



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

**THURSDAY 12 DECEMBER 2017  
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON**

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**Members Present:**

Mrs M McKay (Chair)  
Councillor S Currie  
Ms F Ireland  
Mr A Joyce  
Councillor F O'Donnell

**Officers Present:**

Mr D King  
Ms M Garden  
Mr S Allan

**Others Present:**

Mr D Melly, Audit Scotland  
Mr P Murray, Chair of IJB  
Ms E Scoburgh, Audit Scotland

**Clerk:**

Mrs L Gillingwater

**Apologies:**

Mr D Small

**Declarations of Interest:**

None

## **1. MINUTES OF THE IJB AUDIT AND RISK COMMITTEE MEETING OF 24 OCTOBER 2017**

The minutes of the East Lothian IJB Audit and Risk Committee meeting of 24 October 2017 were approved.

## **2. MATTERS ARISING FROM THE MINUTES OF THE MEETING OF 24 OCTOBER 2017**

Mr King made reference to the audit workshop, noting that he would raise this matter under Item 7 of the agenda.

## **3. INTERNAL AUDIT REPORT – IJB STRATEGIC PLAN**

A report was submitted by the Chief Internal Auditor informing the Committee of the recently issued audit report on the IJB Strategic Plan.

Mr Allan presented the report, advising of the recent review of the IJB Strategic Plan, and drawing attention to the main findings of the review, which were set out in Appendix 1 to the report. He noted that the recommendations had been accepted by officers.

The Chair highlighted the importance of tracking the areas for improvement to ensure that agreed actions were completed.

In response to questions from Mr Murray, Ms Garden stated that she would have expected certain areas within the Strategic Plan's programme of work to be delivered during 2016/17, and proposed that the IJB should be informed about which aspects of the programme would go ahead in 2017/18. Mr Murray agreed to take this forward with David Small. Ms Ireland commented that a number of the action points had already been discussed at strategic planning groups and she was reassured that progress was being made.

Councillor O'Donnell was concerned that it may be difficult to resource seven strategic planning groups going forward. The Chair suggested that there was a need for the IJB to review its priorities. Mr Murray advised that the IJB would be looking at its areas of focus. Councillor Currie welcomed this, remarking that it was important to focus on key issues so that the IJB could take appropriate action.

Mr King confirmed that he and Mr Small had accepted the comments made by the auditors and that a report would be presented to the IJB addressing these aspects and outlining the future ambitions of the IJB.

### **Decision**

The Committee agreed to note the contents of the executive summary and action plan.

## **4. UPDATE ON ACTIONS FROM THE ANNUAL ACCOUNTS**

A report was submitted by the Chief Finance Officer of the IJB updating the Committee on the actions from the Annual Governance Statement (AGS) and Annual Accounts paper, which was presented to the Committee at its last meeting.

Mr King presented the report, drawing attention to the update on actions since the last meeting.

Councillor Currie asked how progress on actions would be monitored and reported. Mr King made reference to recent financial reports to the IJB, which had highlighted an overspend in operational units. He questioned the IJB's ability to influence the budget over the short term, as such matters were the responsibility of the Council and NHS.

Councillor O'Donnell asked if it would be possible to separate the workforce development plan from participation and engagement, and suggested that there should be a greater focus on delayed discharge. Mr King agreed to this.

In response to a question from Mr Murray on action taken to prevent an overspend on this year's budget, Mr King outlined the difficulties of working with two partner organisations and spoke of the need to agree a means by which to deal with potential overspends at an early stage. The Chair sought assurance that such situations would be reported and asked about the IJB's influence in these matters.

Councillor Currie pointed out that, according to the Independent Auditors' report, the IJB was required to deliver efficiency savings, and asked how this could be done. He also asked about the consequences should the recovery plan could not deliver savings. Mr King advised that the directions required to be more specific. He accepted that the structure was very bureaucratic and that the IJB had limited influence.

Ms Ireland stated that the Committee required information on service delivery costs in order that proper monitoring on expenditure could be carried out. Councillor Currie stressed the need to look at the 2018/19 financial year and beyond. He also noted the need to discuss the NHS offer prior to it being accepted.

The Chair emphasised the need for greater clarity as regards monitoring and reporting. She called for a report to the next meeting of the IJB on its directions and how those expectations would be monitored/reported.

**Sederunt:** Councillor O'Donnell left the meeting.

Ms Scoburgh made reference to an Accounts Commission report on the integration of health and social care in Scotland, which had covered some of the issues raised during this discussion, particularly governance and risk management arrangements, accountability and future challenges. She noted that there would be a follow-up report in 2018.

Councillor Currie asked if the IJB would have an input to the Council's budget process, which was currently in progress, and which would conclude in February. He was concerned that the Adult Wellbeing budget could be set without any input from the IJB. Mr King reported that David Small was involved in that process, pointing out that it was the role of the IJB to deliver its strategic plan based on the approved budget. Councillor Currie stressed that the IJB had a responsibility to make it clear if the proposed budget was inadequate to deliver services. He stated that the Council had no additional resources to deal with overspends, and that he was concerned that the service would not be able to deliver the required services whilst achieving efficiency savings. He noted that the SNP Group would raise this matter directly with Mr Small.

