

East Lothian
Integration Joint Board



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

**TUESDAY 6 MARCH 2018
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON**

Members Present:

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

Officers Present:

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

Others Present:

Ms E Scoburgh, Audit Scotland

Clerk:

Ms F Currie

Apologies:

Councillor F O'Donnell

Declarations of Interest:

None

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

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

2. MATTERS ARISING FROM THE MINUTES OF THE MEETING OF 12 DECEMBER 2017

(Item 4) Directions – in reply to a question from the Chair, David King confirmed that a report would be presented to the IJB.

(Item 5) Risk Management Strategy Workshop – Mr King reported that the workshop had taken place and this would be covered later in the agenda.

(Item 6) Workforce Planning – a copy of the report was circulated to members at the meeting and Fiona Ireland provided a brief summary of the conclusions. In general, the report found that there was significant scope for improvement in the way the NHS approached workforce planning. Ms Ireland referred to work being undertaken on staffing for nursing and midwifery and the use of workforce planning tools. She indicated that this work could in future be extended into social care. She concluded that although some workforce planning had been undertaken by the IJB more needed to be done to reflect the transformation changes required in some services and which could take several years to have an effect.

Ms Ireland also advised that the Scottish Government had produced two of its three workforce plans, for acute care and social care. The third plan, on primary care, had yet to be prepared.

The Chair welcomed the report which she said offered some useful observations in relation to aspects of health and social care which come under the responsibility of the IJB.

Mr King apologised to members for not circulating the report earlier and indicated that David Small would be able to provide an update of IJB workforce planning later in the meeting.

3. EXTERNAL AUDIT – FEE PROPOSITION

A report was submitted by the Chief Finance Officer laying out the proposed audit fee for the IJB for 2017/18.

Mr King presented the report and Esther Scoburgh provided members with some additional context to Audit Scotland's the fee-setting process. She explained that the fee set last year was an estimate based on what were relatively straightforward accounts. However, she said that complexities were now emerging and additional work would be required going forward. This had resulted in fees being set at a more realistic level which was reflective of the amount of work involved, not just in East Lothian but across all IJBs.

Ms Ireland asked for clarification regarding the assertion that fees had reduced overall when the figure which had been quoted was greater than last year. Ms Scoburgh explained that this was a reflection of the reduction in costs overall, not just for IJBs.

The Chair expressed surprise that the fee quoted for the IJB had increased by more than the rate of inflation.

Ms Scoburgh said she would feed these comments back to Audit Scotland.

Decision

The Committee agreed to note the report.

4. EAST LOTHIAN INTEGRATION JOINT BOARD ANNUAL AUDIT PLAN 2017/18

A report was submitted by Audit Scotland setting out the planned scope and timing of their audit work in relation to the IJB.

Ms Scoburgh presented the report outlining the key risks, reporting arrangements, audit scope, timing and the wider audit dimensions. She advised members that a Best Value Assurance Review was being undertaken on East Lothian Council this year which included elements of IJB work. The final report would be published in October 2018.

In response to questions from the Chair, Ms Scoburgh confirmed that there would be substantive testing of the Council's social care expenditure, as it related to delegated functions of the IJB, looking at the flow of expenditure all the way to delivery of the service on the ground. She explained that this work would allow the required assurances to be given to the IJB and would not be a duplication of the work undertaken as part of the Council audit.

Councillor Currie asked whether the auditors intended to widen their discussions to include members of the IJB. He suggested that in the interests of transparency it might be beneficial to obtain the perspectives of members, in addition to those of the chief officers. He added that those involved in scrutiny or those involved in decision-making who were not officers may hold a different point of view.

Ms Scoburgh explained that, on the whole, the auditors did not usually deal with elected members but she acknowledged that the IJB included more lay members and she said that she had had the opportunity to observe discussions and debate at a number of meetings. She also pointed out that she would be meeting with elected members and officers as part of the Best Value audit being carried out within the Council.

Ms Ireland commented that officers would presumably be asked to provide evidence to back up their views.

Ms Scoburgh confirmed that while the work started with a conversation the auditors then looked at the evidence. She said that it would be interesting to see how the Best Value audit conversations progress and whether the perspectives of individual elected members reflected what the auditors had observed at Committee meetings. However, she accepted Councillor Currie's point in relation to the IJB that the auditors could not just accept one person's view.

