



**MINUTES OF THE MEETING OF THE  
EAST LOTHIAN INTEGRATION JOINT BOARD  
AUDIT & RISK COMMITTEE**

**TUESDAY 6 DECEMBER 2016  
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON**

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**Members Present:**

Councillor J Goodfellow (Chair)  
Mr A Joyce  
Mr P Murray

**Council/NHS Lothian Officers Present:**

Mr S Allan  
Ms M Garden  
Mr D King  
Mr D Small

**Others Present:**

Ms E Scoburgh, Audit Scotland  
Mr D Melly, Audit Scotland

**Clerk:**

Ms F Currie

**Apologies:**

Councillor S Currie

**Declarations of Interest:**

None

In the absence of Councillor Currie, Councillor Goodfellow chaired the meeting.

### **1. MINUTES OF THE IJB AUDIT & RISK COMMITTEE MEETING OF 25 AUGUST 2016 (FOR APPROVAL)**

The Clerk advised the members of an error in the draft minutes relating to Items 5 and 6. She stated that paragraph (iii) of the decision was incorrect and suggested that it be replaced by the following wording:

“... (iii) accepts that there remain a number of outstanding issues which require to be addressed as part of the financial assurance process for 2016/17.”

The amendment was proposed by Peter Murray and seconded by Alex Joyce and the minutes of the East Lothian IJB Audit & Risk Committee meeting of 21 June 2016 were approved, as amended.

### **2. MATTERS ARISING FROM THE MINUTES OF THE MEETING OF 25 AUGUST 2016**

The following matters arising from the minutes of the meeting of 25 August 2016 were discussed:

**Annual Accounts** – David King advised members that the IJB annual accounts for 2015/16 had been signed and published on the website.

**Financial Assurance** – Mr King reminded members that this issue had been discussed at length at previous meetings of the Committee and the IJB. He said that a further discussion would take place at the IJB meeting on 21 December to review outstanding matters of financial assurance for 2016/17.

### **3. IJB RISK REGISTER**

Mr King presented the Risk Register for discussion. He indicated that each of the risks related to strategic matters which were the responsibility of the IJB. He advised members of one amendment to the Register – the removal of an item relating to an operational issue – and summarised each of the remaining risks.

Both Mr King and Mr Small responded to questions from members on the nature of the risks, the adequacy of the controls in place and the justification for the risk level scoring.

Councillor Goodfellow suggested that it would be helpful to have the rating and target figures broken down into factors (as per the Council’s Risk Registers) and Mr King agreed to include this in the version presented to the next meeting.

Mr King also asked members to consider whether there should be any additional items included in the Register and to provide these and any other comments in advance of the next meeting.

### **Decision**

The Committee agreed to note the Risk register and to provide comments to the Chief Finance Officer in advance of the next meeting.

#### **4. REFLECTION ON THE ROLE AND WORK OF THE COMMITTEE (ONE YEAR ON)**

Mr King advised members that following discussion with Councillor Currie it had been agreed that some time should be set aside for the members to reflect on the role and remit of the Committee. He invited members to consider whether the Committee was adequately discharging its duties to the IJB in respect of financial assurance and scrutiny, or whether there were any tasks which had been overlooked.

Councillor Goodfellow considered that the role and remit of the Committee was adequately defined in its Standing Orders.

Mr Murray suggested that discussion on this issue be deferred to a future meeting allow Councillor Currie to participate. He added that, in his view, performance management was a key aspect of financial assurance and it would be important to include this issue in any future discussion. Mr Murray also suggested that it would be useful to have input from Internal Audit.

Mala Garden advised that Internal Audit's audit plan contained five items: Health & Social Care Integration Fund, Performance Monitoring, Financial Assurance, Directions (this audit would be undertaken by NHS Lothian's audit team) and other Audit work. She suggested that it would be useful for the Committee to have a work plan within which Internal Audit could timetable its reports and, in the meantime, it was her intention to bring the first audit report to the Committee's February meeting.

