



Orkney Integration Joint Board Financial Regulations



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Lead Manager.	Chief Finance Officer.
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Contents

1. Introduction and Observance.....	3
2. Corporate Governance	4
3. Best Value	5
4. Roles and Responsibilities.....	5
5. Financial Planning and Management.....	7
6. Virement	9
7. Reserves	9
8. Annual Accounts.....	10
9. Treasury Management.....	10
10. Reviewing the Financial Regulations	11
11. Legal Advice	11
12. Risk Management and Insurance	11
13. Internal Audit.....	12
14. External Audit	12
15. Fraud, Corruption and Bribery	12
16. Capital Planning.....	12
17. Control of Capital Expenditure	13
18. Stakeholder Representatives' Expenses	13
19. Petty Cash	13
20. Inventories	13
21. Income	13
22. Payroll, Travel and Subsistence	14
23. Orders for Work, Goods and Services	14
24. Payment of Accounts, Contributions and Subscriptions	14
25. Contracts for Building, Engineering and Associated Works.....	14
26. Property and Security	14
27. Internal Control and Authorisation	14
28. Retention of Financial Documents.....	15
29. VAT.....	15
30. Review.....	15

The Orkney Integration Joint Board positively promotes the principles of sound corporate governance within all areas of the Board's affairs. These Financial Regulations are an essential component of the corporate governance of the Orkney Integration Joint Board.

1. Introduction and Observance

1.1. The Public Bodies (Joint Working) (Scotland) Act 2014 was passed by the Scottish Parliament on 25 February 2014 and received Royal assent in April 2014. It established the framework for the integration of health and social care in Scotland.

1.2. Section 95 of the Local Government (Scotland) Act 1973 requires all Integration Joint Boards in Scotland to have adequate systems and controls in place to ensure the “proper administration of their financial affairs”, including the appointment of an officer with full responsibility for their governance. These Financial Regulations detail the responsibilities of the Chief Finance Officer who has been appointed as the “proper officer” along with the responsibilities of the Chief Officer and Members of the Integration Joint Board.

1.3. The Orkney Integration Joint Board is a legal entity, created by Parliamentary Order following Ministerial approval of an Integration Scheme. The Orkney Integration Joint Board was legally established on 6 February 2016.

1.4. Both the Health Board and the Council operate under Financial Regulations/Standing Financial Instructions in the operational delivery of services. As this service delivery will continue to be carried out within the Health Board and the Council, these Financial Regulations relate specifically to the affairs of the Orkney Integration Joint Board itself and therefore are more limited and focused in scope. All operational and transactional finance matters for delivery of the Orkney Integration Joint Board will comply with NHS Orkney’s Standing Financial Instructions and Orkney Islands Council’s Financial Regulations.

1.5. The Orkney Integration Joint Board was established by Scottish Ministers following the Integration Scheme approved by NHS Orkney and Orkney Islands Council under which functions and resources are delegated to the Orkney Integration Joint Board. Orkney Integration Joint Board will direct the Health Board and the Council on how resources will be spent in line with the approved Strategic Plan, and allocate resources back to the Health Board, the Council, or any other commissioned body in accordance with its directions. The Orkney Integration Joint Board has responsibility for oversight and management of expenditure within the allocated commissioned budgets.

1.6. Under Scottish Government Regulations, for all Integration Joint Boards in Scotland the Chief Officer, supported by the Chief Finance Officer, must ensure that there are adequate systems and controls in place for the proper management of its financial affairs.

1.7. These Financial Regulations of the Orkney Integration Joint Board detail the responsibilities, policies, and procedures in dealing with the financial affairs of the Orkney Integration Joint Board.

1.8. The Chief Officer, Chief Finance Officer and all Members of the Orkney Integration Joint Board whether voting or non-voting must comply with these Regulations at all times in relation to the conduct of the Orkney Integration Joint Board’s own financial affairs.

1.9. All actions that affect the Orkney Integration Joint Board's finances should only be carried out by properly authorised employees. The Chief Officer will establish a clear and effective framework of authorisation for the Orkney Integration Joint Board.

