



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

**TUESDAY 4 JUNE 2019  
SALTIRE ROOMS, JOHN MUIR HOUSE, HADDINGTON**

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**Members Present:**

Councillor S Kempson (Chair)  
Ms F Ireland  
Councillor F O'Donnell

**Officers Present:**

Mr S Allan  
Ms C Flanagan  
Ms D Gray  
Ms A MacDonald

**Others Present:**

Ms E Scoburgh, Audit Scotland

**Clerk:**

Ms F Currie

**Apologies:**

Mr A Joyce

**Declarations of Interest:**

None

## **1. MINUTES OF THE IJB AUDIT AND RISK COMMITTEE MEETING OF 19 MARCH 2019**

The minutes of the East Lothian IJB Audit and Risk Committee meeting held on 19 March 2019 were approved.

## **2. MATTERS ARISING FROM THE MINUTES OF 19 MARCH**

The following matters arising were discussed:

**(Item 3)** – referring to the East Lothian Community Care Forum, the Chair asked if an annual report had been prepared highlighting the IJB's participation and engagement activity. Stuart Allan confirmed that the annual report was one of the recommendations included in the Internal Audit report and he expected this to be completed after the summer.

## **3. RISK REGISTER UPDATE**

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

Claire Flanagan presented the report advising members that, following the previous Committee meeting, the risk register had been refreshed and updated to reflect members' comments. She explained that Diane Gray would give a demonstration of the live risk register on the Datix system and members would be invited to make further comments.

Diane Gray gave a presentation to the members outlining how the IJB risk register was set out on the live system, demonstrating how each risk was reviewed and updated and how actions were allocated to key officers and reminders generated to ensure that each risk was regularly reviewed.

Ms Gray provided individual examples using items in the IJB risk register. She explained that from each risk summary (the information contained in the hard copy risk register) could be accessed a more detailed background to each risk which included mitigation measures and progress reports. All actions, whether completed or in progress, were saved on the system and could be accessed at any time.

The members discussed the functionality of the risk register and noted that one of the restrictions appeared to be that the wording of drop-down menus was pre-set and could not be adapted for individual risks. However, they were reassured by the level of detail contained within the system and by the generation of automatic reminders to responsible officers to ensure that the key actions associated with each risk were updated at regular intervals.

The members went on to discuss some of the individual risks and the actions or controls required to build a level of resilience which would give the IJB, and by extension the services for which it is responsible, some measure of protection. The members also discussed the need for additional items on the register, in particular 'Withdrawal from the EU'. However, it was felt that this item was fully covered within the operational risk registers of the Health & Social Care Partnership and the IJB's partners.

The Chair thanked Ms Flanagan and Ms Gray for their presentation which had provided a useful insight into the workings of the risk register and reassurance to the Committee that the IJB's strategic risks were being appropriately managed.

### **Decision**

The Committee agreed to:

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

## **4. DRAFT UNAUDITED 2018/19 ANNUAL ACCOUNTS**

A report was submitted by the Chief Finance Officer presenting the IJB's draft (unaudited) Annual Accounts for 2018/19.

Ms Flanagan presented the report summarising key aspects of the accounts including the management commentary, the annual governance statement and the financial statements for 2018/19. She invited the Committee to consider the draft unaudited accounts and recommend to the IJB that they be approved and put forward for publication and audit.

Ms Flanagan responded to a number of questions from members regarding non-financial pressures, use of reserves, future financial pressures and movement towards the new health funding calculation based on actual need.

### **Decision**

The Committee agreed to:

- (i) consider the IJB's draft annual accounts; and
- (ii) recommend to the IJB that the IJB agrees the draft annual accounts for publication and audit.

## **5. INTERNAL AUDIT REPORTS**

### **a. BUDGET MONITORING**

A report was submitted by the Senior Auditor, East Lothian Council, informing the Committee of the recently issued audit report on Budget Monitoring.

Stuart Allan presented the report outlining the scope and findings of the audit. He advised members that the audit covered the 2017/18 and 2018/19 financial years but due to the timing of the work the report contained only a draft year end position for 2018/19. He said from a budget monitoring perspective it would be important to understand the reasons for the significant changes in the year end positions from those forecast in both 2017/18 and 2018/19. He acknowledged that the financial outlook for the IJB remained challenging and he noted that further financial recovery plans would be required and that the Chief Finance Officer had instituted monthly meetings to monitor progress.

Mr Allan informed members that, overall, Internal Audit were able to offer reasonable assurance on the adequacy and effectiveness of the arrangements in place for budget monitoring.

Ms Flanagan advised members that she had discussed the audit findings with Mr Allan and she considered the level of assurance and the recommendations to be appropriate. She had shared the first tranche of savings plans to offer assurance that targets for savings were deliverable and she would continue to monitor financial pressures and report back to the IJB.

Fiona Ireland expressed concern about the 2018/19 year-end position and the need to fully understand the reasons for the turnaround from the 2017/18 position and how to learn from that going forward.

Mr Allan pointed out that the accruals process had been refined and this would provide a more accurate position going forward but that this was only one of a number of factors.

Mr Allan and Ms Flanagan also responded to questions from Councillor O'Donnell on the use of reserves.

### **Decision**

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

## **b. BUSINESS CONTINUITY PLANNING AND DISASTER RECOVERY**

A report was submitted by the Senior Auditor, East Lothian Council, informing the Committee of the recently issued audit report on Business Continuity Planning and Disaster Recovery.

Mr Allan presented the report outlining the scope and findings of the audit. He indicated that this was a short report as the IJB was not required to have its own Business Continuity Planning and Disaster Recovery arrangements in place but instead relied on its partner organisations to provide the necessary arrangements. Referring to the recommendations in the audit report, Mr Allan encouraged the IJB to seek formal assurances from both the partners on the adequacy of the operating arrangements within their organisations. Ms MacDonald agreed that this would be followed up.

Mr Allan went on to summarise the audit team's findings in relation to the IJB's risk management strategy and the relationship between the IJB's risk register and those of its partners. He concluded that, overall, Internal Audit were able to offer reasonable assurance on the adequacy and effectiveness of the arrangements in place on Business Continuity Planning and Disaster Recovery.

### **Decision**

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

## **6. ANNUAL INTERNAL AUDIT OPINION AND REPORT 2018/19**

The Public Sector Internal Audit Standards (PSIAS) require that Internal Audit prepares an annual internal audit opinion and report that can be used by the Integration Joint Board (IJB) to inform its governance statement

A report was submitted by the Senior Auditor, East Lothian Council, informing the Committee of the internal audit work undertaken in 2018/19 and providing an opinion

on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control.

Mr Allan presented the report outlining the main points which included a summary of the internal controls, the audit reports prepared during 2018/19 and the evaluation of the IJB's controls and governance. He indicated that, subject to the areas with scope for improvement highlighted within the report, it was the opinion of Internal Audit that reasonable assurance could be placed on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control for the year ended 31 March 2019.

The Chair thanked Mr Allan for a very comprehensive report.

**Decision**

The Committee agreed to note that the Annual Internal Audit Opinion and Report 2018/19 was a formal confirmation of Internal Audit's opinion on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control for the year ended 31 March 2019.

**7. INTERNAL AUDIT PLAN 2019/20**

A report was submitted by the Senior Auditor, East Lothian Council, informing the Committee of Internal Audit's operational plan for 2019/20.

Mr Allan presented the report summarising the background and content of the proposed Audit Plan for 2019/20. He advised members that this would include four main audits, follow ups and other audit work, and he would meet with Management to agree the timing of individual audits. One of the main audits would be carried out by NHS Lothian's Internal Audit Team. Mr Allan added that this year's plan would focus on key issues for the IJB moving forward, such as financial planning and change management.

The Chair welcomed the plan which she considered very satisfactory and sensible.

**Decision**

The Committee agreed to approve the Audit Plan for 2019/20.

Signed .....

Councillor Susan Kempson  
Chair of the East Lothian IJB Audit and Risk Committee



## East Lothian Integration Joint Board Audit and Risk Committee (Those Charged with Governance)

10 September 2019

### East Lothian Integration Joint Board Audit of 2018/19 annual accounts

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#### Independent auditor's report

1. Our audit work on the 2018/19 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 12 September 2019 (the proposed report is attached at [Appendix A](#)).

#### Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Audit and Risk Committee's consideration our draft annual report on the 2018/19 audit. The section headed "Significant findings from the audit in accordance with ISA 260" sets out the issues identified in respect of the annual accounts.
3. The report also sets out conclusions from our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice.
4. This report will be issued in final form after the annual accounts have been certified.

#### Unadjusted misstatements

5. We also report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature and request that these misstatements be corrected.
6. There were no unadjusted misstatements to be corrected.

#### Representations from Chief Finance Officer

7. As part of the completion of our audit, we are seeking written representations from the Chief Finance Officer on aspects of the annual accounts, including the judgements and estimates made.
8. A draft letter of representation is attached at [Appendix B](#). This should be signed and returned to us by the Chief Finance Officer with the signed annual accounts prior to the independent auditor's report being certified.

# APPENDIX A: Proposed Independent Auditor's Report

## Independent auditor's report to the members of the East Lothian Integration Joint Board and the Accounts Commission

### Report on the audit of the financial statements

#### Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of the East Lothian Integration Joint Board for the year ended 31 March 2019 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the 2018/19 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of the East Lothian Integration Joint Board as at 31 March 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

#### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is three years. I am independent of the East Lothian Integration Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the East Lothian Integration Joint Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about East Lothian Integration Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



## **Risks of material misstatement**

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

## **Responsibilities of the Chief Finance Officer and the Audit and Risk Committee for the financial statements**

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the East Lothian Integration Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Audit and Risk Committee is responsible for overseeing the financial reporting process.