#### **Decision**

The Committee agreed to delay discussion of this item until the meeting on 21 February 2017.

#### **5. IJB EXTERNAL AUDITORS**

An introductory letter was tabled by Audit Scotland to provide the Committee with further information on its appointment as the IJB's new external auditors.

Esther Scoburgh, Audit Manager, presented the letter. She introduced the wider audit team and outlined the audit approach, reporting arrangements and key timescales.

In response to questions from Mr Murray, Ms Scoburgh provided further details on the likely scope of the audit work. She also acknowledged that there had been some frustrations for the IJB as a result of the misalignment of budget planning timetables within the NHS and Council. Mr Small indicated that for 2017/18 the Partners' budget sign-off procedures would be more closely aligned.

#### **6. AUDIT REPORTS FROM OTHER BODIES OF INTEREST TO THE IJB**

A report was submitted by the Chief Finance Officer highlighting audit reports from both the partner bodies (East Lothian Council and NHS Lothian) and Audit Scotland of areas of interest to the IJB Audit and Risk Committee.

Mr King provided a brief summary of each audit report highlighting the areas of particular relevance to the IJB. He also advised members that at a recent meeting of

the various audit committee chairs it was agreed that the NHSiL audit reports would be made available to all of the IJBs.

Ms Garden stated that no formal information sharing agreement currently existed between the Committee and the Council's Audit & Governance Committee. She suggested putting a paper to the next meeting of the Audit & Governance Committee for discussion and, in the meantime, executive summaries of completed audit reports were available on the Council's website.

Mr Small added that feedback from the NHS Healthcare Governance Committee and the Council's Policy & Performance Review and Audit & Governance Committees would be on the agenda for the next meeting of the IJB.

In response to questions from members, Ms Garden outlined the arrangements between NHS Lothian and the four local authorities for sharing resources and responsibilities for specific audits. Mr King confirmed that performance management remained an issue for IJBs with differing views on the level of detail to be provided in reports and whether the initial scrutiny of this detail should be done at IJB or committee level.

Mr Murray commented on the importance of performance management to allow the IJB to challenge how money is being spent as well as the level of services being provided. However he did not consider that full meetings of the IJB were the place to tease out these issues.

Mr Small reminded members that a report on performance management had been presented to the IJB's August meeting. The IJB had agreed that one further report should be forthcoming following which they would review the scope and level of information being presented and whether there was a need for a separate committee to focus on performance management.

## **Decision**

The Committee agreed to:

- (i) note the contents of the report; and
- (ii) consider if any actions arising from the report should be brought to the attention of the IJB.

## **7. ANY OTHER COMPETENT BUSINESS**

Mr King advised members that consideration needed to be given to a work plan and the scheduling of meetings for 2017. He said he would prepare proposals for discussion at the Committee's February meeting.

Mr Murray referred to the NHS Lothian Hospitals Plan which would have relevance for areas such as delayed discharges and care home beds. He added that there may be an issue for the IJB if the Hospitals Plan did not also reflect the priorities laid out in the IJB's Strategic Plan.

Mr Small advised that the Hospitals Plan would be presented to the IJB's meeting on 21 December and members would have to opportunity to comment on the proposals for non set-aside services.

DRAFT

Signed .....

Councillor Jim Goodfellow  
Acting Chair of the East Lothian IJB Audit & Risk Committee