1.10. The Chief Officer and the Chief Finance Officer will make sure that the Orkney Integration Joint Board only commits to expenditure that it is legally able to commit to and is within the scope of the approved Integration Scheme and Strategic Plan. Where this is not clear, the Chief Finance Officer will consult with the Director of Finance of NHS Orkney and/or the Section 95 Officer of Orkney Islands Council. Similarly, the legality of expenditure relating to new service developments, contributions to external organisations and responses to emergency situations will be identified before any expenditure is committed.

1.11. If it is believed that anyone may have broken, or may break, these Regulations, this must be reported immediately to the Chief Finance Officer, who will then discuss the matter with the Chief Officer to determine what action is to be taken.

1.12. For the avoidance of doubt the breach of non-compliance with these Regulations may result in disciplinary action being taken against the relevant individual(s) in line with their employer policies and contracts of employment.

1.13. The Chief Officer and other authorised persons will ensure that all expenditure within the Integration budget meets proper accounting standards.

1.14. The Chief Finance Officer will interpret the regulations and put them into practice in a way which takes account of the obligations in the Orkney Integration Joint Board's Standing Orders relating to contracts, if and when applicable.

1.15. The Orkney Integration Joint Board will consider and approve any alterations to these Financial Regulations. For more information or clarification on these Regulations, please contact the Chief Finance Officer.

2. Corporate Governance

2.1. Corporate governance is about the structures and processes for decision making, accountability, controls, and behaviour throughout the Orkney Integration Joint Board. The basic principles of corporate governance are as follows.

2.1.1. **Openness:** Anyone with an interest in the affairs of the Orkney Integration Joint Board should have confidence in the decision making and management processes and the individuals involved in them. This confidence is gained through openness in its affairs and by providing full, accurate and clear information which leads to effective and timely action and scrutiny.

2.1.2. **Integrity:** There should be honesty, selflessness, objectivity, and high standards of conduct in how the Orkney Integration Joint Board's funds and affairs are managed. Integrity depends on the effectiveness of the control framework and on the personal standards and professionalism of members and officers involved in the running of its affairs.

2.1.3. **Accountability:** There needs to be a clear understanding by everyone involved in the Orkney Integration Joint Board's affairs of their roles and

responsibilities. There should also be a process which provides appropriate independent examination of the decisions and actions of those involved in the Orkney Integration Joint Board's affairs, including how the Orkney Integration Joint Board's funds and performance are managed.

2.2. The Financial Regulations are an essential part of the corporate governance of the Orkney Integration Joint Board.

2.3. Members of the Orkney Integration Joint Board are required to follow any formally agreed national codes of conduct.

3. Best Value

3.1. Best Value requires a continuous improvement in the performance of the Orkney Integration Joint Board's functions. In accordance with Best Value principles all proposed and current service arrangements shall be subject to review and option appraisal.

3.2. The Orkney Integration Joint Board has a duty to put in place proper arrangements for securing Best Value in the use of resources and delivery of services.

4. Roles and Responsibilities

4.1. Orkney Integration Joint Board

4.1.1. The Orkney Integration Joint Board is responsible for the planning and commissioning of services. NHS Orkney and Orkney Islands Council are responsible for delivering those services.

4.1.2. The Orkney Integration Scheme sets out the detail of the integration arrangement agreed between NHS Orkney and Orkney Islands Council.

4.1.3. The Orkney Integration Joint Board will continuously work to secure best value for money, and economy, efficiency, and effectiveness in how the organisation directs its resources.

4.1.4. The Board is responsible for ensuring that proper accounting records are kept which disclose the true and fair financial position of the Orkney Integration Joint Board and enable that financial statements comply with the Code of Practice.

4.1.5. The Board are responsible for ensuring that procedures are in place to ensure compliance with all statutory obligations.

4.1.6. NHS Orkney and Orkney Islands Council are responsible for ensuring that proper accounting records are kept which disclose the true and fair financial position of commissioned service delivery and enable that financial statements comply with the Code of Practice.