## **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## **Other information in the annual accounts**

The Chief Finance Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Report on other requirements

### Opinions on matters prescribed by the Accounts Commission

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

### Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

### Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

### Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Gillian Woolman MA FCA CPFA  
Audit Director  
Audit Scotland  
102 West Port  
Edinburgh  
EH3 9DN

September 2019

## APPENDIX B: Letter of Representation (ISA 580)

Gillian Woolman, Audit Director  
Audit Scotland  
102 West Port  
Edinburgh  
EH3 9DN

Dear Gillian

11 September 2019

### **East Lothian Integration Joint Board Annual Accounts 2018/19**

1. This representation letter is provided in connection with your audit of the annual accounts of East Lothian Integration Joint Board for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the remuneration report, management commentary and annual governance statement.
2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Audit and Risk Committee, the following representations given to you in connection with your audit of East Lothian Integration Joint Board's annual accounts for the year ended 31 March 2019.

### **General**

3. East Lothian Integration Joint Board and I have fulfilled our statutory responsibilities for the preparation of the 2018/19 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by the East Lothian Integration Joint Board have been recorded in the accounting records and are properly reflected in the financial statements.
4. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those reported by you.

### **Financial Reporting Framework**

5. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (2018/19 accounting code), mandatory guidance from LASAAC, and the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.
6. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of the East Lothian Integration Joint Board at 31 March 2019 and the transactions for 2018/19.

### **Accounting Policies & Estimates**

7. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2018/19 accounting code, where applicable.

Where the code does not specifically apply, I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to the East Lothian Integration Joint Board's circumstances and have been consistently applied.

8. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

### **Going Concern Basis of Accounting**

9. I have assessed East Lothian Integration Joint Board's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on East Lothian Integration Joint Board's ability to continue as a going concern.

### **Fraud**

10. I have provided you with all information in relation to
  - my assessment of the risk that the financial statements may be materially misstated as a result of fraud
  - any allegations of fraud or suspected fraud affecting the financial statements
  - fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

### **Laws and Regulations**

11. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

### **Related Party Transactions**

12. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2018/19 accounting code. I have made available to you the identity of all the East Lothian Integration Joint Board's related parties and all the related party relationships and transactions of which I am aware.

### **Remuneration Report**

13. The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014, and all required information of which I am aware has been provided to you.

### **Management commentary**

14. I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

## **Corporate Governance**

15. I confirm that the East Lothian Integration Joint Board has undertaken a review of the system of internal control during 2018/19 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.
16. I confirm that the Annual Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2019, which require to be reflected.

## **Balance Sheet**

17. All events subsequent to 31 March 2019 for which the 2018/19 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Claire Flanigan  
Chief Finance Officer



# East Lothian Integration Joint Board

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2018/19 Annual Audit Report



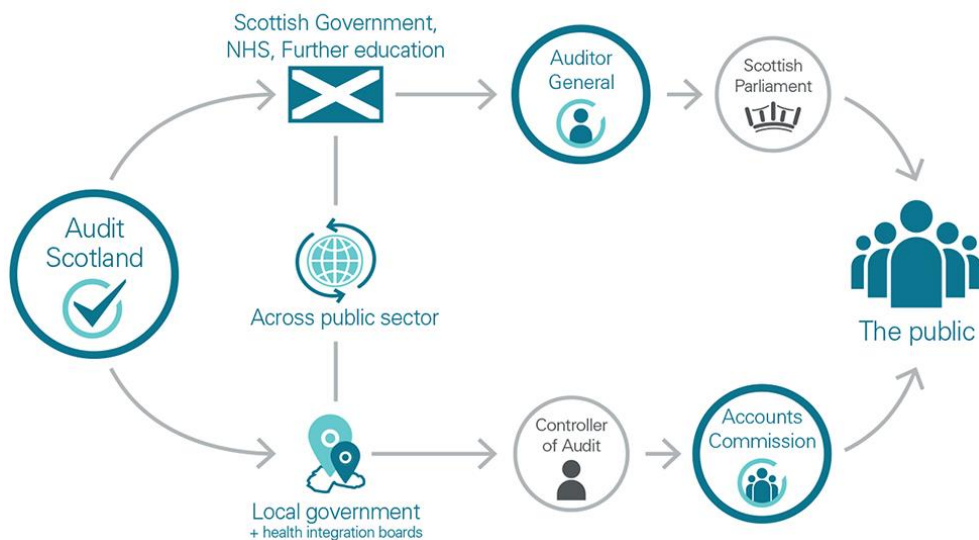
 AUDIT SCOTLAND

Prepared for East Lothian Integration Joint Board and the Controller of Audit  
11 September 2019

## 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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# Key messages

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## 2018/19 annual report and accounts

- 1** In our opinion the East Lothian Integration Joint Board's (the IJB) financial statements give a true and fair view and were properly prepared.
- 2** The management commentary, audited part of the remuneration report and annual governance statement were consistent with the financial statements and prepared in accordance with proper accounting practices and applicable guidance.

## Financial management and sustainability

- 3** The IJB has appropriate financial planning arrangements in place. The budgetary processes provide timely and reliable information for monitoring financial performance.
- 4** The IJB and partners must work together to develop savings plans against the five year rolling budget to reduce estimated future funding gaps and to ensure continued service delivery. Regular updates on progress should be communicated to the board.
- 5** The IJB incurred a year-end surplus of £1.772 million and now has a Useable Reserve comprised of general and earmarked reserves. This has been agreed with the partner bodies.

## Governance, transparency and value for money

- 6** The IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the board.
- 7** The IJB demonstrates a commitment to transparency in the way it conducts its business.
- 8** The annual Performance Report is currently in draft and due to be submitted to the IJB in September 2019. The IJB should ensure that the annual Performance Report is completed and submitted by 31 July as required by the Public Bodies (Joint Working) (Scotland) Act 2014.
- 9** To achieve value for money the IJB should have effective arrangements for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account. The annual Performance Report still requires to set out an assessment of how the IJB is meeting its best value duties in its delivery of services.
- 10** The IJB has effective arrangements for managing performance and monitoring progress towards their strategic objectives.

# Introduction

1. This report is a summary of our findings arising from the 2018/19 audit of East Lothian Integration Joint Board (the IJB).

2. The scope of our audit was set out in our Annual Audit Plan presented to the Audit and Risk Committee meeting on 10 January 2019. This report comprises the findings from our main elements of work in 2018/19 including:

- an audit of the IJB's 2018/19 annual accounts including issuing an independent auditor's report setting out our opinion
- consideration of the four audit dimensions that frame the wider scope of public audit set out in the [Code of Audit Practice 2016](#) as illustrated in [Exhibit 1](#).

## Exhibit 1 Audit dimensions



Source: Code of Audit Practice 2016

## Adding value through the audit

3. We add value to the IJB, through audit, by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations for improvements that have been accepted by management
- reporting our findings and conclusions in public
- sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides

- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability

4. In so doing, we aim to help the IJB promote improved standards of governance, better management and decision making and more effective use of resources.

## Responsibilities and reporting

5. The IJB has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. The IJB is responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.

6. Our responsibilities, as independent auditor appointed by the Accounts Commission, are established by the Local Government (Scotland) Act 1973, the [Code of Audit Practice \(2016\)](#), supplementary guidance, and International Standards on Auditing in the UK.

7. As public sector auditors we give independent opinions on the annual accounts. Additionally, we conclude on:

- the appropriateness and effectiveness of the performance management arrangements,
- the suitability and effectiveness of corporate governance arrangements,
- the financial position and arrangements for securing financial sustainability.

8. In doing this we aim to support improvement and accountability. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#) and supplementary guidance.

9. Weaknesses or risks identified in our annual audit report are only those which have come to our attention during our normal audit work and may not be all that exist.

10. Our annual audit report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, responsible officers and dates for implementation. It also includes outstanding actions from last year and the steps being taken to implement them.

11. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can confirm that we have not undertaken any non-audit related services and therefore the 2018/19 audit fee of £25,000, as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

12. This report is addressed to both the board and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course.

13. We would like to thank all management and staff who have been involved in our work for their co-operation and assistance during the audit.

# Part 1

## Audit of 2018/19 annual accounts



### Main judgements

**In our opinion East Lothian IJB's financial statements give a true and fair view and were properly prepared.**

**The management commentary, audited part of the remuneration report and annual governance statement were consistent with the financial statements and prepared in accordance with proper accounting practices and applicable guidance.**

The annual accounts are the principal means of accounting for the stewardship of the board's resources and its performance in the use of those resources.

### Audit opinions on the annual accounts

**14.** The annual accounts for the year ended 31 March 2019 were approved by the board on 11 September 2019. We reported within the independent auditor's report that:

- the financial statements give a true and fair view and were properly prepared
- the audited part of the remuneration report, management commentary, and annual governance statement were all consistent with the financial statements and properly prepared in accordance with proper accounting practices and applicable guidance.

**15.** Additionally, we have nothing to report in respect of misstatements in information other than the financial statements, the adequacy of accounting records, and the information and explanations we received.