# East Lothian Integration Joint Board

Annual Audit Plan 2016/17

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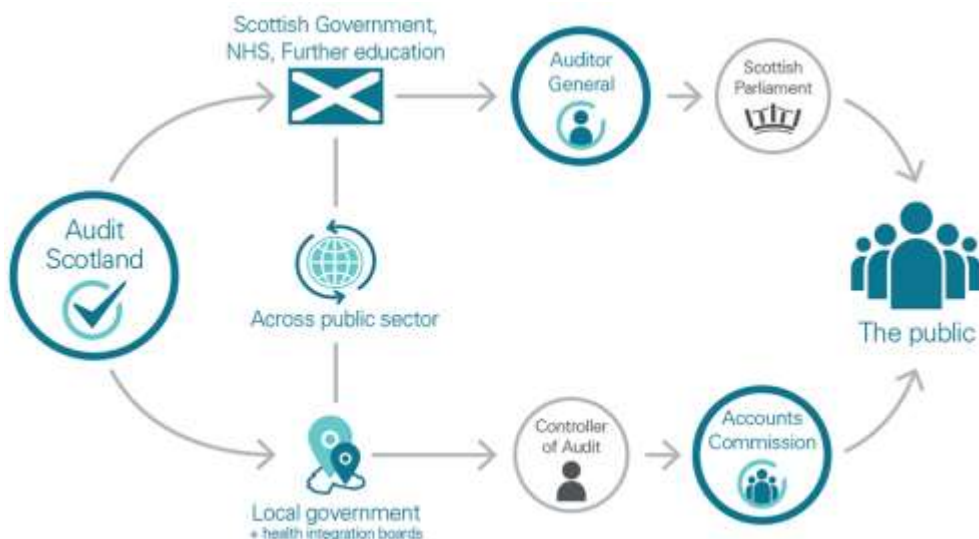
Prepared for the Members of the East Lothian Integration Joint Board

February 2017

## Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



## About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.



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# Risks and planned work

1. This annual audit plan contains an overview of the planned scope and timing of our audit and is carried out in accordance with International Standards on Auditing (ISAs), the [Code of Audit Practice](#), and any other relevant guidance. This plan identifies our audit work to provide an opinion on the financial statements and related matters and meet the wider scope requirements of public sector audit including the new approach to Best Value. The wider scope of public audit contributes to conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

## Audit risks

2. Based on our discussions with staff, attendance at committee meetings and a review of supporting information we have identified the following main risk areas for the East Lothian Integration Joint Board (East Lothian IJB). We have categorised these risks into financial risks and wider dimension risks. The key audit risks, which require specific audit testing, are detailed in [Exhibit 1](#).

## Exhibit 1: Key audit risks

Audit Risk	Management assurance	Planned audit work
<b>Financial statement issues and risks</b>		
<p><b>1 Risk of management override of controls</b></p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes the risk of management override of controls in order to change the position disclosed in the financial statements.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<p>Focussed testing of journal entries and accruals.</p> <p>Review of accounting estimates.</p> <p>Evaluation of significant transactions that are outside the normal course of business.</p> <p>Service auditor assurances will be obtained from the auditors of East Lothian Council and NHS Lothian over the completeness, accuracy and allocation of the income and expenditure.</p>
<p><b>2 Financial statements preparation</b></p> <p>The 2016/17 financial statements will require income, expenditure and year end balances to be agreed with East Lothian Council and NHS Lothian.</p> <p>There is a risk that the procedures for agreeing the year</p>	<p>The financial statements will be prepared by the finance team at East Lothian Council in line with the appropriate regulations and guidance. ELC and NHSL finance teams are agreeing a process for the reporting of balances etc. This will be supported by the IJB's Chief Finance Officer in line with those</p>	<p>Continued engagement with officers prior to the accounts being prepared to ensure that the relevant information is disclosed and the timetable is met.</p> <p>Service auditor assurances will be obtained from the auditors of East Lothian</p>