4.2. Chief Officer

4.2.1. The Chief Officer is the accountable officer of the Orkney Integration Joint Board in all matters except finance. The Orkney Integration Joint Board must make arrangements for the proper administration of its financial affairs and appoint a Chief Finance Officer with this responsibility.

4.2.2. The Chief Officer has a direct line of accountability to the Chief Executives of NHS Orkney and Orkney Islands Council for the delivery of integrated services.

4.2.3. The Chief Officer is responsible for ensuring that progress is being made in achieving the national and local outcomes and for monitoring on the underpinning measures and indicators including finance that will demonstrate progress.

4.2.4. The Chief Officer shall ensure that the Chief Finance Officer is informed of financial matters that will have a significant impact on services, seeking financial advice where necessary.

4.2.5. The Chief Officer will also hold an operational role in the Health Board and Local Authority, for the management of the operational delivery of the services as directed by the Orkney Integration Joint Board.

4.2.6. The Chief Officer will discharge their duties in respect of the delegated resources by establishing and maintaining financial governance systems for the proper use of the delegated resources. They will also ensure that the Strategic Plan meets the requirement for best value in the use of the Orkney Integration Joint Board's resources.

4.3. Chief Finance Officer

4.3.1. The Chief Finance Officer will ensure they maintain strong financial management which shall be underpinned by effective controls and contribute to corporate management and leadership.

4.3.2. The Chief Finance Officer shall ensure that proper accounting records are maintained for the Orkney Integration Joint Board and is responsible for the preparation of the Board's Financial Statements following the Code of Practice on Local Authority Accounting in the UK.

4.3.3. The Chief Finance Officer will discharge their duties in respect of the delegated resources by establishing and maintaining financial governance systems for the proper use of the delegated resources. They will also ensure that the Strategic Plan meets the requirement for best value in the use of the Orkney Integration Joint Board's resources.

4.3.4. The Chief Finance Officer (in consultation with the Chief Officer) will advise the Orkney Integration Joint Board on the financial implications of the Orkney Integration Joint Board's activities.

4.3.5. The Chief Finance Officer should ensure that the Orkney Integration Joint Board carries out a review of the adequacy and effectiveness of its governance framework, including the system of internal control, at least annually. The review of

the effectiveness of the framework to be informed by the work of the Orkney Health and Social Care Partnership's Senior Management Team who have responsibility for development and maintenance of the governance environment.

4.3.6. The Chief Finance Officer shall provide the Chief Officer and the Board with an annual governance statement.

4.3.7. The Chief Finance Officer shall ensure that arrangements are in place to properly establish the correct liability, process, and accounting for VAT.

4.3.8. The Chief Finance Officer will ensure that budget holders receive impartial advice, guidance and support and appropriate information to enable them to effect control over expenditure and income.

4.3.9. The Chief Finance Officer shall ensure that these regulations are reviewed and updated, as necessary.

5. Financial Planning and Management

5.1. Strategic Plan

5.1.1. The Orkney Integration Joint Board will approve three-yearly Strategic Plans which sets out arrangements for planning and directing the functions delegated to it by NHS Orkney and Orkney Islands Council. The Strategic Plan will determine the budgets allocated to each operational partner for operational service delivery in line with the Plan, recognising that these may need to be indicative. The Orkney Integration Joint Board will publish its Strategic Plan as soon as practicable after each revision of the Plan.

5.1.2. The format of the Strategic Plan will be determined by the Chief Officer taking into account legislative requirements in terms of consultation and approval processes and national guidance in terms of content.

5.1.3. An Equality Impact Assessment and an Island Communities Impact Assessment must be carried out in respect of each three-yearly Strategic Plan.

5.1.4. The Chief Officer may update the Strategic Plan annually, which, where relevant, will incorporate a financial plan for the resources within the scope of the Orkney Integration Joint Board.

5.2. Annual Budget

5.2.1. The Chief Officer and the Chief Finance Officer may develop a case for the integrated budget based on the Strategic Plan and present it to NHS Orkney and Orkney Islands Council for consideration and agreement as part of the annual budget setting process.

