid Carers – Carers Workstream
- Staff – Joint Staff Forum
- Localities – Locality Working Groups
- Care Sector – Care Sector Advisory Group
- Clinical Groups – NHS Borders Clinical Reference Groups (GP Subcommittee, Area Clinical Forum, Area Dental Committee, Area Pharmacy Committee, Area Optometry Committee)
- IJB Strategic Planning Group

9.5. The Strategic Planning Group will be provided with relevant directions as the elements of the Financial Framework are finalised, prior to being submitted to the IJB.

Integration Joint Board Officers consulted

9.6. The IJB Chief Officer has been consulted, and all comments received have been incorporated into the final report. The IJB Chief Internal Auditor has been consulted and provided feedback and suggested changes on the draft Financial Regulations before they were finalised for Audit Committee consideration.

9.7. The IJB Equalities, Human Rights and Diversity Lead was consulted regarding assurance on Equality, Human Rights and the Fairer Scotland Duty.

Approved by:

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Author(s)

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Background Papers:

IJA Stage 1 Impact Assessment
Draft Financial Regulations
Financial Framework programme

Previous Minute Reference: none

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SCOTTISH BORDERS INTEGRATION JOINT BOARD FINANCIAL REGULATIONS

SCOPE

1. Scottish Borders Integration Joint Board (IJB) is a legal entity in its own right created following approval of The Joint Working Public Bodies (Scotland) Act 2014 Act and, subsequent Ministerial approval of the Scheme to establish the IJB between NHS Borders and Scottish Borders Council to integrate the planning and commissioning of health and social care services in the Borders. The IJB therefore requires its own set of Financial Regulations.
2. The IJB 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 responsibility of members and officers of the IJB.
3. The Financial Regulations are a key component of the IJB's governance. They set out the responsibilities of the IJB and senior officers in relation to the proper administration of the IJBs finances, as well as the internal and external audit arrangements in place. These provide a framework to ensure proper administration of the IJBs finances
4. These regulations should be read in conjunction with the Code of Corporate Governance of NHS Borders and the Financial Regulations of Scottish Borders Council.
5. Voting members of the IJB, together with officers appointed or seconded to the IJB 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.
6. The primary controls and control objectives are:
 - promotion of the highest standards of financial planning and management by the IJB
 - an effective system that complies with these financial regulations
 - that financial reporting to the IJB should be fully aligned with management information presented to NHS Borders and Scottish Borders Council
 - effective reporting that compares the financial performance of the IJB to its financial plan and supports achievement of strategic objectives.

FINANCIAL MANAGEMENT AND PERFORMANCE REPORTING

Responsibility of the IJB

7. The Integration Scheme sets out the detail of the arrangements for the Scottish Borders. In relation to financial management of the IJB budget it specifies:
 - the functions which are delegated to the IJB by NHS Borders and Scottish Borders Council
 - the method of determining the resources to be delegated each year by NHS Borders and Scottish Borders Council
 - the reporting arrangements between the IJB, NHS Borders and Scottish Borders Council
 - the financial management arrangements to be followed including the treatment of budget variances.
8. The IJB will prepare its Strategic Commissioning Framework (SCF) in consultation with stakeholders. The SCF must include:
 - the resources delegated from Scottish Borders Council to the IJB for social care services
 - the resources delegated from NHS Borders to the IJB for delegated primary and community health care services
 - the amount set aside by NHS Borders for major hospital services for the population of the Borders.

Responsibility of the IJB Chief Officer

9. The Chief Officer is the Accountable Officer of the UB. The Chief Officer will discharge their duties in respect of delegated resources by:
 - ensuring that the SCF meets the requirement for economy, efficiency and effectiveness in the use of the UB resources; and
 - giving directions to NHS Borders, Scottish Borders Council and other delivery partners, which are designed to ensure resources are deployed and spent in accordance with the SCP.
10. It is the responsibility of the Chief Officer to ensure that the provisions of such directions enable delivery partners to discharge their responsibilities within available resources.
11. As the Chief Officer of the Health and Social Care Partnership, in their operational role, they are accountable to the Chief Executives of NHS Borders and Scottish Borders Council for functions whose delivery is delegated to each organization. This includes the financial management and performance of services aligned to these functions. For services relating to social care, the Chief Officer reports on financial management to the Chief Executive of Scottish Borders Council via the Council's Chief Financial Officer (s95 Officer).