### Submission of annual accounts for audit

**16.** We received the unaudited annual accounts on 27 June 2019 in line with our agreed audit timetable. Financial information was provided to the IJB in a timely manner from the partner bodies in order to allow it to produce its accounts by the statutory deadline. The partner bodies also provided the IJB with assurance letters confirming that the figures were complete and accurate.

**17.** The working papers provided with the unaudited annual accounts were of a good standard and finance staff provided good support to the audit team which helped ensure the audit process ran smoothly.

### Risks of material misstatement

**18.** [Appendix 2](#) provides a description of those assessed risks of material misstatement in the financial statements and any wider audit dimension risks that were identified during the audit planning process. It also summarises the work we have done to gain assurance over the outcome of these risks.

## Materiality

**19.** Misstatements are material if they could reasonably be expected to influence the economic decisions of users taken based on the financial statements. The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement. It is affected by our perception of the financial information needs of users of the financial statements.

**20.** Our initial assessment of materiality for the annual report and accounts was carried out during the planning phase of the audit and is summarised in [Exhibit 2](#). Specifically, regarding the annual accounts we assess the materiality of uncorrected misstatements, both individually and collectively.

**21.** On receipt of the unaudited annual accounts we reviewed our materiality calculations and concluded that they remained appropriate.

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## Exhibit 2 Materiality values

Materiality level	Amount
Overall materiality	£1.6 million
Performance materiality	£1.2 million
Reporting threshold	£16,000

Source: East Lothian IJB 2018/19 Unaudited Annual Accounts

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## Significant findings from the audit in accordance with ISA 260

**22.** International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices covering accounting policies, accounting estimates and financial statements disclosures. There were no significant findings in the 2018/19 audit. We also have no significant finding to report and on the qualitative aspects of the 2018/19 accounting practices.

## Evaluation of misstatements

**23.** There were no material adjustments to the unaudited annual accounts arising from our audit. There were no individual misstatements which exceeded our reporting threshold.

## Other Findings

**24.** Our audit identified a number of presentational and disclosure issues which were discussed with management. These were adjusted for and are reflected in the audited annual accounts.

## Follow up of prior year recommendations

**25.** The IJB has made progress in implementing our prior year audit recommendations. In 2017/18 we raised four recommendations in our annual audit report. During 2018/19 the IJB progressed and cleared two recommendations by preparing a five-year, rolling, medium term financial plan and, implementing a workforce plan for the IJB.

**26.** There are two recommendations from 2017/18 which remain open and these have been raised in [Appendix 1](#) with revised responses and timescales agreed with management. These actions are ongoing and relate to the development of longer term savings / efficiency plans against the five-year rolling plan and, submission of the performance report in line with national timescales.

# Part 2

## Financial management and sustainability



### Main judgements

The IJB has appropriate financial planning and reporting arrangements in place. The budgetary processes provide timely and reliable information for monitoring financial performance.



The IJB incurred a surplus of £1.772 million and now has a Useable Reserve comprised of general and earmarked reserves. This has been agreed with the partner bodies.

Financial management is about financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

### Financial management

**27.** As auditors, we need to consider whether audited bodies have established adequate financial management arrangements. We do this by considering several factors, including whether:

- the Chief Financial Officer (CFO) has sufficient status to be able to deliver good financial management
- standing financial instructions and standing orders are comprehensive, current and promoted within the IJB
- reports monitoring performance against budgets are accurate and provided regularly to budget holders
- monitoring reports do not just contain financial data but are linked to information about performance
- IJB members provide a good level of challenge and question budget holders on significant variances.

**28.** Following the departure of the former Chief Officer (CO) in June 2018 a decision was taken by NHS Lothian and East Lothian Council to make an initial appointment to the post of CO on a temporary basis, with a view to seeking a permanent replacement in due course. The IJB appointed an interim CO during this time. In accordance with the policies and procedures of East Lothian Council and NHS Lothian, an appointment Committee was then constituted to seek a permanent replacement. The Committee was facilitated by NHS Lothian and East Lothian Council officers and the IJB formally approved the permanent appointment of the interim CO in April 2019.

**29.** The CFO retired during 2018/19. The role was filled on a permanent basis with the newly appointed CFO taking up the role in October 2018. There was no disruption to service during this time.

**30.** The CFO has sufficient status and is able to deliver good financial management. The CFO reports directly to the CO and regularly reports to the



board and the Audit and Risk Committee. From our attendance at both the board and Audit and Risk Committee meetings, we observed that members provide a good level of challenge and scrutiny on the material presented.

**31.** We also are satisfied that financial and wider performance reports are presented to the board on a timely and regular basis.

## Systems of internal control

**32.** The IJB relies on the information generated by its partner bodies' key financial systems such as the ledger and payroll. The details of the IJB's financial transactions are processed through the partners systems and the controls over these systems are accounted for within these two bodies. The IJB's transactions are maintained separately from those of the partner bodies in the ledger.

**33.** As part of our audit approach and in accordance with ISA 402, we sought assurances from the external auditors of NHS Lothian and East Lothian Council who both confirmed there were no weaknesses in respective systems of internal control which would have a material impact on financial reporting.

## Risk management

**34.** Risk management continues to be refined by the IJB. At its June 2019 Audit and Risk Committee, a demonstration of the risk register software was provided by officers. This was a useful exercise for both officers and members to understand what goes into creating, managing and addressing the IJB's strategic risks. Members took this opportunity to consult on the risk register, its presentation and commented that it is clearly laid out. The risk register highlights changes and updates from the last iteration. There were no new risks since the last register was presented. Member feedback on content is provided during meetings and officers seek to address this where possible. Officers clarified that only items that affect the delivery of the IJB's services would feature on the risk register. Other risks are contained within the partners risk registers. If necessary, these risks will be escalated to the IJB for information / wider awareness.

**35.** EU withdrawal will be added to the IJB's risk register after it was recognised that it affects all organisations. The risk will draw on and summarise the partners risk registers with the key areas being staffing and the availability of medicines. This will also ensure that the risk registers are joined up.

**36.** Based on our review of the evidence we concluded that the IJB has appropriate risk management arrangements which are subject to regular review by the board and Audit and Risk Committee.

## Internal audit

**37.** We reviewed the IJB's internal audit arrangements in accordance with International Standard on Auditing (UK) 610 (Using the Work of Internal Auditors) to determine the extent to which we could rely on the work of internal audit.

**38.** To avoid duplication of effort we place reliance on the work of internal audit wherever possible. In 2018/19 we did not place any formal reliance on internal audit reviews for the purpose of obtaining direct assurance for our financial statements work. We did consider the internal audit report findings as part of our wider dimension work: Adult Services (Residential Care, Payments on Schedule and Transport); Budget Monitoring; and Business Continuity Planning and Disaster Recovery. We also note that recommendations made by internal audit are being implemented in line with the agreed timescales.

## Financial performance in 2018/19

**39.** The IJB does not have any assets, nor does it directly incur expenditure or employ staff, other than the Chief Officer. All funding and expenditure for the IJB is

incurred by partners' bodies and processed in their accounting records. Satisfactory arrangements are in place to identify this income and expenditure and report this financial information to the IJB. A summary of the IJB's performance against budget is in [Exhibit 4](#).

40. For the majority of 2018/19, the IJB was projecting an overspend. In December 2018 a £764k projected overspend was reported to the IJB and amended to £715k in the February 2019 board update. During the latter part of the year new funding was allocated to Integration Authorities to support, for example, Primary Care Improvement and increased Mental Health Workforce as part of Scottish Government's Mental Health Strategy. As these funding sources were received part way through the financial year there was slippage in spending these allocations. The IJB correctly transferred the unspent funding into an earmarked reserve to carry forward for spending in future financial years. This has been agreed with the partners.

## Exhibit 4 Performance against budget

IJB budget summary	Budget £000	Actual £000	Variance £000
<b>Net Expenditure</b>			
NHS Lothian	116,531	115,060	1,471
East Lothian Council	45,058	44,757	301
Total Net Expenditure	161,589	159,817	1,772
<b>Surplus to be retained by the IJB</b>		<b>1,772</b>	
<b>Earmarked Reserves</b>		<b>695</b>	

Source: East Lothian IJB Annual Account 2018/19

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

## Financial planning and sustainability

41. The Scottish Government published its medium term financial framework for Health and Social Care in October 2018. The framework was presented to the Audit and Risk Committee in January 2019 and has supported the development of the rolling five year financial plan.

42. The IJB prepared and presented a rolling five year financial plan to the board in June 2019. It is based on formal budget offers from partners and includes budget values for subsequent years. The summary provided to the board includes total anticipated delegated budgets over the next five years. It is reviewed and updated according to changes in partner funding.

43. In preparing the five year plan, the IJB ensured that health costs were based on detailed financial planning exercises conducted by NHS Lothian. For 2019/20, NHS Lothian have provided the IJB with additional funding to ensure that the base budget is uplifted by 2.6% and that unscheduled care investments made by NHS Lothian are also funded. The five year plan takes into account recurring and non-

recurring funding sources and has been updated to reflect these including a 5% growth in social care costs. The IJB has assumed that recurring funding is available in 2020/21 and factored these into their budget revisions. Further work needs to be done to identify savings beyond 2019/20.

44. The IJB's current five year plan indicates a total, projected funding gap by 2023/24 of £17.7m (11%). The IJB recognise the challenge ahead and have informed the board that only limited assurance can be given around its ability to break even in 2019/20, noting the significant financial challenges on the horizon.