5.2.2. The method for determining the baseline budget for each financial year will be determined by the resources available to the NHS Orkney and Orkney Islands Council, their strategic priorities, and compliant with instructions made by the Scottish Government.

5.2.4. The Chief Officer is responsible for commissioning the delegated services of the Orkney Integration Joint Board to NHS Orkney and Orkney Islands Council.

5.3. Accounting Policies

5.3.1. The Orkney Integration Joint Board is subject to the audit and accounts provisions of a body under section 106 of the Local Government (Scotland) Act 1973. The Chief Finance Officer is responsible for the preparation of the Board's Financial Statements following the Code of Practice on Local Authority Accounting in the UK.

5.4. Budget Management

5.4.1. Budget holders within NHS Orkney and Orkney Islands Council will be accountable for all budgets within their control as directed by the Orkney Integration Joint Board in line with its Strategic Plan. The Orkney Integration Joint Board will ensure appropriate arrangements are in place to support good financial management and planning. The Orkney Integration Joint Board pay regard to NHS Orkney and Orkney Islands Council policies in relation to:

- Management of Integrated Budgets – Guiding Principles.
- Budget Setting.
- Scheme of Virement.
- Managing Financial Performance.
- Capital Planning.
- Reserves Policy and Strategy.

5.4.2. No expenditure shall be incurred by the Orkney Integration Joint Board unless it has been included within the approved Integration Baseline Budget and Strategic Plan, except:

- Where additional funding has been approved by NHS Orkney and/or Orkney Islands Council, and/or the Scottish Government and the Orkney Integration Joint Board's budget updated appropriately.
- Where a supplementary budget has been approved by the Orkney Integration Joint Board.
- In emergency situations in terms of any Scheme of Delegation.
- As provided for in section 6 below (Virement).

5.4.3. It is the joint responsibility of the Chief Officer and the Chief Finance Officer to report regularly and timeously on all budgetary control matters, comparing projected outturn with the approved financial plan to the Orkney Integration Joint Board and other bodies as designated by NHS Orkney or Orkney Islands Council.

5.4.4. The NHS Orkney Director for Finance and the Section 95 Officer of Orkney Islands Council shall, along with the Chief Finance Officer, put in place a system of budgetary control which will provide the Chief Officer with management accounting information for commissioned services and for the Orkney Integration Joint Board in aggregate.

5.4.5. It is the responsibility of the Chief Officer and the Chief Finance Officer, in consultation with the NHS Orkney Director of Finance and the Section 95 Officer of Orkney Islands Council, to agree a consistent basis and timetable for the preparation and reporting of management accounting information.

5.5. Budget Monitoring

5.5.1. NHS Orkney's Director of Finance and Orkney Islands Council's Section 95 Officer will provide the Orkney Integration Joint Board with management accounts including detailed explanatory narratives to significant variances, and forecasts to allow the Chief Finance Officer to monitor the overall financial performance of the Orkney Integration Joint Board's functions in relation to the approved revenue budgets.

6. Virement

6.1. Virement is defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) as "the transfer of an underspend on one budget head to finance additional spending on another budget head, in accordance with an Authority's Financial Regulations". In effect virement is the transfer of budget from one main budget heading to another, or a transfer of budget from one service or department to another. This would also include transfers between the two arms of the operational budget.

6.2. Virements require approval and they shall be permitted subject to any Scheme of Delegation of the Orkney Integration Joint Board as follows:

6.2.1. Virement must not create additional overall budget liability. One off savings or additional income should not be used to support recurring expenditure or to create future commitments including full year effects of decisions made part way through a year. Where the virement is for £100,000 or less, involves the transfer between operational budget headings, and will not affect the execution of existing NHS Orkney or Orkney Islands Council policy, the transfer shall be approved jointly by the Chief Officer and the Chief Finance Officer. Where the virement exceeds £100,000 and involves the transfer between operational budget headings and will not affect the execution of existing NHS Orkney or Orkney Islands Council policy, the transfer will require to be approved by the Orkney Integration Joint Board. All such virement of resources shall be reported to the NHS Orkney's Director of Finance and the Section 95 Officer of the Council.