Responsibility of the Integration Joint Board Chief Finance Officer

12. The IJB will appoint an officer responsible for its financial administration.
13. In appointing the IJB Chief Finance Officer (IJB CFO) the IJB will comply with CIPFA guidance on the [‘Role of the Chief Financial Officer in Local Government’](#).
14. The IJB CFO and Chief Officer will discharge their duties in respect of the delegated resources by:
 - establishing financial governance systems for the proper use of the delegated resources
 - ensuring that the SCF meets the requirement for best value in the use of the IJB’s resource and
 - ensuring that the directions to NHS Borders and Scottish Borders Council provide for the finances being spent in line with the SCF.

Responsibility of NHS Borders Accountable Officer; NHS Borders Director of Finance and Scottish Borders Council Section 95 Officer

15. The NHS Borders Accountable Officer and the Scottish Borders Council’s Section 95 Officer discharge their responsibility as it relates to the resources delegated to the IJB - by setting out in the Integration Scheme the purpose for which resources are used and the systems and monitoring arrangements for financial performance management. It is their responsibility to ensure that the provisions of the Integration Scheme enable them to discharge their responsibilities in this respect.
16. The NHS Borders Director of Finance and the s95 Officer of Scottish Borders Council will provide regular in-year reporting, forecast and specific advice and professional support to the Chief Officer and IJB CFO to ensure that adequate systems of internal control are established.

FINANCIAL PLANNING

17. The IJB is responsible for production of a Strategic Commissioning Framework (SCF) – setting out the services for its population over the medium term (3 years). This should include a medium term financial plan for the resources within the scope of the SCF, incorporating:
 - the integrated budget – aggregate of payments to the IJB; plus
 - the set aside budget – the amount set aside by NHS Borders for large hospital services used by the IJB population.
18. NHS Borders and Scottish Borders Council will provide an annual allocation of funding, and indicative three year rolling funding allocations to the IJB, to support the SCF and medium term financial planning process. These allocations are subject to annual

approval by both organisations as part of their annual budgeting processes. The IJB CFO will prepare a medium term Financial Plan (for a minimum of three years) to support the SCF.

19. The IJB Chief Officer and CFO will develop an integrated budget for the forthcoming financial year based on the SCF. This will be in conjunction with the s95 Officer Scottish Borders Council and the Director of Finance NHS Borders. The IJB CFO will present this budget to NHS Borders and Scottish Borders Council for consideration and agreement as part of each organizations' annual financial planning process. The budget should reflect:

- **Activity Changes.** The impact on resources in respect of increased demand (eg demographic pressures and increased prevalence of long term conditions) and for other planned activity changes
- **Pay and Price inflation**
- **Legal requirements.** Legislation may entail expenditure commitments that should be reflected in an adjustment to the payment
- **Best Value.** All planned and anticipated cost reductions should be agreed between the IJB, Scottish Borders Council and NHS Borders including:
 - increased income opportunities,
 - efficiencies through service redesign, and
 - service rationalisations/cessations.
- **Performance on outcomes.** The potential impact of the above factors on agreed outcomes must be clearly stated and open to scrutiny and challenge by Scottish Borders Council and NHS Borders.
- Transfers **to/from the set aside budget for hospital services** set out in the SCF.

20. The IJB will publish an Annual Financial Statement which will set out the amount that will be spent in each year of the SCF. Guidance on the content of the Annual Financial Statement is included in the Statutory Guidance for Strategic Planning.

21. The method for the determination of contributions to the integrated budget is stated in the Integration Scheme.

Virement

22. Virement is defined by [CIPFA](#) as *“the transfer of an underspend on one budget head to finance additional spending on another budget head, in accordance with the Financial Regulations”*. Virement is a recurring or non-recurring transfer of budget from one budget heading (employee costs, supplies and services etc), to another, or a transfer of budget from one service to another. Any such proposed virement will be treated as a Direction with a clear explanation for the reason for the movement and the impact on the SCF.