### **Recommendation 1** ([refer appendix 1, action plan point 1](#))

**The IJB and partners must work together to develop savings plans against the five year rolling budget to reduce estimated future funding gaps and to ensure continued service delivery. Regular updates on progress should be communicated to the board.**

## **Reserves strategy**

45. A reserves strategy is in place as part of the IJB's Integration Scheme. A reserves policy has been in place since 2016/17 with no significant changes noted since then.

46. The Integration Scheme sets out the arrangements between the partners for addressing and financing any overspends or underspends. Planned underspends may be retained by the IJB to either fund additional in-year capacity or be carried forward to fund capacity in future years in line with the Strategic Plan. Any unplanned underspend will be returned to NHS Lothian or East Lothian Council. In 2018/19 the IJB reported an underspend of £1.772 million. The underspend has been retained by the IJB for use in 2019/20 and is included within Useable Reserves (earmarked and general) in the accounts. This was agreed by the partners.

## **EU Withdrawal**

47. There remains significant uncertainty surrounding the terms of the UK's withdrawal from the European Union (EU). EU withdrawal will inevitably have implications for devolved government in Scotland and for audited bodies. It is critical that public sector bodies are working to understand, assess and prepare for the impact on their business in three broad areas:

- Workforce – the extent to which potential changes to migration are likely to affect the availability of the people and skills needed to deliver services.
- Funding – the extent to which potential changes to existing EU funding programmes are likely to affect the finances of public bodies and the activity that such funding supports.
- Regulation – the extent to which potential changes to EU regulations are likely to affect the activities of some public bodies.

48. East Lothian Council and NHS Lothian, the IJB's partners, have been making preparations for the impact of EU withdrawal on services. The IJB recognised that their own strategic risk register should be updated to reflect the work underway by the partner bodies in respect of EU withdrawal ([refer paragraph 37](#) above). The IJB will wish to be well informed in how the council and the health board are working to monitor and respond to the impact of the EU withdrawal.

# Part 3

## Governance, transparency and value for money



### Main judgements

The IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the board.



The annual Performance Report is currently in draft. The IJB should ensure that this report is completed and submitted by 31 July as required by the Public Bodies (Joint Working) (Scotland) Act 2014.

There is a lack of evidence to demonstrate how best value is being delivered in the IJB.

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.

### Governance arrangements

**49.** The IJB is constituted through its Integration Scheme which is agreed by all partner bodies and was updated in March 2019 and presented to the board. The IJB is responsible for overseeing the delivery of health and social care services for East Lothian including responsibility for performance management.

**50.** The board has representation from a range of service users and partners including four elected voting members nominated by East Lothian Council and four voting members from NHS Lothian. The board aims to meet on a near-monthly basis and in 2018/19 met nine times (seven times in 2017/18). The board is supported by an Audit and Risk Committee. The Audit and Risk Committee meets on a quarterly basis and in 2018/19 met four times as planned (four times in 2017/18). We attend, where possible, and review minutes of board and Audit and Risk Committee meetings to assess their effectiveness. Board and, Audit and Risk Committee meetings are well attended with members providing a good level of scrutiny and challenge. Officers take actions away and these are addressed and updated in subsequent meetings.

**51.** The IJB is supported in its work by a Chief Officer and a Chief Finance Officer. The Chief Officer provides strategic and operational advice to the IJB while the Chief Finance Officer is responsible for financial management including budget monitoring reports. Both the Chief Officer and Chief Financial Officer were present at the 2018/19 Audit and Risk Committee meetings and provided good summaries and responded to member queries.

**52.** We conclude that overall the IJB has adequate governance arrangements in place and they provide a framework for effective organisational decision making.

### Openness and transparency

**53.** There is an increasing focus on how public money is used and what is achieved. In that regard, openness and transparency supports understanding and scrutiny. Transparency means that the general public has access to

understandable, relevant and timely information about how the IJB is taking decisions and how it is using resources.

**54.** There is evidence from a number of sources which demonstrates the IJB's commitment to transparency for example, all papers for board and Audit and Risk Committee meetings are publicly available. Meetings can also be observed by members of the public with the press routinely in attendance. This is considered good practice as not all public sector bodies offer this level of transparency, particularly when it comes to the Audit and Risk Committee.

**55.** In addition, full details of the meetings held by the IJB are available through the East Lothian Council website where access is given to all committee papers and minutes of meetings (note, the IJB do not have their own website). The IJB receives regular financial monitoring reports which are clear and concise.

**56.** We conclude that the IJB demonstrates a commitment to openness and transparency.

### Transparent reporting of financial performance

**57.** The management commentary that accompanies the financial statements should clearly explain how a body has performed against its budget and how this is reconciled to the financial statements. The IJB's management commentary explains its in-year financial performance setting out key areas against the IJB's Strategic Plan. Outturn against the budget for both health and social care is clearly summarised with notes and explanations provided as appropriate. The commentary is concluded by highlighting key risks and uncertainties going forward including financial pressures, delivery of the Carers Act, workforce challenges, increasing population and wider Scottish and UK uncertainties.

Value for money is concerned with using resources effectively and continually improving services.

### Value for money

**58.** To achieve value for money the IJB should have effective arrangements for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account. Our audit covers the four audit dimensions, as set out in [Exhibit 1](#), which are key components of securing best value in the provision of services and the use of resources.

### Performance report and best value

**59.** The Public Bodies (Joint Working) (Scotland) Act 2014 requires that an annual performance report is completed within four months of the year end. Guidance highlights that the report should cover areas including: assessing performance in relation to national health and wellbeing outcomes, financial performance and best value, reporting on localities, inspection of services, and a review of strategic commissioning plan.

**60.** The 2018/19 annual Performance Report is currently in draft and due to be submitted for approval to the board at its next meeting on 11 September 2019. The IJB should ensure that the annual performance report is completed and submitted by the 31 July as required by the Public Bodies (Joint Working) (Scotland) Act 2014.



### Recommendation 2 ([refer appendix 1, action plan point 2](#))

**The IJB should ensure that the annual performance report is completed and submitted by the 31 July as required by the Public Bodies (Joint Working) (Scotland) Act 2014.**

**61.** We have reviewed the draft Performance Report and note that it summarises the IJB's main objectives, performance against integration and associated outcomes including national indicators, planning structures and, financial performance. This is in line with the national requirements.

**62.** Integration Joint Boards have a statutory duty to make arrangements to secure best value. To achieve value for money the IJB should have effective arrangements for scrutinising performance, monitoring progress towards their strategic objectives and holding partners to account. The performance report still requires to set out an assessment of how the IJB is meeting its best value duties in the delivery of services.



### **Recommendation 3 (refer appendix 1, action plan point 3)**

**The IJB requires should assess and provide a summary in the annual Performance Report about how it is meeting its best value duties in the delivery of services.**

**63.** The Strategic Plan identifies seven strategic priorities that are linked to the Scottish Government's ten health and wellbeing outcomes, together with the six additional outcomes for children and community justice. During 2018/19 the IJB agreed to focus its energies on priority work in order to deliver against financial pressures and to support service change and delivery of local, regional and national priorities. The agreed priorities are outlined in the revised Strategic Plan and are as follows:

- Deliver the Primary Care Strategy/New GP Contract Improvement Plan.
- Development and delivery of the Financial Plan for 2018/19 and beyond.
- Commence re-provision of Abbey and Eskgreen care homes; Edington and Belhaven hospitals and, provision of housing with care and care homes.
- Review Community Services for adults with complex needs.
- Review of services for adults with mental health and substance misuse issues.
- Implement the Carers Strategy.
- Review actions intended to deliver delayed discharges/emergency admissions/A&E improvements.

**64.** To support delivery of these priorities, in late 2018 the IJB developed a new strategic planning structure consisting of six 'Change Boards'. The Change Boards will focus on primary care; adults with complex needs; mental health and substance misuse; shifting the balance of care; re-provision programmes and; carers, to address and manage the priorities above.

**65.** The IJB has effective arrangements for managing performance and monitoring progress towards their strategic objectives however more could be done to demonstrate best value is being achieved ([refer paragraph 64](#) above).

## **National performance audit reports**

**66.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2018/19 we published some reports which are of direct interest to the board as outlined in [Appendix 3](#).

**67.** The IJB has arrangements in place for considering and reviewing national reports including any locally agreed actions. Where actions are raised as a result of these reports, they are followed up in subsequent meetings.