The Chair said that it would be useful to have a discussion as a future point if there was divergence in relation to the IJB. She also observed that it would be interesting to see if the Council's Best Value audit were to throw up any challenges.

Decision

The Committee agreed to note the report.

5. INTERNAL AUDIT PLAN 2018/19

A report was submitted by the Chief Internal Auditor informing the Committee of Internal audit's operational plan for 2018/19.

Stuart Allan presented the report outlining the factors taken into account when preparing the annual audit plan, the procedures for undertaking reviews and the work undertaken by both the East Lothian Council and NHS Lothian internal audit teams.

Alex Joyce asked if the Council's internal audit team were satisfied by the level of support provided by colleagues in NHS Lothian. He indicated that concerns had been expressed by colleagues in the Edinburgh IJB Audit & Risk Committee.

Mala Garden said that, in her view, she considered the division of work to be fair as NHS Lothian's internal audit team had to provide a service to three IJBs (East Lothian, Midlothian and Edinburgh).

Mr King shared the anxieties expressed by IJB members in Edinburgh. He referred to the Integration Scheme and the requirement that the partners support the IJBs. However, he said he was reassured by Ms Garden's comments.

Ms Garden added that it might be helpful if someone from NHS Lothian internal audit came to the meeting to present their report rather than expecting her to present it to the Committee. Mr King indicated that this may be looked in future.

The Chair asked how the team decided which areas should be audited. Ms Garden explained that they took a risk-based approach and tried to give assurances that risks were managed appropriately. She said that last year the team had looked at the Strategic Plan which had identified areas for further work and some of these were included in the 2018/19 Plan.

Decision

The Committee approved the Audit Plan for 2018/19.

6. RISK MANAGEMENT STRATEGY AND POLICY

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

Mr King presented the report inviting members to comment on the risk management policy and strategy before it was presented to the IJB for approval. He explained that, in general, the risks could be put into two categories: risks to IJB's business and delivery of its Strategic Plan; and operational risks for the partners. While the IJB could take action on the strategic risks, there was a limited amount they could do in relation to operational risks. He reminded members of the discussions which took place at the workshop in January 2018 regarding risks to the IJB's business and the need for the IJB to be kept informed of operational risks. In addition to the Strategy and Policy, he also invited members' comments on the templates attached to the report.

The Chair asked members to consider whether they needed to know more about operational risks or whether they were content to rely on officers to bring those to their attention as and when required.

Councillor Currie referred to effective risk management in relation to options appraisals and the how the IJB could build into the process safeguards to ensure that members were aware of all of the options and not just the preferred options. He said that this was essential if the IJB was to be able to defend its decisions.

Ms Ireland said that this was exactly the reason for suggesting that the IJB know about operational risks. She added that members also needed to understand the point at which operational risks become strategic risks: when the IJB began using that information to make decisions on the future direction of services.

Mr King responded that the policy agreed by IJB was that all options needed to be clearly laid out. He also accepted Ms Ireland's point but expressed his concerns about the risk register becoming a huge document that people may find difficult to read through and understand.

Councillor Currie reiterated the importance of the IJB being able to demonstrate that it has gone through the process, even if there is only one option for consideration, and can clearly show the reasons for its decision. He linked this with ensuring that where possible these reports were made public.

Mr King suggested that when presenting the Strategy and Policy to the IJB he include additional information in the covering report recommending that all options are properly reviewed and set out and outlining what this would mean in practice. He also agreed that it was hugely important for the IJB to ensure that it engaged effectively with the public in its decision-making.

Decision

The Committee agreed:

- i) the draft risk management strategy;
- ii) the draft risk management policy; and
- iii) to recommend the strategy and policy to the IJB.

7. RISK REGISTER UPDATE

A report was submitted by the Chief Finance Officer updating the IJB's risk register.

Mr King presented the report indicating that the register had been updated since its last presentation to the Committee. He invited members to consider whether they felt the risks outlined were accurate and whether the mitigation measures were adequate.

The Chair said that members needed to understand what was meant by "adequate but partially effective" when talking about control measures and how these measures could be made more fully effective.

Councillor Currie referred to Risk 3925 and asked about the impact of the National Care Home Contract. He asked if this risk differentiated between care homes owned by the Council and those owned by private providers, as there were different risks associated with each.