Budgetary Control

23. It is the responsibility of the Chief Officer and IJB CFO to report regularly and timeously on all budgetary control matters, comparing projected outturn with the approved financial plan to the IJB and other bodies as designated by NHS Borders and Scottish Borders Council.
24. The Director of Finance (NHS Borders), the s95 Officer (Scottish Borders Council) and the IJB CFO, will ensure that there are appropriate systems in place to meet the financial performance monitoring and assurance requirements of the IJB.
25. The IJB CFO, in consultation with the Director of Finance (NHS Borders) and the s95 Officer (Scottish Borders Council) is responsible for agreeing a consistent basis and timetable for the preparation and reporting of management monitoring information to the IJB.

Budget Variances

26. The Integration Scheme specifies how in year over/under spends against approved budgets will be treated. Where it appears that any heading of income or expenditure may vary from that appearing in the Financial Plan, it is the duty of the Chief Officer and the IJB CFO, in consultation with the NHS Board Director of Finance and the Council's s95 Officer, to report in accordance with the appropriate method established for that purpose by the IJB, NHS Board and Scottish Borders Council, the details of the variance and any remedial action required.
27. If the remedial action is not successful and there are insufficient general fund reserves to fund the overspend, the partners have the option to:
 - Make additional payments to the IJB or
 - Provide additional resources to the IJB which are then recovered in future years, subject to scrutiny of the reasons for the overspend and assurance that there is a plan to address it.
28. In exceptional circumstances either party may amend their contribution to the IJB to offset an overspend. This provision should only be used in extreme circumstances. The Chief Officer will determine the actions required to make the savings to enable this transfer. This action must be approved by the IJB as advised by the IJB CFO.

Reports to Integration Joint Board

29. All reports to the IJB must specifically identify the extent of any financial implications. These must have been discussed and agreed with the IJB CFO prior to lodging of reports with the Board Secretary. If there are any additional financial consequences arising from reports for either NHS Borders or Scottish Borders Council the IJB CFO must be consulted and the author must ensure that these are agreed with those organisations' prior to approval being sought from the IJB.

LEGALITY OF EXPENDITURE

30. It is the duty of the Chief Officer to ensure that no expenditure is incurred, or included within the Financial Plan unless it is within the power of the IJB. Expenditure on new service developments, initial contributions to other organisations, must be clarified as to legality prior to being incurred. In cases of doubt the Chief Officer should consult the respective legal advisors of NHS Borders and Scottish Borders Council before incurring expenditure. Responses to emergency situations which require expenditure will be reported to the first available meeting of the IJB.

RESERVES

31. Legislation, under Section 106 of the Local Government (Scotland) Act 1973 empowers the IJB to hold reserves, which should be accounted for in the financial accounts and records of the IJB.
32. Any underspend will be held by the partner bodies on behalf of the IJB and can be drawn down with the approval of the IJB. No interest will be credited to the IJB for balances held.
33. A separate policy on reserves has been created in consultation with NHS Borders and Scottish Borders Council. This Reserves Policy was updated and approved in December 2022.
34. The IJB should, as part of financial planning, develop a strategic approach to reserves part of the development of long term finance strategy, which should indicate the level of reserves required and their purpose.

VAT

35. HM Revenues and Customs has confirmed that there is no requirement for a separate VAT registration for the IJB as it will not be delivering any services within the scope of VAT. This position will require to be kept under review by the IJB CFO should the operational activities of the UJB change and a need to register be established. HMRC guidance will apply to Scotland which will allow a VAT neutral outcome.

COMMISSIONING OF SERVICES

36. Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014/285 provides that the IJB may enter into a contract with any other party for the provision to the IJB of goods and services for the purpose of carrying out the functions conferred on it by the Act.
37. As a result of specific VAT and accounting issues associated with the IJB contracting directly for the provision of goods and services the Chief Officer is required to consult with the NHS Borders Director of Finance, and Scottish Borders Council's s95 Officer, prior to any direct procurement exercise being undertaken.