6.2.2. Where the transfer of any amount would affect the execution of existing NHS Orkney or Orkney Islands Council policy, the prior approval of NHS Orkney or Orkney Islands Council shall be required.

7. Reserves

7.1. The Public Bodies (Joint Working) (Scotland) Act 2014 empowers the Orkney Integration Joint Board to hold reserves, which should be accounted for in the financial accounts and records.

7.2. One of the responsibilities of the Chief Finance Officer is to prepare a policy to hold and manage reserves. These Regulations should be read in conjunction with the Reserves Policy.

8. Annual Accounts

8.1. The Orkney Integration Joint Board is subject to the audit and accounts provision of a body under section 106 of the Local Government (Scotland) Act 1973. This will require audited annual accounts to be prepared in accordance 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).

8.2. The Chief Finance Officer will prepare the Annual Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (The CODE), reporting the Orkney Integration Joint Board's financial performance for the year to 31 March to the Orkney Integration Joint Board's Performance and Audit Committee.

8.3. The draft unaudited Annual Accounts and final Accounts shall be submitted to the Performance and Audit Committee for their scrutiny, review, and approval.

8.4. The Chief Finance Officer must provide any information necessary for the closure of the accounts and within prescribed timescales. Details of the information required and procedures to be followed will be issued annually by the Chief Finance Officer. The format of the accounts and the relevant notes to the accounts of the Health Board and the Council will be in line with national CIPFA and/or LASSAAC guidance.

8.5. It is the joint responsibility of the Chief Officer and the Chief Finance Officer to report to the Orkney Integration Joint Board regularly, timeously, and accurately updated budget monitoring reports along with explanations for any significant variations from budgets. These reports will include recovery action proposed where a year end budget variance is identified.

8.6. The Chief Finance Officer will be consulted on all reports being submitted to the Orkney Integration Joint Board to ensure that any financial implications arising have been considered. Each Board report should include a financial implications section.

8.7. It is a requirement of the Public Bodies (Joint Working) (Scotland) Act 2014 that an Annual Performance Report be presented to the Board, and the financial contents therein should comply with the requirements as set out in the Act.

8.8. The Chief Finance Officer will monitor how these Financial Regulations operate within the Orkney Integration Joint Board.

9. Treasury Management

9.1. The Orkney Integration Joint Board will not have any cash transactions, and the majority of the accounting shall be via book entries within the ledgers of NHS Orkney and Orkney Islands Council.

9.2. The Orkney Integration Joint Board will not operate a bank account.

10. Reviewing the Financial Regulations

10.1. The Orkney Integration Joint Board will consider and may approve any alterations to these Financial Regulations. The Orkney Integration Joint Board may also withdraw these Financial Regulations. If so, this will come into force from the first working day after the end of the Orkney Integration Joint Board meeting at which the change or withdrawal was approved.

10.2. These Regulations shall be the subject of regular review by the Chief Finance Officer after consultation with NHS Orkney's Director of Finance and the Council's Section 95 Officer, and where necessary, subsequent adjustments will be submitted to the Orkney Integration Joint Board for approval.

11. Legal Advice

11.1. NHS Orkney and Orkney Islands Council will provide legal advice regarding these Financial Regulations as required in relation to the functions delegated to the Orkney Integration Joint Board.

12. Risk Management and Insurance

12.1. The Orkney Integration Joint Board shall make appropriate insurance arrangements for all activities of the Orkney Integration Joint Board in accordance with the Risk Management Strategy. The Chief Officer shall 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 Orkney Integration Joint Board and for which it is the general custom to insure. This will include the provision of appropriate insurance in respect of Members of the Orkney Integration Joint Board acting in a decision-making capacity.

12.2. The Chief Officer will be responsible for establishing the Orkney Integration Joint Board's Risk Management Strategy and profile and developing the risk reporting arrangements including a risk register. The Risk Management Strategy will be approved by the Orkney Integration Joint Board. The Health Board and Local Authority should continue to report risk management to the existing committees, including the impact of the integration arrangements.

