



## ANGUS HEALTH AND SOCIAL CARE

### INTEGRATION JOINT BOARD AUDIT COMMITTEE – 24 JUNE 2020

#### REVIEW OF THE ROLE OF CHIEF FINANCE OFFICER 2019/20

#### REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

### ABSTRACT

To brief the Audit Committee regarding the outcomes of the 2019/20 self-assessment of the role of the Chief Finance Officer within Angus IJB against the principles set out in CIPFAs “The Role of the Chief Finance Officer in Local Government”.

### 1. RECOMMENDATIONS

It is recommended that the Integration Joint Board Audit Committee:-

- (i) note the main points from the 2019/20 self-assessment of the role of the Chief Finance Officer in Angus IJB;
- (ii) note that the IJB is generally compliant with the principles set out in the review;
- (iii) note that a small number of residual issues are being progressed through other existing channels;
- (iv) agree that the IJB CFO should review improved financial management training is available for all managers within the IJB; and
- (v) note that this self-assessment has been shared with the IJB’s Internal Auditors and their view is this self-assessment is consistent with their knowledge of Angus IJB and information reviewed as part of their Annual Audit report.

### 2. BACKGROUND

- 2.1 In 2016 CIPFA (Chartered Institute of Public Finance & Accountancy) published a document “The Role of the Chief Finance Officer in Local Government”. As Angus IJB is formally classified as a Local Authority body, so this guidance is applicable to Angus IJB

The document notes that it “sets out 5 principles that define the core activities and behaviours of the CFO in Public Services organisation and the organisational arrangement needed to support them.” The overall document is described as the CIPFA Statement on the role of the Chief Finance Officer in a public service organisation and has the 5 principles within it are: -

The CFO in Public Sector Organisation:-

1. is a key member of the leadership team, helping it develop, and implement strategy and to resource and deliver the organisation’s strategic objectives sustainability and in the public interest.

2. must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered and alignment with the organisation financial strategy.
3. must lead the promotions and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the CFO: -

4. must lead and direct a finance function that is resource to be fit for purpose.
5. must be professionally qualified and suitably experienced.

- 2.2 In 2016/17 a detailed self-assessment was undertaken (IJB report 41/17). In subsequent years reviews have been undertaken of areas that were had initially been noted as weaknesses. Since 2016/17 a number of issues have already been improved upon and a number of other issues have been acknowledged as not being applicable to the Angus IJB CFO role (see report 13/19).

Due to current working constraints this report only focuses on areas previously noted as ones where Angus IJB was not compliant with the principles or only partly compliant with the principles.

By the end of 2018/19 the IJB was generally regarding itself as generally and increasingly compliant against all issues. There were also a number of issues where, although the IJB was taking steps towards meeting requirements, it was not yet fully compliant. The attached appendix summarises areas where the IJB is still not compliant or only partially compliant but with points to note. Some of these issues will be taken forward through other channels.

Of the points noted, a specific action will be to ensure ongoing development of financial skills for managers within Angus HSCP.

Issues linked directly to provision of Finance systems and staffing for Social Care services remain out-with the direct control of the IJB CFO. This is an issue that is remains under consideration as part of 2019 national reviews of the progress of Integration via the Ministerial Strategic Group for Health and Social Care.

The IJB intends to recruit additional financial management resource in summer 2020 and this will generally increase the resilience of the IJB's overall financial management.

- 2.3 The output of this self-assessment has been shared with the IJB's Internal Auditors and their view is this self-assessment is consistent with their knowledge of Angus IJB and information reviewed as part of their Annual Audit report. This will be reflected in their summary of the IJB's overall governance for 2019/20.
- 2.4 It was previously noted that more detailed self-assessments would be undertaken bi-annually. While this has not been possible at this phase of the reporting cycle, it is still the intention from 2020/21 onwards.

### 3. CONCLUSIONS

The Audit Committee is requested to note the summarised 2019/20 self-assessment of the role of the Chief Finance Officer, to note that Angus IJB is generally compliant with requirements and that this assessment is consistent with the views of the IJB's Internal Auditors and to note that a small number of residual issues are being progressed through other existing channels

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## APPENDIX 1

### **ANGUS IJB - STATEMENT ON THE ROLE OF THE CHIEF FINANCIAL OFFICER - CHECKLIST (2019/20)**

In order to support Chief Financial Officers (CFOs) in the fulfilment of their duties and to ensure that local authorities have access to effective financial advice at the highest level, CIPFA has introduced a 'comply or explain' requirement in the Annual Statement of Accounts.

This is covered by five principles, each of which requires the right ingredients in terms of:

- a) The Organisation;
- b) The Role; and
- c) The Individual.

This extract only reflects principles/points where the IJB previously indicated a “no” to compliance.

<b>Principle 2</b>		<b>The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's overall financial strategy.</b>			
		<b>Supporting Principle:</b>	<b>Comply? (Yes/No)</b>	<b>What evidence exists to demonstrate compliance</b>	<b>If no compliance, give explanation</b>
a) Governance Requirements	i)	Establish a medium term business and financial planning process to deliver the authority's strategic objectives, including: <ul style="list-style-type: none"> <li>• a robust annual budget process that ensures financial balance and;</li> <li>• a monitoring process that enables this to be delivered.</li> </ul>	2018/19 – Partly; 2019/20 - Partly  Previously - No; 2019/20 - Yes	IJB Reports 82/19 and 15/29	The IJB has a robust budget process but 3 year financial plans do not yet balance.  The IJB's budget monitoring processes are increasingly robust and reported at every IJB meeting.
b) Core CFO Responsibilities	<i>Responsibility for financial strategy:</i>				
	ii)	Maintaining a long term financial strategy to underpin the authority's financial viability within the agreed performance framework.	2018/19– Partly; 2019/20 – Partly	The IJB does have a well documented long term financial plan, but it contains shortfalls.	The IJB has a robust budget process but 3 year financial plans do not yet balance.
<b>Principle 3</b>		<b>The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.</b>			
		<b>Supporting Principle:</b>		<b>Supporting Principle:</b>	
a) Governance Requirements	x)	Assess the financial skills required by managers and commit to develop those skills to enable their roles to be carried out effectively.	Previously –No; 2019/20 – Partly.	The IJB has instigated some, but not regular enough, financial management training for managers.	This needs further development in conjunction with employing partners.

Principle 4		The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose.			
		Supporting Principle:	Comply? (Yes/No)	What evidence exists to demonstrate compliance	If no compliance, give explanation
a) Governance requirement	ii)	Ensure there is a line of professional accountability to the CFO for finance staff throughout the authority.	2018/19 – No; 2019/20 – Partly.	In 2019/20, NHS Tayside agreed to devolve accountability for Finance staff to Tayside IJB CFOs. This will make a significant contribution to improving integrated financial management. This change has not been replicated in Angus Council.	This remains under consideration given recent Ministerial Strategy Group reviews of Integration and may be subject of further discussion with Angus Council.
b) Core CFO responsibilities	iv)	Implementing robust processes for recruitment of finance staff and/or outsourcing of functions.	2018/29 – N/A; 2019/20 – Partly.	As per above, this is now relevant for part of the finance support. In Summer 2020, the IJB is scheduled to engage additional financial management resource.	
c) Personal skills & professional standards	vi)	Set and monitor meaningful performance objectives for the finance team.	2018/19 - N/A; 2019/20 – To be developed (Partly only).	As per above, and once additional financial management resource in place, this will be developed.	
	vii)	Role model effective staff performance management.	2018/19 – N/A; 2019/20 – To be developed (Partly only).	As per above, and once additional financial management resource in place, this will be developed.	