



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

**THURSDAY 24 OCTOBER 2017
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON**

Members Present:

Mrs M McKay (Chair)
Ms F Ireland
Mr A Joyce

Officers Present:

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

Others Present:

Mr D Melly, Audit Scotland

Clerk:

Ms A Smith

Apologies:

Councillor S Currie
Councillor F O'Donnell

Declarations of Interest:

None

1. MINUTES OF THE IJB AUDIT AND RISK COMMITTEE MEETING OF 12 SEPTEMBER 2017

The minutes of the East Lothian IJB Audit and Risk Committee meeting of 12 September 2017 were approved.

The Chair, referring to audits carried out for other IJBs, asked if it was the intention to circulate this additional information; David King indicated he would check and advise.

2. AUDIT AND RISK INFORMATION SHARING PRINCIPLES

A report was submitted by the Chief Finance Officer of the IJB setting out the proposed information sharing principles between the Audit and Risk Committees of NHS Lothian and the four IJBs in the Lothian area.

Mr King presented the report, referring to the meeting of the Chairs of all the IJB Audit and Risk committees, on the agenda at Item 8. He informed members that the appendix set out the proposed principles for information sharing amongst the Audit and Risk committees for the four local authorities and NHS Lothian.

The Chair also referred to discussion at the Chairs' meeting stating that the consensus had been that this proposal should be supported; it was a sensible proposal that would make better use of resources and should avoid unnecessary duplication.

Decision

The Committee agreed the information sharing principles as set out in the report.

3. INTERNAL AUDIT PLAN 2017/18

A report was submitted by the Chief Internal Auditor informing the Committee of Internal Audit's operational plan for 2017/18.

Mala Garden presented the report, informing members of the range of factors taken into account in preparing the audit plan. She outlined evaluation categories, resources and reporting arrangements. She drew attention to the detailed Audit Plan for 2017/18, referring to the four specific auditable areas.

Fiona Ireland remarked that clarification would be helpful as regards what belonged to the IJB Audit and Risk group and what belonged to the NHS Lothian Risk group. Ms Garden advised that the audits in the Audit Plan would be shared between the Council's Internal Auditors and the NHS Lothian Internal Auditors, although the Council would undertake the majority of the audits – the audit on Delayed Discharge would be undertaken for the IJB by the NHS Lothian Internal Audit team. David Small indicated there were lessons for the IJB, the Health and Social Care Partnership and acute colleagues. He stated that one of the integration targets had been to provide a perspective to give the IJB assurance, or not, that partners were complying with audit requirements.

The Chair asked how auditable areas were chosen. Ms Garden advised that this year four areas had been selected. Areas had been selected to assist in providing assurance on the IJB's governance, risk management and control processes; the audit of the Strategic Plan was an important element along with performance management and risk management. She added that next year's Audit Plan could include other areas

that the Committee may wish to include, but stressed that areas had to relate to the IJB's responsibilities.

Decision

The Committee agreed to approve the Audit Plan for 2017/18.

4. RISK REGISTER

A report was submitted by the Chief Finance Officer of the IJB setting out the IJB's risk register.

Mr King presented the report. He informed members that as a key part of its governance process the IJB had to maintain a risk register; he outlined the nature of this register. He drew attention to the current version, which gave details of the description of the risks, controls in place, their adequacy and risks levels.

Responding to the Chair's queries, Mr King outlined the key questions for the Committee. He stated that one of the key points of sharing mechanisms, as members had raised, were the different roles - David Small's operational role and Peter Murray's role as Chair of the IJB. The Chair stated that for the risk register to be adequate the other connections needed to be clear. Mr Small remarked that further discussion was required as regards the risk appetite. The Council faced significant risks in relation to social care. He suggested that it could be beneficial to look at partners' risk registers at the same time; members agreed this would be helpful.

Action Point: Mr King would arrange a workshop for the members of this Committee and the voting members of the IJB, and others as required; a report would be brought back to this Committee in due course.

Decision

The Committee agreed:

- i. to note the current risk register; and
- ii. to consider if any further risks should be added to the register.

5. INTERNAL AUDIT REPORTS – IJB DIRECTIONS AND PERFORMANCE TARGETS AND REPORTING

A report was submitted by the Chief Internal Auditor informing the Committee of the recently issued audit reports on IJB directions and performance targets and reporting.

Stuart Allan presented the report in relation to IJB directions, drawing attention to the report's conclusion, which stated that the directions did not clearly show how they linked to the specific objectives in the IJB's Strategic Plan. Implementation of this recommendation would provide greater confidence to the IJB that the Directions would be implemented effectively. He referred to control objective 3, identified as significant, detailing the observations and risk and management action.