12.3. The Public Bodies (Joint Working) (Scotland) Act 2014 (Section 65(2)(b)) enables, but does not require Local Authorities to become a member of the Scottish Government Clinical Negligence and Other Risks Scheme (CNORIS), a risk transfer and financing scheme. Health Boards will remain mandatory members of the scheme. The Chief Officer and the Chief Finance Officer will review the requirement for membership of CNORIS for Local Authorities on an annual basis.

12.4. The NHS Orkney Director for Finance and the Section 95 Officer of the Council will ensure that the Chief Officer has access to professional support and advice in respect of risk management.

13. Internal Audit

13.1. Following a discussion between the Chief Officer and the two Chief Internal Auditors at NHS Orkney and Orkney Islands Council, a recommendation will be presented to the Orkney Integration Joint Board to appoint an internal audit service.

13.2. The Orkney Integration Joint Board's internal audit service will review internal control systems operated within the Orkney Integration Joint Board and shall independently and objectively examine, evaluate, and report on the adequacy of internal control, governance, and risk management arrangements within the Orkney Integration Joint Board.

14. External Audit

14.1. The Chief Finance Officer will ensure the presentation of all External Audit reports, including reports on the audited Annual Accounts, to the Orkney Integration Joint Board and make such reports available to the Health Board and the Local Authority.

14.2. In consultation with Orkney Islands Council, which hosts the Annual Accounts, the Chief Finance Officer will make appropriate arrangements for the public inspection of the Orkney Integration Joint Board's Accounts.

15. Fraud, Corruption and Bribery

15.1. The term 'fraud' in its widest sense can be defined as 'the use of deception with the intention of obtaining an advantage, avoiding an obligation, or causing loss to a third party'.

15.2. Every member of the Orkney Integration Joint Board and its representatives shall observe these Financial Regulations within the sphere of their responsibility. They have a duty to bring to the immediate attention of the Chief Officer, Chief Finance Officer, and Chief Internal Auditor any suspected fraud or irregularity in any matter that would contravene these regulations.

15.3. When a matter arises where it is suspected that an irregularity exists in the exercise of the functions of the Orkney Integration Joint Board, the Chief Finance Officer in conjunction with the Chief Internal Auditor and the Chief Officer, will take such steps as may be considered necessary by way of investigation and report.

15.4. It is the duty of each member to comply with the respective policies within the NHS and Council.

16. Capital Planning

16.1. It is unlikely that the Orkney Integration Joint Board will be empowered to own capital assets and the VAT regimes of the Health Board and Local Authority will apply to capital assets used to provide delegated services.

16.2. Business cases for Capital Expenditure may be prepared by the Chief Officer and Chief Finance Officer and submitted to NHS Orkney and/or Orkney Islands Council for consideration.

16.3. Where new capital investment is required to deliver the Strategic Plan, both Partners should consider the business plan.

17. Control of Capital Expenditure

17.1. The Orkney Integration Joint Board does not receive a capital funding allocation. Capital projects are funded by either NHS Orkney or Orkney Islands Council, and expenditure will be controlled in accordance with their financial regulations.

17.2. The Orkney Integration Joint Board will receive financial monitoring reports from both Partners which include information on capital expenditure against approved schemes relevant to the services delegated to the Orkney Integration Joint Board.

17.3. The Orkney Integration Joint Board as a commissioning body does not have a capital planning guidance document i.e. does not 'own' capital. The Orkney Integration Joint Board will need to thus revert to the NHS Orkney and Orkney Islands Council documents as required. The Orkney Islands Council [Financial Regulations](#) include a section on the capital programme.

18. Stakeholder Representatives' Expenses

18.1. The Orkney Integration Joint Board has a Stakeholder Representative' Expenses Policy which all Members are required to adhere to.

18.2. Payment of voting Board Members' allowances will be the responsibility of the Members' individual Health Board on Council and will be made in accordance with their own schemes.