Audit Risk	Management assurance	Planned audit work
<p>end balances are not fully embedded and that the financial statements are not delivered to the agreed timescale and in the required format.</p>	<p>accounts prepared for 2015/16.</p>	<p>Council and NHS Lothian over the completeness, accuracy and allocation of the income and expenditure.</p>
<b>Wider dimension risks</b>		
<p><b>3 Financial sustainability</b></p> <p>The 2016/17 East Lothian IJB budget allocations agreed with the partners contain significant efficiency challenges, for which comprehensive savings plans have not been agreed. As yet, there has been no formal budget monitoring taking place at IJB level.</p> <p>There is a risk that any overspends arising will not be identified and remedied and will result in a year-end budget overspend for the IJB.</p>	<p>The IJB is finalising its financial plan based on the budgetary offers from its partners. The partners have shared their draft position with the IJB but neither has yet made a formal offer. This work is reported to the IJB at its meetings.</p>	<p>Review outcome of due diligence exercise.</p> <p>Ensure budget monitoring at IJB level is present, is robust and accurately reflects the financial position.</p> <p>Confirmation of agreement of funding and balances with host bodies.</p>
<p><b>4 Financial sustainability</b></p> <p>The IJB has yet to agree a long-term financial risk sharing agreement with its partners. For 2016/17, NHS Lothian has agreed to underwrite any overspend of the health element of the IJB budget. An agreement has yet to be reached with East Lothian Council with respect to the current anticipated overspend on Adult Wellbeing.</p> <p>The risk is that in the absence of a financial risk-sharing agreement accountability for any budget overspends will lie with the IJB.</p>	<p>This will be part of the agreed financial plan for 2017/18 as above. ELC have agreed an additional £1.0m to support the Adult Wellbeing budget, the current proposition is that this will cover any projected overspend.</p>	<p>Review outcome of due diligence exercise.</p> <p>Review and assess progress towards agreeing a long-term financial risk-sharing agreement with partners.</p>
<p><b>5 Financial management</b></p> <p>The IJB has no formalised process in place for financial planning and budget forecasting from 2017/18 onwards.</p> <p>There is a risk that any issues relating to financial sustainability and delivery of the strategic plan in the medium to long-term are not identified sufficiently early to be resolved with partners.</p>	<p>This is being developed as part of the 2017/18 budget settlement process. The financial management processes will be laid out in the directions as appropriate.</p>	<p>Review and assess progress towards developing and agreeing a long-term financial plan.</p>
<p><b>6 Governance and transparency</b></p> <p>The Public Bodies (Joint Working) (Scotland) Act requires IJBs to publish annual performance information in various areas including service planning. The IJB is currently</p>	<p>Work continues to ensure that this information is available.</p>	<p>Review and assess progress towards publishing annual performance information and indicators.</p>

Audit Risk	Management assurance	Planned audit work
<p>developing a framework for measuring performance.</p> <p>There is a risk that failure to monitor in-year performance in 2016/17 will lead to non-compliance with the Act.</p>		

## Reporting arrangements

3. Audit reporting is the visible output for the annual audit. All annual audit plans and the outputs as detailed in [Exhibit 2](#), and any other outputs on matters of public interest will be published on our website: [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

4. Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officer(s) to confirm factual accuracy.

5. We will provide an independent auditor's report to the East Lothian Integration Joint Board and the Accounts Commission that the audit of the financial statements has been completed in accordance with applicable statutory requirements. We will provide the Chief Officer, Chief Financial Officer (the 'proper officer'), members of the East Lothian IJB Audit and Risk Committee and the Accounts Commission with an annual report on the audit containing observations and recommendations on significant matters which have arisen in the course of the audit.

## Exhibit 2

### 2016/17 Audit outputs

Audit Output	Target date	Audit & Risk Committee Date
Annual Audit Report including ISA 260 requirements	By 30 September	By 29 September
Signed Independent Auditor's Report	By 30 September	By 29 September

## Audit fee

6. The proposed audit fee for the 2016/17 audit of East Lothian IJB is £17,470. In determining the audit fee we have taken account of the risk exposure of the East Lothian IJB, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit. Our audit approach assumes receipt of the unaudited financial statements, with a complete working papers package on, 30 June 2017.

7. Where our audit cannot proceed as planned through, for example, late receipt of unaudited financial statements or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises outwith our planned audit activity.

## Responsibilities

### Audit and Risk Committee and Chief Financial Officer

8. Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.