# Appendix 1

## Action plan 2018/19



No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p><b>Efficiency savings</b></p> <p>The IJB's five year financial plan highlights the funding gaps faced each year ranging from £1.5m (2019/20) rising to £17.7m by 2023/23. As reported to the board in June 2019, there is limited assurance over the IJB's ability to break even in 2019/20. Further work is required to ensure financial pressures can be addressed.</p> <p><b>Risk</b> - The board may not be able to deliver the targeted savings / plans in 2019/20 and beyond.</p>	<p>The IJB and partners must work together to develop efficiency / savings plans against the five year rolling budget to reduce estimated future funding gaps and to ensure continued service delivery. Regular updates on progress should be communicated to the board.</p> <p>The board should ensure that saving plans are developed and monitored to identify how the 2019/20 £1.5 million funding gap will be bridged (<a href="#">refer paragraph 46</a>).</p>	<p>Work to deliver a balanced budget in 2019/20 is underway and our quarter 1 financial forecasts are highlighting improved performance albeit the IJB is still not in balance for 2019/20. Further to this the IJB's 5 year plan continues to be refined and developed in line with financial recovery actions utilising the Scottish Government's Medium Term Financial Framework for Health and Social Care to support this work.</p> <p>Responsible officer: Chief Finance Officer</p> <p>Agreed date: March 2020</p>
2	<p><b>Annual Performance Report</b></p> <p>The 2018/19 annual Performance Report is currently in draft and due to be submitted for approval to the board at its next meeting on 11 September 2019. The IJB should ensure that the annual Performance Report is completed and submitted by the 31 July deadline.</p> <p><b>Risk</b> – There is a risk that the IJB will fail to report its performance publicly in a timely fashion.</p>	<p>The IJB should ensure that the annual Performance Report is completed and submitted by the 31 July as required by the Public Bodies (Joint Working) (Scotland) Act 2014 (<a href="#">refer paragraph 62</a>).</p>	<p>The annual report relies on activity and measurement data from information provided by NSS. This information was not received in time to allow the draft annual report to be presented to the IJB at its June meeting. The annual report will be presented to the next available IJB which is early September.</p> <p>Going forward for 2019/20 reporting arrangements are being made for all data required for the annual report is received in time to report to the IJB in line with the 31 July deadline.</p> <p>Responsible officer: Chief Officer</p> <p>Agreed date: 31 July 2020</p>





No.	Issue/risk	Recommendation	Agreed management action/timing
3	<p data-bbox="256 412 523 441"><b>Reporting best value</b></p> <p data-bbox="256 456 608 730">East Lothian IJB has produced a draft Performance Report however the report does not include a best value assessment of the IJB's delivery of services. This is one of the prescribed areas that the Performance Report should cover.</p> <p data-bbox="256 745 608 927"><b>Risk</b> - The performance report does not meet the requirements of the Scottish Government and the EL IJB cannot demonstrate best value.</p>	<p data-bbox="643 412 979 528">The IJB should review and consider how it will report on best value in the 2019/20 annual Performance Report.</p>	<p data-bbox="1054 412 1410 562">The 2019/20 Annual Performance Report will be developed and will include a best value assessment of the IJB s delivery of services.</p> <p data-bbox="1054 577 1410 645">Responsible officer: Chief Officer</p> <p data-bbox="1054 660 1410 685">Agreed date: 31 July 2020</p>

# Appendix 2

## Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual report and accounts and those relating our wider responsibility under the [Code of Audit Practice 2016](#).

Audit risk	Assurance procedure	Results and conclusions
<b>Financial statement issues and risks identified in the Annual Audit Plan</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 consideration of the risk of management override of controls 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><b>Satisfactory</b></p> <p>Substantive testing of journals identified no errors.</p> <p>Accounting estimates, where applicable were satisfactory.</p> <p>No significant transactions outside the normal course of business were identified during the audit process.</p> <p>Service auditor assurances were received and were satisfactory.</p> <p>No fraud concerns were identified from our work in relation to the risk of management override of control.</p>
<p><b>2 Risk of fraud over expenditure</b></p> <p>The expenditure of the IJB is processed through the financial systems of East Lothian Council and NHS Lothian.</p> <p>There is a risk that non-IJB related expenditure is incorrectly coded to the IJB account codes.</p>	<p>Robust budget monitoring.</p> <p>Assurances to be provided to the IJB by East Lothian Council and NHS Lothian on the completeness and accuracy of transaction coded to IJB account codes.</p>	<p><b>Satisfactory</b></p> <p>Evidence of routine budget monitoring during 2018/19/</p> <p>Service auditor assurances were received and were satisfactory.</p> <p>No non-IJB related expenditure coded to the IJB was noted during the audit.</p>
<b>Wider dimension issues and risk identified in the Annual Audit Plan</b>		
<p><b>3 Financial management</b></p> <p>There is no obligation set out within the integration scheme for either partner to address any end-year overspend for the IJB. Current forecasts indicate that the IJB will overspend in 2018/19, as it has done in the previous two years before the partners provided additional funds. The partners have</p>	<p>In line with the protocol set out in the integration scheme, the partners are currently preparing recovery plans to achieve a break-even position.</p>	<p><b>Satisfactory</b></p> <p>Recovery plans at year-end were not required. In 2018/19 the IJB had a surplus of £1.782m. The IJB reviewed and updated their reserves policy to reflect this and ensure it was appropriate. A general and earmarked reserve have been set up.</p> <p>It is recognised by the IJB that a break even position and / or</p>

Audit risk	Assurance procedure	Results and conclusions
<p>indicated that their previous position of funding any end-year overspends is unsustainable.</p> <p>There is a risk that the IJB will be left with an unfunded overspend at year-end with no clear accountability for which party is responsible for addressing this.</p>		<p>funding year-end overspends is unsustainable.</p> <p>Revised Integration Scheme was prepared on 2 March 2019 and includes measures to address under and overspends.</p> <p>Improved and timely CFO updates to the IJB and the Audit and Risk Committee.</p>
<p><b>4 Financial sustainability</b></p> <p>The IJB is currently developing a three-year financial plan, recognising that the plan requires further development to consider how resources are to be re-prioritised to address issues of financial sustainability while facilitating a shift to community-based care.</p> <p>There is a risk that the IJB in partnership with NHS Lothian and East Lothian Council may not be able to identify sustainable savings measures or meet cost pressures as they arise. A key element of this is the long term (3-5 year) financial plan to ensure members of the board are aware of the cost pressures facing the IJB which could affect future service delivery.</p>	<p>Financial assurance paper to February 2018 IJB on progress towards financial plans.</p> <p>Financial plan to be in place by March 2019.</p>	<p><b>Satisfactory</b></p> <p>The Scottish Government published its medium term financial framework for Health and Social Care in October 2018.</p> <p>The framework was presented to the IJB Audit and Risk Committee on 10 January 2019 and has supported the development of the IJB's rolling five year financial plan.</p> <p>Following acceptance of the formal budget offers for 2019/20 from both partners and the indicative budget values for future years, the EL IJB rolling five year financial plan for 2019/20 – 2023/24 has been developed and was presented to the IJB on 4 June 2019.</p> <p>A financial outlook for 2019/20 was presented to the IJB on 28 March 2019, this was used to prepare the medium term plan.</p>
<p><b>5 Governance and transparency</b></p> <p>The most recent data from the Quarter 2 financial report forecasts an overspend for 2018/19. To date there has been limited information presented to the Board or Audit and Risk Committee with respect to recovery plans to address this overspend.</p> <p>There is a risk that the IJB is taking decisions on financial sustainability without adequately detailed information to do so.</p>	<p>Financial updates routinely provided to IJB.</p> <p>Financial plan to be in place by March 2019.</p> <p>2018/19 Internal Audit report on Budget Monitoring (May 2019).</p>	<p><b>Satisfactory</b></p> <p>Recovery plans at year-end were not required. In 2018/19 the IJB had a surplus of £1.782m.</p> <p>The IJB reviewed and updated their reserves policy to reflect this and ensure it was appropriate. A general and earmarked reserve have been set up.</p> <p>Regular financial updates have been provided to both the IJB and the Audit and Risk Committee.</p> <p>A financial plan was for 2019/20 on 28 March 2019 based on indicative budget offers from both NHS Lothian and East Lothian Council.</p> <p>Internal Audit report on Budget Monitoring received reasonable assurance.</p>

Audit risk	Assurance procedure	Results and conclusions
<p><b>6 Governance and transparency</b></p> <p>The Integration Scheme requires the IJB to produce, with the help of its partners, a joint workforce development support plan which is intended to support the IJB's Strategic Plan. The workforce plan is still in development.</p> <p>There is a risk that without a workforce plan, the IJB may not be able to adequately deliver its strategic objectives.</p>	<p>Workforce plan to be in place by March 2019.</p>	<p><b>Satisfactory</b></p> <p>IJB Workforce Plan presented to the board in May 2019. The process for developing the Workforce Plan was subject to internal audit in March 2019 and concluded that of the five assessment control objectives three were assessed as 'significant assurance' and two as 'moderate assurance'.</p> <p>Going forward, Chief Officers from the four Lothian Partnerships are to progress ongoing collaboration in the four related work streams –General Medical Services implementation; Digital Enablement; Recruitment and Retention (including with third and independent sector providers); Learning and Development.</p>
<p><b>7 Governance and transparency</b></p> <p>The IJB recently approved its Risk Management Strategy and Policy and continues to develop its risk management arrangements. The IJB is still considering how best to identify and mitigate those operational risks for the partners that are also strategic risks for the IJB. This could impact on the IJB's ability to deliver its strategic plan.</p> <p>There is a risk that current IJB risk management arrangements may fail to capture and report the operational risks being managed by partners that are also strategic risks to the IJB.</p>	<p>IJB Risk Register reviewed and updated through Audit &amp; Risk Committee.</p>	<p><b>Satisfactory</b></p> <p>Members have been consulted on the IJB Risk Register during 2018/19.</p> <p>An updated Risk Register was presented to the IJB in June 2019 including a 'show and tell' presentation of how the process works. This session was beneficial to both members and officers.</p> <p>Only items that affect delivery of IJB's strategic objectives will feature with operational risks featured in the partner's risk registers and this is deemed appropriate.</p>
<p><b>8 Value for money</b></p> <p>It is a statutory requirement for the IJB to demonstrate that it is delivering best value by assessing and reporting on economy, efficiency, effectiveness and equality in service provision, in line with the Scottish Government Best Value Framework.</p> <p>There is a risk that the IJB is not complying with best value reporting requirements.</p>	<p>The IJB meetings are formally reported to, and minuted.</p>	<p><b>Unsatisfactory</b></p> <p>Performance report does not specifically set out how the IJB is achieving / meeting its best value duties.</p> <p><a href="#">Refer Appendix 1, action plan point 3.</a></p>