ACCOUNTING

Accounting Procedures and Records

38. All accounting procedures, records and systems of financial control of the IJB will be determined by the IJB CFO. These will also be subject to discussion with the s95 Officer of Scottish Borders Council and NHS Borders Director of Finance.
39. Legislation provides that the IJB is subject to the audit and accounts provision of a body under section 106 of the Local Government (Scotland) Act 1973. This requires audited annual accounts to be prepared with the reporting requirements specified in the relevant legislation and regulations i.e. Section 12 of the Local Government in Scotland Act 2003 and regulations under section 105 of the Local Government (Scotland) Act 1973. These will be proportionate to the limited number of transactions of the IJB whilst complying with the requirement for transparency and true and fair reporting in the public sector. The Accounts will be prepared on an accruals basis complying with the CIPFA UK Code of practice on Local Authority Accounting in force at the balance sheet date.
40. Scottish Borders Council and NHS Borders will include additional disclosures in their statutory accounts which reflect their formal relationship with the IJB.

Financial Statements of the Integration Joint Board

41. Financial reporting requirements for the IJB will be as specified in applicable legislation and regulation:
 - Following the Code of Practice on Local Authority Accounting in the UK.
 - Completed, published and signed to meet the audit and publication requirements as specified under section 105 of the Local Government (Scotland) Act 1973 or as amended by subsequent legislation.
42. It is the primary responsibility of the IJB CFO to meet these requirements and of the Chief Officer to provide any relevant information to ensure that NHS Borders and Scottish Borders Council meet their respective statutory and publication requirements for the single entity and group accounts. The annual reporting timetable should be agreed

in advance with the Director of Finance NHS Borders, s95 Officer for Scottish Borders Council and the external auditors. The target deadlines are as noted below.

Milestone	Deadline
Agreement of in year transactions and year end balances with Local Authority and Health Board	30 April
Draft annual accounts produced and submitted for audit	30 June
Inspection of accounts and lodging of objections	29 July
Accounts Signed	30 September
Publication of audited annual accounts	30 October

43. The IJB CFO will develop a timetable and responsibilities for production of information, in liaison with nominated contacts within each organisation, to ensure that appropriate information is exchanged within the timescales required by the statutory audit processes of the IJB, Council and NHS. Arrangements should be established to review and agree balances and transactions on a regular basis, not just at the year end.

INTERNAL AUDIT

Responsibility for Internal Audit

44. The IJB will establish adequate and proportionate internal audit arrangements for review of the adequacy of the arrangements for risk management, governance and control of the delegated resources.
45. The role of Chief Internal Auditor and associated Internal Audit services will be provided by the Chief Officer Audit and Risk and the Internal Audit team of Scottish Borders Council. The Council's Internal Audit Charter and Internal Audit Strategy are applicable for the provision of Internal Audit services to the IJB. The specific nature of operational audit support to the IJB will be agreed with the Chief Officer.
46. The Internal Audit Service will undertake its work in compliance with the [Public Sector Internal Audit Standards](#).
47. On or before the start of each financial year the Chief Internal Auditor will prepare and submit a strategic risk based Internal Audit Annual Plan for the Integration Joint Board to the IJB Audit Committee for approval. The Annual Plan will include sufficient work to enable the Chief Internal Auditor to prepare the statutory independent and objective audit opinion on the adequacy of the IJB's arrangements for governance, risk management and internal control of the delegated resources.
48. The IJB will place reliance on the existing mechanisms and governance arrangements adopted by NHS Borders and Scottish Borders Council for the provision of Internal Audit assurances to their respective Audit Committees. The Chief Internal Auditor will provide biannually to the Chief Officer, Chief Financial Officer, and the IJB Audit Committee the list of Internal Audit reports by Partners' Internal Auditors presented to their respective

Audit Committees that are relevant to the IJB for assurance purposes with a summary of assurances contained therein.

49. The Chief Internal Auditor will submit an Internal Audit Annual Assurance Report for the Integration Joint Board to the Chief Officer, Chief Financial Officer, and the IJB Audit Committee, providing an assurance opinion on the adequacy and effectiveness of the Integration Joint Board's framework of governance, risk management and internal control, a summary of audit activity during the year that supports the opinion, and a statement on conformance with the PSIAS. The Internal Audit Annual Assurance Report for the IJB will be published in the public domain on modern.gov to ensure transparency to all partners and enable relevant assurance.
50. The Chief Internal Auditor will provide progress updates biannually to the Chief Officer, Chief Financial Officer, and the IJB Audit Committee on the implementation by Management of relevant Audit recommendations relating to the IJB.