**9.** It is the responsibility of the Chief Financial Officer, as the appointed 'proper officer', to prepare the financial statements in accordance with relevant legislation and the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This means:

- maintaining proper accounting records
- preparing financial statements which give a true and fair view of the state of affairs of the East Lothian IJB as at 31 March 2017 and its expenditure and income for the year then ended.

**10.** The audit of the financial statements does not relieve management or the East Lothian IJB Audit and Risk Committee, as those charged with governance, of their responsibilities.

### **Appointed auditor**

**11.** Our responsibilities, as independent auditor, are established by The Public Bodies (Joint Working) (Scotland) Act 2014, The Local Government (Scotland) Act 1973 and the Code of Audit Practice, and guided by the auditing profession's ethical guidance.

**12.** Under the Local Government (Scotland) Act 1973, the Accounts Commission is responsible for appointing the external auditors of local government bodies including councils, joint boards and bodies falling within section 106 of the Act. The Public Bodies (Joint Working) (Scotland) Act 2014 specifies that Integration Joint Boards (IJBs) should be treated as if they were bodies falling within section 106 of the 1973 Act.

**13.** Auditors in the public sector give an independent opinion on the financial statements. We also review and report on the arrangements within the audited body to manage its performance, regularity and use of resources. In doing this, we aim to support improvement and accountability.

# Audit scope and timing

## Financial statements

**14.** The statutory financial statements audit will be the foundation and source for the majority of the audit work necessary to support our judgements and conclusions. We also consider the wider environment and challenges facing the public sector. Our audit approach includes:

- understanding the business of the East Lothian IJB and the associated risks which could impact on the financial statements
- assessing the key systems of internal control, and establishing how weaknesses in these systems could impact on the financial statements
- identifying major transaction streams, balances and areas of estimation and understanding how the East Lothian IJB will include these in the financial statements
- assessing the risks of material misstatement in the financial statements
- determining the nature, timing and extent of audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements are free of material misstatement.

**15.** We will give an opinion on the financial statements as to:

- whether they give a true and fair view of the financial position of the audited body and its expenditure and income
- whether they have been properly prepared in accordance with relevant legislation, the applicable accounting framework and other reporting requirements

## Materiality

**16.** Materiality defines the maximum error that we are prepared to accept and still conclude that that our audit objective has been achieved. It helps assist our planning of the audit and allows us to assess the impact of any audit adjustments on the financial statements. We calculate materiality at different levels as described below. The calculated materiality values for East Lothian Integration Joint Board are set out in [Exhibit 3](#).



## Exhibit 3

### Materiality values

Materiality level	Amount
<b>Planning materiality</b> - This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It has been set at 1% of gross expenditure for the year ended 31 March 2017 based on the budget for 2016/17.	£1.35 million
<b>Performance materiality</b> - This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement we have calculated performance materiality at 75% of planning materiality.	£1.013 million
<b>Reporting threshold</b> - We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount. This has been calculated at 1% of planning materiality.	£0.014 million



17. It should be noted that we continue to exercise our professional judgement and in certain areas of the financial statements. We review and report on other information published with the financial and any issues identified will be reported to the Audit and Risk Committee.

### Timetable

18. To support the efficient use of resources it is critical that a financial statements timetable is agreed with us for the production of the unaudited accounts. An agreed timetable is included at [Exhibit 4](#) which takes account of submission requirements and planned Audit and Risk Committee dates:

## Exhibit 4

### Financial statements timetable

 Key stage	 Date
Consideration of unaudited financial statements by those charged with governance	By 30 June 2017
Latest submission date of unaudited financial statements with complete working papers package	30 June 2017
Latest date for final clearance meeting with Chief Financial Officer	11 September 2017
Agreement of audited unsigned financial statements; Issue of Annual Audit Report including ISA 260 report to those charged with governance	By 29 September 2017
Independent auditor's report signed	By 29 September 2017

### Internal audit

19. Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible and as part of our planning process. Internal audit for the East Lothian IJB is provided by the internal audit team at East Lothian Council and is overseen by their Internal Audit Manager who is the Chief Internal Auditor for the East Lothian IJB.