# Appendix 3

## Summary of national performance reports 2018/19

		 <b>2018/19 Reports</b>	
Local government in Scotland: Challenges and performance 2018		<b>Apr</b>	
Councils' use of arm's-length organisations		<b>May</b>	 Scottish Fire and Rescue Service: an update
Scotland's colleges 2018		<b>Jun</b>	
		<b>Jul</b>	 The National Fraud Initiative in Scotland 2016/17
Forth Replacement Crossing		<b>Aug</b>	 Major project and procurement lessons
Children and young people's mental health		<b>Sept</b>	 Superfast broadband for Scotland: further progress update
NHS in Scotland 2018		<b>Oct</b>	
Health and social care integration: update on progress		<b>Nov</b>	 Local government in Scotland: Financial overview 2017/18
		Dec	
		Jan	
		Feb	
		<b>Mar</b>	 Local government in Scotland: Challenges and performance 2019

### Reports relevant to Integration Joint Boards

[Councils' use of arm's-length organisations](#) – May 2018

[Children and young people's mental health](#) – September 2018

[NHS in Scotland 2018](#) – October 2018

[Health and social care integration: update on progress](#) – November 2018

[Local government in Scotland: Financial overview 2017/18](#) – November 2018

[Local government in Scotland: Challenges and performance 2019](#) – March 2019

# East Lothian Integration Joint Board

## 2018/19 Annual Audit Report

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**REPORT TO:** East Lothian IJB – Audit and Risk Committee  
**MEETING DATE:** 10 September 2019  
**BY:** Chief Finance Officer  
**SUBJECT:** 2018/19 Audited Annual Accounts

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## 1 PURPOSE

- 1.1 The IJB has prepared Annual Accounts for the financial year 2018/19; these have now been audited by the IJB's Independent Auditors. Their report has been presented to the committee at a previous agenda item.

## 2 RECOMMENDATIONS

The Committee is asked to:

- i. To note the Independent Auditors' review of the IJB's Annual Accounts
- ii. To recommend the Annual Accounts to the IJB

## 3. BACKGROUND

- 3.1 As a body governed by section 110 of the Local Government Scotland Act (1973) and the appropriate regulations and subsequent Acts, the IJB must prepare a set of Annual Accounts. The accounts must fulfil the requirements of the Act and the regulations and must give a true and fair view of the IJB's financial position.
- 3.2 The accounts must then be reviewed by an Independent Auditor who will report their findings to this committee which will allow the auditors to bring any matters to the committee's attention. If there are no issues arising from the auditors' report then the committee can recommend acceptance and authorisation of the annual accounts to the IJB.
- 3.3 Having recommended the IJB Annual Accounts to the IJB, these will be formally signed at the meeting of the IJB on 11 September 2019.
- 3.5 The Annual Accounts (unsigned) are attached to this report.

#### **4 ENGAGEMENT**

- 4.1 The IJB holds its meetings in public and makes its papers and reports available on the internet.

#### **5 POLICY IMPLICATIONS**

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

#### **6 INTEGRATED IMPACT ASSESSMENT**

- 6.1 There are no implications for health inequalities or general equality and diversity issues arising directly from the issues and recommendations in this paper.

#### **7 RESOURCE IMPLICATIONS**

- 7.1 Financial – there are none.  
7.2 Personnel – there are none.

#### **8 BACKGROUND PAPERS**

- 8.1 None

#### **Appendices**

IJB's Annual Accounts 2018/19

<b>AUTHOR'S NAME</b>	Claire Flanagan
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<b>DATE</b>	2 September 2019



East Lothian  
**Integration Joint Board**



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# **East Lothian Integration Joint Board**

## **Audited Annual Accounts 2018/19**

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### Audit Arrangements

Under arrangement approved by the Accounts Commission of Local Authority Accounts in Scotland, the auditor with responsibility for the audit of the accounts of East Lothian Integration Joint Board for the period 1 April 2018 to 31 March 2019 is Audit Scotland, 102 West Port, Edinburgh EH3 9DN.

## **Management Commentary**

### **Introduction**

The management commentary provides an overview of the key messages relating to the role, remit, members, objectives and the strategy of the East Lothian Integration Joint Board (the IJB). It describes the financial performance for the financial year ended 31 March 2019 and considers those issues and risks which may impact upon the IJB's financial position in the future.

### **The Role and Remit of the IJB**

East Lothian IJB is an Integration Authority set up under the Public Bodies (Joint Working) Act (2014). It is a 'body corporate', that is a separate legal entity. The IJB is constituted through its Integration Scheme which was prepared by East Lothian Council and NHS Lothian and presented to Scottish Ministers in March 2015. The Integration Scheme was approved by the Scottish Parliament in June 2015 and the first meeting of the IJB took place on 1 July 2015.

The IJB is governed by the Local Government Scotland Act (1973) along with the 2014 regulations and these accounts are prepared on that basis.

These accounts cover the period from 1 April 2018 to 31 March 2019.

The IJB's role and responsibility is to plan for the delivery of the functions that have been delegated to the IJB by East Lothian Council and NHS Lothian. These functions are:-

- Adult Social Care
- Criminal Justice
- Primary Care Services (GP Practices, Community Dentists, Community Pharmacies and Community Opticians)
- Mental Health Services
- Physical and Learning Disabilities Services
- Community Health Services
- Community Hospital Services
- Unscheduled Care Services (services that are generally delivered from the Royal Infirmary of Edinburgh, the Western General Hospital and St. John's Hospital)

The IJB assumed formal responsibility for these functions in April 2016 including the budgets for the delivery of these functions. The IJB published its Strategic Plan for these functions covering the period from April 2016 to March 2019 in November 2015. The IJB produced its second Strategic Plan which covers the period April 2019 to March 2022, this new plan has seven priority areas and six newly set up Change Boards to deliver these strategic priorities.

The IJB issued directions to its partners for the financial year 2018/19 in April 2018. This issuing of directions is in line with the processes set out in the Public Bodies (Joint Working) (Scotland) Act 2014.

The IJB met 9 times during the financial year 2018/19. There have been a number of changes to the membership of the IJB during 2018/19, the members of the IJB in March 2019 were as follows:-

<b>Member</b>	<b>Nominated/Appointed by</b>	<b>Role</b>
Peter Murray	Nominated by NHS Lothian	Voting Member, Chair
Fiona O'Donnell	Nominated by East Lothian Council	Voting member, Vice Chair
Shamin Akhtar	Nominated by East Lothian Council	Voting Member
Susan Kempson	Nominated by East Lothian Council	Voting Member, Chair of Audit & Risk Committee
Neil Gilbert (replaced Stuart Currie)	Nominated by East Lothian Council	Voting Member
Alex Joyce	Nominated by NHS Lothian	Voting Member
Moira Whyte	Nominated by NHS Lothian	Voting Member
Fiona Ireland	Nominated by NHS Lothian	Voting Member
Claire Flanagan (replaced David King)	Appointed by the IJB	Chief Finance Officer
Fiona Duncan	Nominated by East Lothian Council	Chief Social Worker
Alison MacDonald (replaced David Small)	Appointed by the IJB	Interim Chief Officer
Gourab Choudhury (replaced Andy Flapan)	Nominated by NHS Lothian	Medical Consultant
Jon Turvill	Nominated by NHS Lothian	Clinical Director
Richard Fairclough	Appointed by the IJB	General Practitioner
Thomas Miller	Appointed by the IJB	NHS Staff Representative
Penny Dutton	Appointed by the IJB	ELC Staff Side Representative
David Binnie (replaced Margaret McKay)	Appointed by the IJB	Carer representative
Elaine Johnston	Appointed by the IJB	Voluntary Sector Representative
Judith Tait	Appointed by the IJB	Head of Adult and Children's Services
Marilyn McNeill	Appointed by the IJB	User representative
Jean Trench	Appointed by the IJB	Independent Sector Representative

Note – all members, except those indicated above as voting members, are non-voting members

David Small, the Chief Officer of the IJB stepped down from that role on 1 July 2018. Alison MacDonald took up the role of Chief Officer on an Interim Basis on 2 July 2018 and was confirmed as permanent Chief Officer in April 2019. David King, Chief

Finance Officer, retired on 1 October 2018 and Claire Flanagan took up the role of Chief Finance Officer.

With effect from the 1 April 2019 Fiona O'Donnell took up the role as Chair of the IJB with Peter Murray being appointed as Vice Chair of the IJB.

Below is the attendance by members of the IJB throughout 2018/19.