The Chair advised that the IJB Financial Plan would reflect the issues that had been raised during the discussion, and highlighted the need to consider how, in future, the IJB transformation programme would be presented prior to the budget process. Mr Murray commented that the Internal Audit report was the catalyst for such a discussion and that he would take this forward with Mr Small and Mr King in the first instance. He

anticipated that there would be discussions on the means by which the IJB would operate within the available resources, deal with the Auditor's recommendations and set out the expectations of the IJB in the longer term.

### **Decision**

The Committee agreed:

- i. to note the update; and
- ii. that a report should be submitted to the next meeting of the IJB on its directions, and monitoring/reporting of those directions.

## **5. RISK MANAGEMENT STRATEGY AND POLICY**

A report was submitted by the Chief Finance Officer of the IJB setting out the IJB's risk management strategy and risk policy.

Mr King presented the report, advising that an agreement had been entered into with other IJBs on information sharing as regards internal audit reports and risk registers. He pointed out that the IJB was not responsible for operational risks, unless they became significant, and that everyone involved would have a responsibility for escalating matters, where required.

The Chair questioned whether the Strategy and Policy could be confined to the remit and functions of the IJB, suggesting that the Strategy would need to be aligned with resources.

Councillor Currie asked about the lines of communication in place to ensure that risks were communicated to the Council and NHS, and what measures were in place to ensure that issues were addressed and reported back to the Audit & Risk Committee.

In response to a concern raised by Ms Ireland as regards the IJB not taking account of operational risks and directions, Mr King advised that those risks would be made clear.

The Chair proposed that a workshop should be organised to look at the appetite for risk, rather than referring the Strategy and Policy to the IJB for approval at this stage.

### **Decision**

The Committee agreed that the Risk Strategy and Risk Policy should be discussed further at a workshop, prior to referring them to the IJB for approval.

## **6. OTHER AREAS 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, drawing attention to the key messages and recommendations arising from a number of recent reports on: the NHS in Scotland 2016/17; Local Government in Scotland – Financial Overview 2016/17; Professor Sir Harry Burns – Targets and Indicators in Health and Social Care in Scotland; and Health and Sports Committee – Looked Ahead to the Scottish Government Health and Sport Draft Budgets 2018/19..

On longer-term budgeting, Councillor Currie suggested that the IJB should set three-year budgets. He believed this would allow the voluntary sector to plan more effectively as well as making planning for Section 10 funding more straightforward. The Chair commented that it was difficult for the IJB to make changes when they only had a one-year budget. Mr King advised that NHS Lothian had provided an indicative three-year funding offer.

As regards the review on Targets and Indicators in Health and Social Care in Scotland, the Chair noted that Professor Sir Harry Burns had found that levels of inequality were growing in some deprived areas, and that this issue should not be overlooked by the IJB.

Ms Ireland encouraged the Committee to read a recent report from the Public Audit and Scrutiny Committee on a review of workforce planning. Mr King undertook to add this item to the agenda for the next meeting. Ms Scoburgh advised that she would circulate the Accounts Commission's Overview Report to the Committee.

### **Decision**

The Committee agreed:

- i. to note the contents of the report; and
- ii. to consider if any further actions required to be taken as regards issues raised in the highlighted reports.

## **7. AUDIT AND RISK CHAIRS MEETING – FOLLOW-UP WORKSHOP**

A report was submitted by the Chief Finance Officer of the IJB updating the Committee on the meeting of the Chief Internal Auditors of the Lothian IJBs and NHS Lothian.

Mr King reported that an agreement had been reached as regards information sharing. He also made reference to a workshop held in October (a note of which was attached as Appendix 1 to the report), which had looked to develop internal audit arrangements. He noted that a key issue raised was the use of resources.

Ms Garden advised that she was still in discussions with NHS Lothian as to what would be included in the audit plan, and undertook to report back to the Committee on this matter.

### **Decision**

The Committee agreed to note the report.

## **8. PERFORMANCE MANAGEMENT AND REPORTING**

The Chair highlighted the importance of discussing performance management and reporting. She noted that East Lothian was in line with other Scottish authorities in this regard, according to the National Standards survey. However, she questioned the value of the survey, given the small sample size, and sought reassurance that the information received was legitimate. She advised that the survey was due to be taken again and asked the Committee to consider ways of achieving greater participation.

Councillor Currie suggested that it would be useful to look at the sources used by the NHS and the Council for their consultations, and to consider the questions included in

the survey. He indicated that he could discuss this matter with Paolo Vestri, the Council's Service Manager for Corporate Policy and Improvement.

The Chair emphasised the need to have information as regards the evidence on which the data was based, and for the Committee to have a level of comfort with the National Standards survey. She added that this matter could be raised during a forthcoming development session on data.

#### **9. EXTERNAL AUDIT**

Ms Scoburgh reported that the 2017/18 audit was now underway. A meeting with Internal Audit would take place on 13 December, and a meeting with Mr King would be held in January, with a view to presenting the audit plan to the Committee in March 2018.

#### **10. AOCB**

There were no matters raised.

#### **11. DATE OF NEXT MEETING**

Tuesday 5 March 2018 at 2 pm

Signed .....

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