### Adequacy of Internal Audit

**20.** We carried out an early assessment of the internal audit function at East Lothian Council and concluded that it has sound documentation standards and reporting procedures in place and complies with the main requirements of the Public Sector Internal Audit Standards (PSIAS).

### Areas of reliance

**21.** In respect of our wider dimension audit responsibilities we plan to consider the following areas of internal audit work including:

- corporate governance, including key internal controls
- financial governance, including key internal financial controls
- performance management.

### Audit dimensions

**22.** Our audit is based on four audit dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 5](#).

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## Exhibit 5

### Audit dimensions




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**23.** In the local government sector, the appointed auditor's annual conclusions on these four dimensions will contribute to an overall assessment and assurance on best value.

### Financial sustainability

**24.** As auditors we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on the body's financial sustainability in the longer term. We define this as medium term (two to five years) and longer term (longer than five years) sustainability. We will carry out work and conclude on:

- the effectiveness of financial planning in identifying and addressing risks to financial sustainability in the short, medium and long term



- the appropriateness and effectiveness of arrangements in place to address any identified funding gaps
- whether the board can demonstrate the affordability and effectiveness of funding and investment decisions it has made.

### Financial management

**25.** Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. We will review, conclude and report on:

- whether the Board has arrangements in place to ensure systems of internal control are operating effectively
- whether the partnership can demonstrate the effectiveness of budgetary control system in communicating accurate and timely financial performance
- how the partnership has assured itself that its financial capacity and skills are appropriate
- whether the partnership has established appropriate and effective arrangements for the prevention and detection of fraud and corruption.

### Governance and transparency

**26.** Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision-making and transparent reporting of financial and performance information. We will review, conclude and report on:

- whether the Board can demonstrate that the governance arrangements in place are appropriate and operating effectively
- whether there is effective scrutiny, challenge and transparency on the decision-making and finance and performance reports.
- the quality and timeliness of financial and performance reporting.

### Value for money

**27.** Value for money refers to using resources effectively and continually improving services. We will review, conclude and report on whether:

- the Board can provide evidence that it is demonstrating value for money in the use of its resources.
- the Board can demonstrate that there is a clear link between money spent, output and outcomes delivered.
- the Board can demonstrate that outcomes are improving.
- there is sufficient focus on improvement and the pace of it.

### Independence and objectivity

**28.** Auditors appointed by Audit Scotland must comply with the Code of Audit Practice. When auditing the financial statements auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has in place robust arrangements to ensure compliance with these standards including an annual “fit and proper” declaration for all members of staff. The arrangements are overseen by the Assistant Auditor General, who serves as Audit Scotland’s Ethics Partner.

**29.** The engagement lead for the East Lothian IJB is Gillian Woolman, Assistant Director. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of the East Lothian IJB.

## **Quality control**

**30.** International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's opinion is appropriate in the circumstances.

**31.** The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards Audit Scotland conducts peer reviews, internal quality reviews and is currently reviewing the arrangements for external quality reviews.

**32.** As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time and this may be directed to the engagement lead.

# East Lothian Integration Joint Board

## Annual Audit Plan 2016/17

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East Lothian IJB Risk Register with Action Plan