Members	IJB Meeting Dates								
	26.4.18	24.5.18	28.6.18	23.8.18	27.9.18	25.10.18	13.12.18	28.2.19	28.3.19
<b>Voting</b>									
Peter Murray	X	X	X	X	X	X	X	X	X
Fiona O'Donnell	X	X	X	X	X	X	X	A	X
Shamin Akhtar	X	X	X	X	X	X	X	X	A
Susan Kempson	A(s)	X	X	X	X	X	A(s)	X	X
Stuart Currie	X	X	A	X	A(s)	X	--	--	--
Neil Gilbert	--	--	--	--	--	--	X	X	A
Alex Joyce	X	X		A	X	A	X	X	X
Moira Whyte	X	A	X	X		X	A		X
Fiona Ireland	X	A	X	X	X	X	A	A	X
<b>Non-voting</b>									
David Small	X	X	A	--	--	--	--	--	--
Alison MacDonald	X	A	A	X	X	X	X	X	A
David King	X	X	X	X	X	--	--	--	--
Claire Flanagan	--	--	--	--	X	X	X	X	X
Fiona Duncan	A	A	X	X	X	X	X		X
Andrew Flapan					A	A	A	--	--
Gourab Choudhury	--	--	--	--	--	--	A		
Jon Turvill	X		A(s)	X				X	A
Richard Fairclough	X	A	X	X	X	A			X
Thomas Miller	X	X	A			X	X	X	X
Penny Dutton	X	X		X	X	X	X	X	A
Margaret McKay	A(s)	X	X	X	--	--	--	--	--
David Binnie	--	--	--	--	X	X	X	X	X
Elaine Johnston	X	X	X	A	X	X	X	X	X
Judith Tait	A	X		X	X	A	X	X	X
Marilyn McNeill	X	A	A	X	X	A	X	X	X
Jean Trench	--	--	--	--	A	X	A	X	A

[Present = X; Apologies = A; Apologies (substitute) = A(s); Absent without apology = blank]

## The IJB's Operations for the Year

2018/19 was the third year of the IJB's operations and the IJB continued to deliver against its Strategic Plan.

One of the key areas of delivery within the health functions of the IJB is further development of the primary care services which will support both health and social care in the community and further the balance of care.

Developments include:-

### **Collaborative Working for Immediate Care**

The Collaborative Working for Immediate Care (CWIC) team was established in Musselburgh Primary Care Centre using Primary Care Transformation Funds in order to test approaches to meet same day demand through a non-medical team. This has allowed the Health & Social Care Partnership (HSCP) to assess the role of Nurse Practitioners, Advanced Nurse Practitioners and Advanced Scope Physiotherapists in delivering primary care services. In doing so, this has directed appropriate activity from GPs, one of the desired outcomes of the new General Medical Services (GMS) contract. In parallel to CWIC, the HSCP has developed, in partnership with NHS 24, a new primary care telephone triage service. Both CWIC and the NHS 24 service are being assessed for their suitability for roll-out to other GP practices across the county.

### **Active and Independent Living Clinic**

The clinic is an integrated project involving Community Occupational Therapy, Physiotherapy and with input from the Housing Team. Set up with the aim of shifting the balance of care to enable the delivery of more services in the community, to reduce inequalities and improve health and care outcomes for local people.

The clinic is based in the Wellwynd Hub, developed to simulate a person's own home with the opportunity to trial a variety of equipment, adaptations and Technology Enhanced Care. The resource offers an innovative solution for early intervention, prevention and self-management whilst enabling people to adopt a solution focussed approach, empowerment, and engagement from the outset.

### **Duty, Response and Rehabilitation Falls Team**

A small team, led by an experienced Community Care Worker and supported by 2 Occupational Therapists, with the aim of improving the care, experience and outcomes of people following a fall. Referrals come from a variety of sources including; self-referrals, Emergency Care Service, hospital AHPs, GPs, families, Scottish Fire & Rescue Service, Scottish Ambulance Service and District Nurses. The team provides information, advice, environmental and functional assessments, with ongoing rehabilitation as required and referral onto appropriate agencies. On average 60 referrals a month are followed up by the team.

### **Care Home Assessment and Review Team**

The team has two main functions; to provide a social work assessment and hospital discharge service to NHS Lothian hospitals, in particular where MDTs are

planning to discharge patients to care homes. The team now attends MDT meetings across East and Mid Lothian, providing advice and helping with discharge planning. Social workers carry a caseload of patients from the point of referral in hospital through to 12 week review of placement, taking referrals from all NHS Lothian hospitals.

Secondly the team works with residents living in care homes who require social work input, including Adult Support and Protection investigations, reviews of provision and operating a Duty system to deal with immediate concerns. The team takes a lead role in Large Scale Investigations into care homes where there have been Adult Protection concerns. Over the last 1.5 years the team has developed a Link Social Worker role for all East Lothian care homes which has improved communication between providers and the H&SCP.

### **Hospital at home service**

The hospital at home service has continued to support patients in avoiding admission and where admission has been clinically necessary, has supported patients in returning home. This service has contributed to East Lothian's improved delayed discharge performance.

### **Hospital to home service**

Support rehabilitation of patients and bridge the gap between hospital discharge and more permanent care arrangements. This service has supported the sustained position regarding low delayed discharges and reduction in occupied bed days.

### **East Lothian Care Home Team**

The Care Home Team has continued to provide nursing and care staff of care homes in the Musselburgh and Gullane areas with advice on the clinical and nursing management of individual patients. The Team schedules regular visits to care homes they cover in order to provide all registered patients with access to Advanced Nurse Practitioners or Nurse Practitioners for the management of acute and long term conditions.

## **The IJB's Position at 31 March 2019**

For the year ending 31 March 2019, the IJB was underspent. That is, the costs incurred in delivering the IJB's functions by East Lothian Council and NHS Lothian are less than the income that the IJB received from NHS Lothian and East Lothian Council.

The year-end position was arrived at as follows :-

	<b>Funding</b>	<b>Expenditure</b>	<b>Surplus</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Health	116,531	115,060	1,471
Social Care	45,058	44,757	301
<b>Total</b>	<b>161,589</b>	<b>159,807</b>	<b>1,772</b>

This surplus has been used to create a reserve which is described further below.

Although the IJB has a range of functions delegated to it, these are delivered through a range of services provided by the partners (East Lothian Council and NHS Lothian) and these are further described below in the analysis of the Income and Expenditure position.

### **Analysis of the Financial Statements**

The financial statements are all presented on a net basis.

### **Income and Expenditure**

The table below summarises the income and expenditure for the IJB for 2018/19.





	Budget	Budget	Expenditure	Expenditure	Variance	Note
	Health	Social	Health	Social Care		
	£000's	Care	£000's	£000's	£000's	
		£000's				
<b>Direct East Lothian Services</b>						
Community AHPS	2,600		2,641		-41	
Community Hospitals	8,501		8,465		36	
District Nursing	2,271		2,269		2	
General Medical Services	14,993		15,491		-498	
Health Visiting	1,570		1,450		120	
Mental Health	4,375		4,782		-407	
Other	7,007		4,362		2,645	
Prescribing	20,891		20,762		129	
Resource Transfer	3,227		3,227		0	1
Older People		24,303		23,924	379	
Mental Health		1,995		1,575	420	
Physical Disabilities		2,683		3,083	-400	
Learning Disabilities		14,807		15,328	-521	
Planning and Performance		2,730		2,587	143	
Other		4,756		4,476	280	
<b>East Lothian Share of pan Lothian</b>						
Set Aside	19,936		20,477		-541	2
Mental Health	2,032		2,085		-53	
Learning Disabilities	1,665		1,731		-66	
GP Out of Hours	1,262		1,262		0	
Rehabilitation	538		498		40	
Sexual Health	684		678		6	
Psychology	861		856		5	
Substance Misuse	803		815		-12	
Allied Health Professions	1,330		1,267		63	
Oral Health	1,960		1,887		73	
Other	2,768		2,798		-30	
Dental	5,895		5,895		0	3
Ophthalmology	1,979		1,979		0	3
Pharmacy	3,167		3,167		0	3
<b>Totals</b>	<b>110,315</b>	<b>51,274</b>	<b>108,844</b>	<b>50,973</b>	<b>1,772</b>	
Social Care Fund	6,216	-6,216	6,216	-6,216		4
Per accounts	116,531	45,058	115,060	44,757		

Notes –

1. Resource Transfer are funds for specific purposes which are transferred from health to social care. However, these remain part of the health budget and are reported there.
2. Set Aside is the budget for those functions delegated to the IJB which are managed by the Acute Services management teams within NHS Lothian.

These services are :-

- Accident and Emergency
- Cardiology
- Diabetes
- Endocrinology
- Gastroenterology
- General Medicine
- Geriatric Medicine
- Rehabilitation Medicine
- Respiratory Medicine
- Various ancillary support services for the above.

These services are delivered at the Royal Infirmary of Edinburgh, the Western General Hospital and St. John's Hospital.

3. In the Health system, expenditure to support the delivery of community dentistry, community opticians and community pharmacists is termed as 'non cash limited' (NCL) but is clearly part of the delivery of primary care services and these functions are delegated to the IJB. However, being NCL there is no budget as such but any expenditure incurred is supported in its entirety by the Scottish Government. The NCL values are not part of the budget setting process, there being no budget, but NHS Lothian has matched the NCL expenditure with income to cover this expenditure.
4. The Social Care Fund (SCF) is a resource which the Scottish Government has directed to the IJB through NHS Lothian and is shown as health funds in the accounts. However, these funds are then transferred to the Council and used to support the delivery of social care services and the analysis above reflects this.

