



ANGUS HEALTH AND SOCIAL CARE

INTEGRATION JOINT BOARD AUDIT COMMITTEE – 21 APRIL 2021

REVIEW OF THE ROLE OF CHIEF FINANCE OFFICER 2020/21

REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

ABSTRACT

To brief the Integration Joint Board (IJB) Audit Committee regarding outcomes of the 2020/21 self-assessment of the role of the Chief Finance Officer within Angus IJB against the principles set out in Chartered Institute of Public Finance and Accountancy's (CIPFA) "The Role of the Chief Finance Officer in Local Government".

1. RECOMMENDATIONS

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

- (i) Notes the main points from the 2020/21 self-assessment of the role of the Chief Finance Officer (CFO) in Angus IJB;
- (ii) Notes that the IJB is generally compliant with the principles set out in the review;
- (iii) Notes that a small number of residual issues are being progressed through other existing channels;
- (iv) Confirms that the IJB CFO should ensure a review is undertaken to establish the availability of improved financial management training for all managers within the IJB (noting this is already an outstanding IJB Audit Committee Action point); and
- (v) Notes that this self-assessment will be shared with the IJB's Internal Auditors and this will be available for the Auditors to use during their Annual Audit review. In previous years the IJB's Internal Auditors have confirmed that their view was the self assessments have been consistent with their knowledge of Angus IJB and information reviewed as part of their Annual Audit report.

2. BACKGROUND

- 2.1 In 2016 CIPFA 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. The 5 principles within it are below.

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 organisations financial strategy.
3. Must lead the promotion 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 resourced to be fit for purpose.
 5. Must be professionally qualified and suitably experienced.
- 2.2 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 (report 43/19) 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. 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 remains under consideration as part of the follow up to 2019 national reviews of the progress of Integration via the Ministerial Strategic Group for Health and Social Care.

Of the points noted, a specific action will be to ensure ongoing development of financial skills for managers within Angus Health and Social Care Partnership (HSCP). The IJB recruited additional financial management resource in summer 2020, this will generally increase the resilience of the IJB's overall financial management. During 2020/21 this additional resource has been pivotal to sustaining the finance responses to COVID-19.

- 2.3 The output of this self-assessment has been shared with the IJB's Internal Auditors. While they had already indicated they were content with a high-level self-assessment this will be available for the Auditors to use during their Annual Audit review. In previous years the IJB's Internal Auditors have confirmed that their view was, the self assessments have been consistent with their knowledge of Angus IJB and information reviewed as part of their Annual Audit Report.
- 2.4 It was previously noted that more detailed self-assessments would be undertaken bi-annually. While this has not been possible in 2020/21 due to COVID-19, it is still the intention going forward.

3. SUMMARY

The IJB Audit Committee is requested to note the summarised 2020/21 self-assessment of the role of the Chief Finance Officer, to note that Angus IJB is generally compliant with requirements, this assessment will be shared with the IJB's Internal Auditors and to note that a small number of residual issues are being progressed through other existing channels.

REPORT AUTHOR: ALEXANDER BERRY, Chief Finance Officer

E-mail details: tay.angushscp@nhs.scot

Appendix 1: Angus IJB – Statement on the Role of the Chief Finance Officer – Checklist 2020/21

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 indicted a “no” to compliance.

Principle 2		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.			
		Supporting Principle:	Comply? (Yes/No)	What evidence exists to demonstrate compliance	If no compliance, give explanation
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"> • a robust annual budget process that ensures financial balance and; • a monitoring process that enables this to be delivered. 	2019/20 - Partly 2020/21 - Partly 2019/20 – Yes 2020/21 - Partly	IJB Reports 82/20 and Report to April 2021 IJB The shortcomings in finance support combined with COVID-19 pressures have stretched finance support beyond normal levels.	The IJB has a robust budget process but 3 year financial plans do not yet balance. The IJB's budget monitoring processes are stretched but still 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.	2019/20 - Partly 2020/21 - 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.

Principle 3		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.			
		Supporting Principle:		Supporting Principle:	
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.	2019/20 - Partly 2020/21 - Partly	The IJB had previously instigated training. The regularity of this still needs improved but improvement was not practical during 2020/21 due to COVID-19.	This needs further development in conjunction with employing partners. This remains an outstanding Audit Committee Action Point.
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.	2019/20 - Partly 2020/21 - Partly	From 2019/20 NHS Tayside devolved accountability for Finance staff to IJB CFOs. This has delivered significant improvement. 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.	2019/20 - Partly 2020/21 - Partly	See 4a.	Additional Partnership finance resource recruited to in 2020/21 but shortfalls with Angus Council support during 2020/21.
c) Personal skills & professional standards	vi)	Set and monitor meaningful performance objectives for the finance team.	2019/20 - To be developed (Partly only) 2020/21 As per 2019/20	See 4a. Additional financial management resource now in place but progress delayed due to COVID-19.	Progress delayed due to COVID-19.
	vii)	Role model effective staff performance management.	2019/20 - To be developed (Partly only) 2020/21 As per 2019/20	See 4a. Additional financial management resource now in place but progress delayed due to COVID-19.	Progress delayed due to COVID-19.