ID	Title	Description	Controls in place	Adequacy of controls	Notes	Risk level (current)	Rating (current)	Risk level (Target)	Rating (Target)	Action Plan in Place	Risk Owner	Handler	Date Opened	Last Reviewed	Description	Start date	Due date	Done date
3924	Financial resources may be insufficient to sustain the Strategic Plan	There is a risk that the financial challenges faced by the NHS and East Lothian Council will result in allocations to the IJB that do not allow the Strategic Plan to be delivered leading to the failure to achieve outcomes and targets. (NOTE: In 2016/17 the financial plans were set before the commencement of the IJB therefore this risk is inherited. In 2017/18 and beyond, the IJB will lead the financial planning process and therefore this risk will be managed by the IJB)	1. Financial assurance process carried out by IJB 2. Engagement of IJB Officers and members in NHS and Council budget setting processes 3. Regular performance monitoring reports to IJB 4. Scheme of Integration risk sharing and dispute resolution processes 5. IJB Chief Finance Officer in post 6. Strategic Planning Group in place 7. Strategic Plan Programme Board established and meeting regularly to deliver Strategic Plan within the financial resources available 8. In 2016/17 the Operational Management Teams are delivering "break even"	Inadequate; control is not designed to manage the risk and further controls & measures required to manage the risk		High	16	Med	9	Y	Small, David A	King, David	26/02/2016	17/06/2016	Creation of appropriate financial planning processes	17/06/2016	30/09/2016	
4018	Impact of Partners' Decisions	There is a risk that Partners reach decisions on priorities and services (including service reviews) that impact negatively on the IJB leading to an inability to deliver the Strategic Plan	1. Involvement of IJB membership in the Partners' decision making process including voting members and Officers 2. Involvement in Partners' service reviews 3. Good working relationships and regular formal /informal meetings e.g Acute IJB Interface Group, meetings with Chief Executives and Chairs	Adequate but partially effective; control is properly designed but not being implemented properly		High	16	Med	9		Small, David A	King, David	17/06/2016		Clarity and monitoring of directions	17/06/2016	30/09/2016	
3925	Operational resources may be insufficient to deliver the Strategic Plan	There is a risk that the IJB fails to achieve its targets due to insufficient access to key services and resources e.g. General Practice, Care at Home, Care Homes, Health Visiting, Housing, acute services etc leading to failure to deliver the Strategic Plan resulting in risk to patients' and clients' safety, external review and reputational damage	1. The Strategic Plan sets out clear priorities 2. IJB directions are clear about actions required by NHS and Council 3. The Partnership Management Team is focussed on ensuring adequate resources are in place for delegated functions to deliver the Strategic Plan 4. NHS Lothian is focussed on ensuring adequate resources are in place for set-aside and hosted functions to deliver the Strategic Plan 5. NHS Lothian and East Lothian Council are focussed on ensuring adequate resources are in place for non-delegated but related functions (e.g. housing), to deliver the Strategic Plan 6. Quarterly Performance Report to IJB and scrutiny by the Audit and Risk Committee	Adequate but partially effective; control is properly designed but not being implemented properly		High	12	Med	6	Y	Small, David A	Small, David A	26/02/2016	17/06/2016	Develop Joint Workforce Plan	#####	#####	
															Financial investments in additional capacity	17/06/2016	31/12/2016	

	Title	Description	Controls in place	Adequacy of controls	Notes	Risk level (current)	Rating (current)	Risk level (Target)	Rating (Target)	Action Plan in Place	Risk Owner	Handler	Date Opened	Last Reviewed	Description	Start date	Due date	Done date	
3926	Potential Instability e.g elections / IJB changes	There is a risk that the IJB will be de-stabilised as a consequence of membership change or policy change as a result of elections and Public Sector reform leading to conflicting priorities and/or inability to make decisions	1. Standing orders that control members' behaviour 2. Code of Conduct 3. Scheme of Integration which includes a dispute resolution mechanism 4. Ensuring that membership changes are not all planned at the same time e.g. stakeholder member changes are separate from voting member changes, NHS membership changes on a different cycle from the East Lothian Council membership changes	Adequate but partially effective; control is properly designed but not being implemented properly		Med	9	Med	9	N	Small, David A	Small, David A	26/02/2016	17/06/2016					
3927	Relationship with Partners	There is a risk that East Lothian Council and NHS Lothian do not provide the support services required to enable the IJB to fulfill its functions (e.g. financial planning, I.T. etc)	1. Review of support services in place 2. Clear directions from the IJB to Partners 3. Involvement of IJB membership in Partners' decision making process	Adequate but partially effective; control is properly designed but not being implemented properly		High	16	Med	4	Y	Small, David A	Small, David A	26/02/2016	17/06/2016	Implementation of outstanding support services issues	28/04/2016	25/06/2016		



**REPORT TO:** East Lothian IJB Audit and Risk Committee  
**MEETING DATE:** 21 February 2017  
**BY:** Chief Finance Officer  
**SUBJECT:** Sharing of Information with the Partners' Audit Committees

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## 1 PURPOSE

- 1.1 This paper updates the Committee on its discussions at its last meeting regarding the sharing of information between the Audit committees of NHS Lothian and East Lothian Council and this Committee.