Authority of Internal Audit

51. The Chief Internal Auditor or their authorised representatives will have authority, on production of identification, (as defined in the Internal Audit Charter) to access any data held on any site by either SBC or NHS Borders that relates to the functions delegated to the IJB through the Integration Scheme.

RISK MANAGEMENT AND INSURANCE

Risk Management Policy and Strategy

52. The Risk Management Policy sets out the intent for managing the strategic risks of the IJB, and the roles and responsibilities of various stakeholders. The Chief Officer is responsible for ensuring all major decisions are subject to a risk assessment, fostering a supportive culture where all members of staff are openly able to discuss and escalate risks appropriately, and regularly reviewing the most significant risks threatening the IJB's strategic objectives. The Chief Officer will be supported by Scottish Borders Council's Corporate Risk Officer to review the IJB Strategic Risk Register. SBC Chief Officer Audit & Risk will lead on the development and review of the IJB's Risk Management Policy and Strategy. The Risk Management Policy and Strategy will be approved by the IJB.
53. The Risk Management Strategy includes the: governance structure; types of risks to be reported; risk management framework and process; roles and responsibilities; monitoring risk management activity and performance; and reporting of risks to the IJB.
54. Where appropriate, existing mechanisms embedded within both NHS Borders and Scottish Borders Council will be used to provide assurance to the IJB on managing those risks associated with the operational delivery of services that have been commissioned by the IJB. It is the responsibility of the partner organisations to provide

risk information as required by the IJB as part of monitoring arrangements and/or highlight any significant single risk arising that requires immediate notification to the IJB Chief Officer.

55. The IJB Audit Committee will scrutinise the adequacy and effectiveness of the IJB's risk management arrangements.

Responsibility for Insurance

56. The IJB will make appropriate insurance arrangements for all activities of the IJB in accordance with the risk management strategy. CNORIS arrangements apply for NHSB.
57. The Chief Officer will arrange, taking such specialist advice as may be necessary, that adequate insurance cover is obtained for all *normal insurable risks arising* from the activities of the IJB and for which it is the general custom to insure. This will include the provision of appropriate insurance in respect of members of the IJB acting in a decision making capacity.

Notification of Insurance Claims

58. The Chief Officer and the IJB CFO will put in place appropriate procedures for the notification and handling of any insurance and negligence claims made against the IJB.

ECONOMY, EFFICIENCY AND EFFECTIVENESS (BEST VALUE)

59. The Chief Officer will ensure that arrangements are in place to maintain control and clear public accountability over the public funds delegated to the IJB.
60. This will apply in respect of:
 - the resources delegated to the IJB by the NHS Borders and Scottish Borders Council
 - the resources paid to NHS Borders and Scottish Borders Council by the IJB for use as directed and set out in the SCP.
61. The IJB has a duty to put in place proper arrangements for securing [Best Value](#) in the use of resources and delivery of services. Best Value is about ensuring that there is good governance and effective management of resources, with a focus on improvement, to deliver the best possible outcomes for the public.
62. There will be a process of strategic planning which will have full member involvement, in order to establish the systematic identification of priorities and realization of Best Value in the delivery of services. It will be the responsibility of the Chief Officer to deliver the arrangements to secure Best Value and to co-ordinate policy in regard to ensuring that the IJB secures Best Value.

63. The Chief Officer is responsible for ensuring implementation of the strategic planning process. Best Value should cover financial, human and physical resource management, commissioning of services, financial management and policy, performance and service delivery.

64. The IJB will comply with relevant guidance on best practice financial management, such information as may be available from Scottish Government, HFMA, and CIPFA. Advice on use of management consultancy should be observed:

- The areas below should be considered before any management consultancy spend is procured. This is to minimise external consultancy spend and where procured, maximise economies of scale and benefits from any investment made by individual Boards. It is for the IJB to assure themselves they are getting value for money across the system for any spend incurred. Collaboration on any procurement processes is strongly suggested.