The Chair, referring to the Strategic Plan, remarked that neither priorities nor objectives were ranked, there was only a very general statement of intent. She felt that further consideration was required. Mr Small stated that the approach had evolved, the Strategic Plan was the high-level plan; some of the content was derived from specific

bodies such as the Scottish Government. A discussion about priorities had not been carried out but he agreed this was required.

Ms Garden presented the report on performance targets and reporting. She explained that this report dealt with high-level plans; there were four for East Lothian, expected controls had been met for one but not for the others. She drew attention to the main findings, detailing the three significant issues for improvement identified during the review. She informed members that management had accepted the recommendations.

Decision

The Committee agreed to note the contents of the audit reports.

6. ACTIONS ARISING FROM THE ANNUAL ACCOUNTS PROCESS

A report was submitted by the Chief Finance Officer of the IJB setting out the action plan from the Annual Governance Statement within the IJB's 2016/17 annual accounts and the action plan from the Independent Auditor's review of the 2016/17 annual accounts.

Mr King presented the report, informing members that the IJB had remitted the action plan to this Committee. He outlined the background, drawing attention to the importance of ensuring that a review of the actions took place and that the IJB received appropriate assurance. He referred members to the appendices attached to the report.

Responding to a question from the Chair about approving next year's budget if NHS Lothian had not signed off their own budget, Mr King advised that NHS Lothian had given indicative values for 2017/18, and would do so again for next year. He then gave further details on the various areas for improvement identified in appendix 1 and the actions undertaken/to be taken. He also drew attention to appendix 2, the extract from the Independent Auditors report, referring to the various themes and advising the Committee that action continued to be taken as required.

Decision

The Committee agreed:

- i. to note the action plans; and
- ii. to request further regular updates to ensure that the agreed actions were delivered.

7. OTHER REPORTS OF INTEREST

A report was submitted by the Chief Finance Officer of the IJB presenting other reports of interest to the Committee.

Mr King presented the report, providing a summary of the first three reports.

NHS Lothian – 'Budget Management and Financial Recovery Plan Monitoring'

The report noted that with the introduction of a new reporting system there were improved financial controls but further work was required to review and update financial operating procedures, including the review of the monitoring process for the large value and high risk financial recovery plans.

Mr Small informed members that NHS Lothian was tracking the financial plan at directorate level.

Audit Scotland – ‘Self Directed Support’ (SDS)

This was a detailed report on progress with SDS. It noted evidence showing many examples of positive progress in implementing SDS but no evidence that authorities had yet made the transformation required to fully implement the SDS strategy. The report recommended that the SDS model continued to be progressed.

In response to questions from the Chair regarding lessons learned for East Lothian, Mr Small advised that this related to the quality of direction as regards SDS. It may be worth looking at this in more detail and bringing a report back to the Committee.

The Chair, referring to the difficulties faced in rural areas, noted that some parts of Scotland seemed to have found ways to address the provision of care in their villages with community organisations taking this forward. Mr Small replied that there had been attempts previously in East Lothian to try to do this, without success, however it could be worth pursuing this again; he would take this to the IJB. He referred to the working group on SDS, stating that he would arrange for information from that group to be provided to this Committee.

Scottish Government Health and Sport Committee – ‘Are they involving us? Integration Authorities’ engagement with stakeholders’

This was a useful review of the integration authorities and their engagement with the public. The IJB was renewing its engagement strategy, which would be presented to the IJB’s Strategic Planning Group.

ELC Internal Audit Report – ‘Non-residential Charging’

Mr Allan outlined the areas where expected controls were met and highlighted three of the areas with scope for improvement. He reported that all recommendations detailed in the action plan had been accepted by management.

Responding to a question from the Chair, Mr King advised that as part of the overall financial governance it was important for the Committee to have sight of this report.

Decision

The Committee agreed:

- i. to note the reports; and
- ii. to consider if any further actions required to be taken.

8. IJB CHAIRS MEETING OF 2 OCTOBER 2017

Mr King and the Chair provided feedback on the IJB Chairs meeting held on 2 October.

Mr King indicated that the meeting had been a good opportunity to meet counterparts in the other organisations. There had been two main areas of discussion, governance and resources. He advised members that NHS Lothian had no authority over the IJB in relation to matters of governance. Ms Garden commented on the resource issue and the need for clarification of arrangements. Mr King stated that the Chair of the NHS Lothian Audit and Risk Committee was keen to resolve issues and a workshop would be arranged with all Chief Internal Auditors.

The Chair referred to goodwill within the Chairs group but queried how this would flow out in practice; distinct and clear responsibilities needed to be set out. She cautioned against setting an expectation, adding that once matters were sorted there should be a stocktaking exercise.

9. AOCB

There were no items for consideration under AOCB.

10. DATE OF NEXT MEETING

Thursday 12 December 2017 at 2pm.

Signed

Mrs Margaret McKay
Chair of the East Lothian IJB Audit and Risk Committee