## 2 RECOMMENDATIONS

- 2.1 The IJB is asked to
- Note the report
  - Support the principle of sharing audit and risk reports and papers across the health and social care system

## 3. BACKGROUND

- 3.1 The Integration Scheme lays out the ambitions of the partners (East Lothian Council and NHS Lothian) to share governance processes with the IJB to ensure that matters which may have an impact on those functions delegated to the IJB are properly raised to the IJB's attention.
- 3.2 In terms of the IJB's Audit and Risk Committee this would mean that the partners would not only share their own audit papers that comment on functions delegated to the IJB but would also ensure that any such matters were specifically raised to the this committee's attention.
- 3.3 NHS Lothian has set up a workshop scheduled for 6 March 2017 with the other IJBs in the Lothian area to agree a set of principles to address this matter. The invitation has been extended to the Chairs of all of the IJB Audit & Risk Committees.

- 3.4 In summary, NHS Lothian is proposing that it will provide access to all of the papers from its Audit and Risk Committee and will ensure that any matters which relate to the functions delegated to the IJB are brought to the IJB's attention. NHS Lothian has already given the IJBs access to all its A&R papers.
- 3.5 Although this committee is held in public and therefore its papers are published, it is suggested be that a reciprocal agreement could be offered to NHS Lothian. This could be actioned through the CFO or the CIA
- 3.6 Similar discussions are taking place with East Lothian Council although these have not yet been finalised.

#### **4 POLICY IMPLICATIONS**

- 4.1 This paper is covered within the policies already agreed by the IJB.

#### **5 INTEGRATED IMPACT ASSESSMENT**

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

#### **6 RESOURCE IMPLICATIONS**

- 6.1 Financial – there are none.
- 6.2 Personnel – there are none.

#### **7 BACKGROUND PAPERS**

- 7.1 Minutes of the Audit & Risk Committee meeting on 6 December 2016.

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<b>DATE</b>	14 February 2017





**REPORT TO:** East Lothian IJB Audit and Risk Committee  
**MEETING DATE:** 21 February 2017  
**BY:** Chief Finance Officer  
**SUBJECT:** Schedule of Meetings 2017/18

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## 1 PURPOSE

- 1.1 This paper proposes a schedule of meetings for the Committee for the following financial year.

## 2 RECOMMENDATIONS

- 2.1 The IJB is asked to agree the schedule of meetings.

## 3. BACKGROUND

- 3.1 The Audit and Risk Committee agreed to meet four times in a financial year.
- 3.2 One of these meetings will have to be in September to receive the report from the IJB's external Auditors regarding the IJB's annual accounts.
- 3.3 The Committee may, through its Chair, arrange other meetings at any time if they feel that any matters regarding the functions delegated to the IJB require to be discussed.
- 3.4 The proposed schedule is as follows:-

6 June 2017, 3.00pm

12 September 2017, 2.00pm

12 December 2017, 2.00pm

13 March 2018, 2.00pm

All meetings will take place in the Council Chamber.

## **4 POLICY IMPLICATIONS**

4.1 This paper is covered within the policies already agreed by the IJB.

## **5 INTEGRATED IMPACT ASSESSMENT**

5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

## **6 RESOURCE IMPLICATIONS**

6.1 Financial – there are none.

6.2 Personnel – there are none.

## **7 BACKGROUND PAPERS**

7.1 Minutes of the previous meetings of the Audit & Risk Committee.

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