Mr King explained that the IJB could only direct the Council to provide a specific number of care home places. It could not dictate how many of those were Council and how many were private sector. That would be an operational decision for the Council.

Councillor Currie argued that if there all of the care home places in a particular area were provided by the private sector, residents would have no choice but to pay more for care and this might not be sustainable in the long-term. This could result in an added financial risk to the Council which could also impact on the operational risk.

Ms Ireland agreed adding that those were the risks which the IJB needed to fully understand as they had the potential to derail its Directions.

The Chair observed that this issue was a concern for many people that if they were not able to afford care home costs how the care would be supplied.

Councillor Currie reiterated the importance of understanding the risks involved in any decision-making process and of ensuring that where risks are rated 'red' appropriate mitigation measures were put in place to reduce to them to 'amber' or 'yellow'.

The Chair agreed to the need to ensure that, when the IJB has proposals for change, the full range of implications are clear.

Ms Ireland added that the IJB would also need to understand how the risks might impact on delivery of the Strategic Plan as this would influence what the IJB's future proposals for the Plan.

Councillor Currie said that, as well as understanding the risks, the IJB needed to know whether control measures were adequate before it could make decisions on key proposals.

Ms Garden advised members that as part of the 2017/18 Audit Plan an audit was being undertaken on the IJB's risk management processes and a report would be presented to the Committee in June. She said she would review the information that had been presented at this meeting and give assurance as to whether the processes were robust and effective.

The Chair thanked Ms Garden and said that the Committee must also decide on how it could ensure the issues discussed were reflected in the information going to the IJB.

Mr King undertook to review the risk register taking account of members' comments and to provide a separate report on significant 'operational' risks for the next Committee meeting in June 2018.

Decision

The Committee agreed:

- i) that no further risks should be added;
- ii) that the risk mitigation actions were adequate; and
- iii) that Mr King would prepare a report on significant 'operational' risks for the next Committee meeting.

8. UPDATE ON ACTIONS FROM THE ANNUAL ACCOUNTS

A report was submitted by the Chief Finance Officer to update the Committee on the actions from the AGS and Annual Accounts paper which was presented to the Committee at its last meeting.

Mr King presented the update explaining that the issues were those identified as part of the governance review and the work by the external auditors. He said that the information contained in the report reflected progress to date.

Mr Small advised that the joint workforce plan, as proposed by the Scottish Government, would be presented to the IJB at its meeting on 22 March 2018.

Decision

The Committee agreed to note the update.

9. REPORTS FROM OTHER BODIES OF INTEREST TO THE IJB

A report was submitted by the Chief Finance Officer to bring to the Committee's attention a letter from the Scottish Government's Health and Sport Committee regarding financial reporting of the IJB's activities to the Scottish Government.

Mr King presented the report outlining the terms of the letter, in particular, the implications for in year reporting by Integration Authorities. While Mr King indicated that he would be inclined to support a request for regular updates, it also raised the possibility of information being released to the Scottish Government which had yet to be reported to the IJB.

Mr King felt it was important to bring this to the attention of the Committee and seek members' views.

Councillor Currie pointed out that under Freedom of Information (FOI) legislation anyone could request information from a local authority. He said the IJB needed to make its own decisions on when and how to report information and his own preference would be to make available any information which could be accessible through an FOI.

Mr King agreed that IJBs should be transparent but reiterated that there may be occasions where information was reported to the Scottish Government which had yet to be reported to the IJB.

Mr Small asked if this would mean advising IJB members of any information reported to the Scottish Government out with the meeting schedule. Mr King suggested that this information could be circulated to IJB members.

Councillor Currie referred to the Council's Members' Library Service which was a central electronic storage area for information of interest to Councillors. He suggested that this type of arrangement may be something to think about.

The Chair welcomed the suggestion of the Members' Library and agreed that this should be explored.

Decision

The Committee agreed to note the report.

10. SCHEDULE OF MEETINGS (JUNE 2018 TO JUNE 2019)

The Committee approved the schedule of meeting dates for 2018/19, as follows:

- Tuesday 5 June 2018, **3.00pm**
- Tuesday 18 September 2018, 2.00pm
- Tuesday 18 December 2018, 2.00pm
- Tuesday 19 March 2019, 2.00pm
- Tuesday 4 June 2019, **3.00pm**

All meetings to take place in the Council Chamber, Town House, Haddington.

Signed

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