19. Petty Cash

19.1. The Orkney Integration Joint Board's Petty Cash requirements will be provided for by the host partner which is the Local Authority. The Orkney Integration Joint Board will not hold petty cash.

20. Inventories

20.1. All items of equipment, plant, machinery, vehicles, computer equipment, software, and other similar items will be held by the Partner Bodies.

21. Income

21.1. The only receipts to be processed through the books of accounts of the Orkney Integration Joint Board will be the allocations from the parent organisations and the directions to the parent bodies. This will not be in cash but transactions through the ledger. All other income, charges, and grants will be processed through the parent organisations. All arrangements for the collection, custody, control, and banking of cash will be made by the parent organisations.

22. Payroll, Travel and Subsistence

22.1. The Chief Officer and the Chief Finance Officer of the Orkney Integration Joint Board will be employees of either the Health Board or Council and the employing organisation is responsible for payment of salaries and expenses. It is essential that the Orkney Integration Joint Board has systems in place to ensure timeous and accurate information is passed to that organisation's Payroll Section.

22.2. The Chief Finance Officer will ensure all costs in relation to the Orkney Integration Joint Board are identified and are included in the Annual Accounts of the Orkney Integration Joint Board.

23. Orders for Work, Goods and Services

23.1. The method of purchasing has a major impact on the value for money obtained. All procurement will be made via the normal procurement route of the parent organisations and in accordance with those organisations' Standing Financial Instructions/Financial Regulations and Codes relating to Contracts. This applies also to orders for computer hardware, software, and telecommunications.

24. Payment of Accounts, Contributions and Subscriptions

24.1. All payments will be made via the accounts payable processes of the parent organisations and in accordance with those organisations' Standing Financial Instructions or Financial Regulations as appropriate.

25. Contracts for Building, Engineering and Associated Works

25.1. Non-current assets are owned by the parent organisations which will arrange for any required maintenance works to be undertaken. All contracts placed for maintenance works will be procured in accordance with the parent organisations' Standing Financial Instructions or Financial Regulations as appropriate. All payments for this work will be made via the accounts payable processes of the parent organisations and in accordance with the parent organisations' Standing Financial Instructions or Financial Regulations as appropriate.

26. Property and Security

26.1. All non-current assets and associated liabilities remain with NHS Orkney and Orkney Islands Council.

27. Internal Control and Authorisation

27.1. The Orkney Integration Joint Board requires that the Chief Officer and the Chief Finance Officer be accountable. This means they will understand and accept responsibility for their actions. Employees engaged in financial administration must therefore:

- Be capable of performing work allocated to them.
- Devote sufficient time to carry out their duties properly.

- Undertake their tasks efficiently.
- Be demonstrably above reproach.

28. Retention of Financial Documents

28.1. The Chief Officer and Chief Finance Officer will ensure that arrangements are in place for the proper management of financial, legal and other documents and that these documents are retained in accordance with NHS Orkney's and Orkney Islands Council's retention and disposal policies, any specific statutory requirements, including the Data Protection Act 2018, the Freedom of Information (Scotland) Act 2002, and any approved Orkney Integration Joint Board management policies and procedures. The accounting records will be held by Orkney Islands Council on behalf of the Orkney Integration Joint Board.

29. VAT

29.1. HMRC have confirmed in writing that there is no VAT registration requirement for the Orkney Integration Joint Board under the VAT Act 1994. This is on the basis that the Orkney Integration Joint Board is not delivering any supplies that fall within the scope of VAT.

29.2. If the Orkney Integration Joint Board directs a shift in spend that results in the Health Board and Local Authority spending more/less on the services, they already deliver (i.e. the Health Board on health functions and the Local Authority on social care functions). In this case, the Health Board and Local Authority will recover VAT on their supplies in the usual way, which may result in an overall VAT leakage or a VAT gain depending on the direction of the shift in spend.

29.3. If the Orkney Integration Joint Board directs the Health Board to provide some social care functions and/or the Local Authority to provide some health care functions the VAT that should be charged/claimed will need to be invoiced/claimed to the host partner.

30. Review

The Financial Regulations will be reviewed every three years.