



ANGUS HEALTH AND SOCIAL CARE

INTEGRATION JOINT BOARD AUDIT COMMITTEE – 20 APRIL 2022

REVIEW OF THE ROLE OF CHIEF FINANCE OFFICER 2021/22

REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER

ABSTRACT

To brief the Integration Joint Board (IJB) Audit Committee regarding outcomes of the 2021/22 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 2021/22 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; and
- (iv) Notes that this self-assessment will be shared with the IJB's Internal Auditors.

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.

<https://www.cipfa.org/policy-and-guidance/reports/the-role-of-the-chief-financial-officer-in-local-government>

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 and ongoing 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. This abbreviated approach has been noted to the IJB's Internal and External Auditors.

By the end of 2018/19 (report 43/19), the last time a full review was undertaken, the IJB was generally regarding itself as "generally and increasingly compliant" against all issues. At the time, there were also a number of issues where, although the IJB was taking steps towards meeting requirements, it was not yet fully compliant. That included issues linked to staffing for Social Care Services which remained out-with the direct control of the IJB CFO. There have been subsequent developments on some of these points.

The updated and abbreviated review as at March 2022 is attached at appendix 1.

- 2.3 The output of this self-assessment will be shared with the IJB's Internal Auditors. In previous years the IJB's Internal Auditors have confirmed that their view was that 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 and 2021/22 due to COVID-19, it is still the intention going forward.
- 2.5 Of the points noted, a specific action remains to ensure the ongoing development of financial skills for managers within Angus Health and Social Care Partnership (HSCP). This has proved difficult to progress during COVID-19 pandemic and during a period of staff turnover. It is still a planned action for the coming year.

A number of other longstanding issues around principle 4 "The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose" have now been successfully addressed.

Other unresolved issues relate to the lack of a balanced long term financial plan (principle 2). This is an issue the IJB are regularly sighted on through the sharing of Strategic Financial Planning reports.

3. CONCLUSIONS

The IJB Audit Committee is requested to note the summarised 2021/22 self-assessment of the role of the Chief Finance Officer, to note that Angus IJB is generally compliant with requirements, to note that a small number of residual issues continue to be progressed through other channels and that this assessment will be shared with the IJB's Internal Auditors

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APPENDIX 1

ANGUS IJB - STATEMENT ON THE ROLE OF THE CHIEF FINANCIAL OFFICER - CHECKLIST (2021/2022)

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” or “partly” 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. 	2020/21 - Partly 2021/22 - Partly 2020/21- Partly 2021/22 - Yes	IJB Reports 7/22 and Report to April 2022 IJB From 2022, integrated finance team now more able to deliver this.	The IJB has a robust budget process but 3 year financial plans do not yet balance. N/A
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.	2020/21 - Partly 2021/22 - 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:	Comply? (Yes/No)	What evidence exists to demonstrate compliance	If no compliance, give explanation
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.	2020/21 - Partly 2021/22 - Partly	The provision of this training has diminished during COVID-19.	This still needs further development and 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.	2020/21 – Partly 2021/22 - Yes	NHS Tayside has previously devolved accountability for Finance staff to CFO delivering significant improvement. This has now been matched by Angus Council (Nov.2021).	N/A
b) Core CFO responsibilities	iv)	Implementing robust processes for recruitment of finance staff and/or outsourcing of functions.	2020/21 – Partly 2021/22 - Yes	4 new finance staff recruited in 2021/22 filling a range of vacancies.	N/A
c) Personal skills & professional standards	vi)	Set and monitor meaningful performance objectives for the finance team.	2020/21 – Partly 2021/22 - Yes	All finance staff now subject to regular appraisal.	N/A
	vii)	Role model effective staff performance management.	2020/21 – Partly 2021/22 - Yes	Visible leadership and support provided in conjunction with Partnership Finance Manager.	N/A