Problem definition - is there a clear understanding of outcomes, and are deliverables towards these outcomes clearly set out and agreed with the Chief Executive / Chief Officer (or DoF/ CFO)?
Need for consultancy - have other delivery models, including in-house expertise and other options including working with other Boards or partner organisations, been adequately considered?
National support - have you discussed with the relevant policy lead to determine whether support could be made available from Scottish Government and confirm whether this requirement is unique?
Sourcing to achieve Value For Money - has a proportionate level of market engagement taken place and is the procurement process robust and appropriate?
Knowledge and skills transfer to avoid over reliance - are the plans adequate for how results will be used and shared, skills will be passed on and how over-reliance on single providers will be avoided?

PARTNERSHIPS

65. The IJB will put in place appropriate governance arrangements to record all joint working arrangements entered into by the IJB.

OBSERVANCE OF FINANCIAL REGULATIONS

Responsibility of Chief Officer and the IJB Chief Finance Officer

66. It is the duty of the Chief Officer assisted by the IJB CFO to ensure that these Regulations are made known to the appropriate persons within the IJB and Health and Social Care Partnership and to ensure that they are adhered to.

Breach of Regulations

67. Any breach of these regulations should be reported immediately to the Chief Finance Officer, who may then discuss the matter with the Chief Officer, NHS Borders Chief Executive, Scottish Borders Council Chief Executive or another nominated or authorised person as appropriate to decide what action to take.
68. Where a material breach of these regulations is identified the IJB may choose to refer this breach to its partners for further action under the appropriate disciplinary policies of those organisations.

Review of Financial Regulations

69. These Regulations will be reviewed every three years (or earlier if there have been significant changes) by the IJB CFO in consultation with the NHS Borders Director of Finance and the Scottish Borders Council's s95 Officer, and where necessary, subsequent adjustments will be submitted to the IJB Audit Committee for recommendation to the IJB for approval.

Date of Review: 07 June 2023

Scottish Borders Health and Social Care Partnership



Equality, Human Rights and Fairer Scotland Duty Impact Assessment – Stage 1 Proportionality and Relevance

Completion of the template below will give senior officers the confidence that the Equality Duty, the Scottish Specific Public Sector Equality Duties, Human Rights and the Fairer Scotland Duty have been considered at the beginning of and throughout the proposal development and that action plans are in place, where applicable, to; identify relevant stakeholders, undertake robust consultation to deliver a collaborative approach to co-producing the E&HRIA.

What Integration Joint Board (IJB) report or Partnership decision does this proportionality and relevance assessment relate to:

Scottish Borders IJB Finance Framework

Relevant protected characteristics materially impacted, or potentially impacted, by proposals (clients, customers, employees people using services) indicate all that apply

Age	Disability Learning Disability, Learning Difficulty, Mental Health, Physical Autism/Asperger’s	Gender	Gender Reassignment	Marriage and Civil Partnership	Pregnancy and Maternity	Race	Religion and Belief (including non-belief)	Sexual Orientation
X	X	X	X	X	X	X	X	X

Equality and Human Rights Measurement Framework – Reference those identified in Stage 1

Education	Work	Living Standards	Health	Justice and Personal Security	Participation
Higher education Lifelong learning	Employment Earnings Occupational segregation	Poverty Housing Social Care	Social Care Health outcomes Access to health care Mental health Palliative and end of life care*	Hate crime, homicides and sexual/domestic abuse Reintegration, resettlement and rehabilitation*	Political and civic participation and representation Access to services Social and community cohesion* Family Life*

*Supplementary indicators

Main Impacts	Are these impacts positive or negative or a combination of both	Are the impacts significant or insignificant?
This is the overarching strategic financial framework which will be supported by detailed plans and directions, which will include the necessity to undertake impact assessments on each individual proposal. The impacts as they apply to the Duty will be reported back to the IJB along with the associated reports.	Although not known at this time, any reduction in service provision, without associated mitigating actions, will impact negatively due to the nature of the services delivered e.g., older disabled people, mental health, learning disability, addiction services, homelessness services, domestic abuse services	As service redesign as a direct result of the Financial Framework is unknown at this stage the significance of the impact will not be known until the proposals are consulted on.

Is the proposal considered strategic under the Fairer Scotland Duty?	Yes
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E&HRIA to be undertaken and submitted with the report – Yes	Proportionality & Relevance Assessment undertaken by: Hazel Robertson Chief Finance Officer 22 February 2023
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