The charges (shown as expenditure above) made by East Lothian Council to the IJB are the net direct costs incurred in the delivery of social care services in East Lothian. The charges from NHS Lothian are based on the health budget setting model as agreed by the IJB. That is, charges for the core services (those services specifically for and delivered by the East Lothian HSCP) are based on the net direct actual costs incurred in East Lothian. However, charges for hosted and set aside services (those services which are not generally managed by the East Lothian Partnership and are delivered on a pan-Lothian basis) are based on the total actual costs for these service shared across four IJBs per the budget setting model. The IJB share of the total actual costs incurred in 2018/19 for hosted services is 12% and, generally, 12% of the Lothian element of the set aside budgets and the non-cash limited budgets.

## Overview of the 2018/19 position.

From the above table, it can be seen that there were a range of financial issues identified.

### Direct East Lothian Services

Within the health budgets although there were operational overspends within Mental Health Services and GMS these were offset by underspends in Health Visiting and Prescribing and slippage (that is some programmes starting later in the year than planned and thus resulting in an underspend) within the system.

Within the social care budgets the pressures lay within increased demand for care services, particularly elderly external care and clients with learning and physical disabilities as well as increased transport costs.

### East Lothian Share of pan-Lothian services

The hosted position shows an overspend within the Learning Disabilities services and Mental Health being offset with underspends in community dental (Oral Health), and Rehabilitation Services

The main pressures in the health budgets within set aside are:-

- A&E – ongoing recruitment issues resulting in additional costs of locums/agency to cover and make safe staffing rotas as well as the additional costs of RIE Minor Injuries Unit
- Diabetes – Pressures on providing new, replacement & additional supplies for Adult Insulin Pumps
- Junior Medical – driven by additional staffing requested to cover rotas for sickness; maternity and vacancies – causing an over-establishment against funded levels in particular within A&E areas. Tighter controls regarding authorisation for additional staffing and reviewing rotas before issues arise are in place and have reduced the pressure during 2018/19
- General Medicine – Pressure driven by ongoing staffing issues (significant at St John's Hospital – where recruitment is proving difficult) and ongoing bed pressures across the sites
- Infectious Diseases - significant drug pressure reported in year, although expenditure is showing a reduction from 17/18.

## Reserves

The IJB's reserves are classified as either Useable or Unuseable Reserves.

The IJB is permitted to set aside future amounts of reserves for future policy purposes. These reserves normally comprise funds that are set aside for specific purposes; and funds which are not earmarked for specific purposes but are set aside to deal with unexpected events or emergencies.

The IJB as at 31 March has a reserve which the IJB can use in later years to support service provision. As noted above, the IJB has £1,772k reserves at 31 March 2019.

The IJB's only Unuseable Reserve is the Employee Statutory Adjustment Account. This is required by legislation.

The IJB's useable reserve is broken down as follows :-

	<b>£000's</b>
<b>Opening Balance</b>	<b>0</b>
Primary Care Improvement Fund	219
Action 15 - Scottish Government Mental Health Strategy	164
Alcohol and Drugs Scottish Government Allocation	312
General Reserves	1,077
<b>Closing balance for 2018/19</b>	<b>1,772</b>

## The IJB's Strategy and Business Model

The IJB presented its priorities and outline three year financial plan in February 2018. This was reviewed in September 2018 as part of the overall strategic plan. Building on the principles of realistic care and realistic expectations and this work will be supported through wide ranging public engagement which will not only explain how health and social care service delivery is changing but will also engage the public as key elements in the delivery of their own care.

The key themes which underpin the financial strategy are:-

### 1. Prioritising the Allocation of Resources

This is a very challenging exercise but the IJB will continue to look at the outcomes delivered by its services and consider how each service contributes to the delivery of the outcomes as described by the Scottish Government. Some of this work will fall naturally out of the service redesign and the IJB's underlying principles of transparency and engagement with the populations it serves should support this process.

## **2. Making more efficient use of resources**

The principle of improved efficiency in every service will continue to be pursued. Some of this will be delivered by redesign and some may be delivered by advances in technology.

## **3. A move from failure demand to prevention**

There is little doubt that early intervention, especially in health will both improve the quality of life for individuals and often reduce the need for later, more costly interventions and treatments. A key part of this is 'co-production' – that is making sure that the individual is fully involved in their health and a partner in their care, rather than a recipient of treatment. For example this approach is delivered through the link workers project in partnership with the third sector and is emphasised further in the Primary Care development programme.

## **4. A move from hospital care or care homes to community based services**

This is fundamental to the principle of changing the balance of care – the Scottish Government's policy is that more care should be delivered in the home or in a homely setting. Institutional services, especially large acute hospitals are not only costly but the experience of patients is often poor, not, of course, in terms of the quality of the clinical care but in terms of having to be moved from the individual's home and then to be returned back into the community; a process which can lead to delays in discharge.

## **5. A move to improved quality and access**

Improved quality of care should lead to better outcomes and mean that individuals do not have to be admitted to institutional services or that they do not have to be readmitted to care unnecessarily. Improved access to the appropriate level of care should support quality and should also support reductions in unnecessary interventions and thus reduce costs.

## **6. A move from working in silos to team working**

In simplest terms this would entail the creation of a 'care team' whose members would support individuals based on the premise that the most appropriate member of the care team intervening where required. The current model often provides a highly trained specialist to support an individual who then refers onto another specialist or to a more generalist support. The system is currently designed around quite specialist services (the 'silos') and the redesign will move from a specialist based system into a team based system with specialist support.

## **7. A move from reactive to anticipatory care planning**

This is an underlying principle to the treatment of individuals with long term conditions or needs. Simply – rather than wait until a crisis and respond to that crisis, a long term anticipatory plan will support the individual through their care path.

## Key Risks and Uncertainties

The challenge for the IJB is to transform the delivery of its delegated functions whilst supporting the delivery of financial balance within the financial resources available.

There remain a series of uncertainties :-

1. There is an underlying financial pressure within the social care budgets as discussed above and the management of this pressure is being addressed in the IJB's 2019/20 financial plan.
2. The delivery of the Carers Act may generate additional pressures beyond the resources made available. It should be noted that the Scottish Government made additional funding (nationally) available to the Councils to support the delivery of the Carers Act and to support further provision of the living wage. East Lothian Council has passed the totality of these funds to the IJB as part of their budget proposition.
3. It remains difficult for the partners to recruit elements of the workforce to deliver the IJB's functions, e.g. GPs, District Nurses and Care workers.
4. The increasing population in East Lothian remains a challenge which may exacerbate the staffing and financial pressures above.
5. The financial position for the UK and Scotland remains uncertain and this will provide a challenge to the amount of financial resources available to the IJB.

That said, the Scottish Government have announced a series of investments in Primary Care, Mental Health and Substance misuse all of which will be directed to the IJB and these resources will support not only the delivery of the new GMS contract but also the transformation programme that the IJB is managing for these services.

**Fiona O'Donnell**  
Chair

**Alison MacDonald**  
Chief Officer

**Claire Flanagan**  
Chief Finance Officer

## Statement of Responsibilities

### **Responsibilities of the Integration Joint Board**

The Integration Joint Board is required to :-

- Make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the board has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the chief finance officer
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland act 2003)
- Approve the Annual Accounts.

I confirm that these Annual Accounts were approved for signature at a meeting of the Audit & Risk Committee on 10<sup>th</sup> September 2019.

Signed on behalf of East Lothian Integration Joint Board

**Fiona O'Donnell**  
Chair

## Responsibilities of the Chief Finance Officer

The Chief Finance Officer is responsible for the preparation of the IJB's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts, the Chief Finance Officer has :-

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with legislation
- Complied with the local authority Code (in so far as it is compatible with legislation).

The Chief Finance Officer has also :-

- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the East Lothian Integration Joint Board as at 31 March 2019 and the transactions for the year then ended.

**Claire Flanagan**  
Chief Finance Officer



## **Remuneration Report**

### **Introduction**

This Remuneration Report is provided in accordance with the Local Authority Accounts (Scotland) Regulations 2014. It discloses information relating to the remuneration and pension benefits of specified IJB members and staff.

The information in the tables below is subject to external audit. The explanatory text in the Remuneration Report is reviewed by the external auditors to ensure it is consistent with the financial statements.

### **Remuneration: IJB Chair and Vice Chair**

The voting members of the IJB are appointed through nomination by East Lothian Council and NHS Lothian Board. Nomination of the IJB Chair and Vice Chair post holders alternates between a Councillor and a Health Board representative. In 2018/19, the Chair, Peter Murray, was nominated by NHS Lothian and the Vice Chair, Fiona O'Donnell, by East Lothian Council. It's worth noting that at the IJB meeting on the 28<sup>th</sup> April 2019 that the Chair and Vice chair rotated with effect from the 1 April 2019.

The IJB does not provide any additional remuneration to the Chair, Vice Chair or any other board members relating to their role on the IJB. The IJB does not reimburse the relevant partner organisations for any voting board member costs borne by the partner. Neither the Chair nor the Vice Chair appointments had any taxable expenses paid by the IJB in 2018/19.

The IJB does not have responsibilities, either in the current year or in future years, for funding any pension entitlements of voting IJB members. Therefore no pension rights disclosures are provided for the Chair or Vice Chair.

NHS Lothian remunerates its non-executive members on a notional day basis. That is they are paid a fixed annual amount which is considered to represent payment for one day a week. Those non-executive members of the NHS Lothian Board, who are also Chairs or Vice Chairs of IJBs, are given an additional day's remuneration per week in recognition of the additional time required to undertake those roles. Peter Murray, as a non-executive member of NHS Lothian Board who was also the Chair of East Lothian IJB, has received an additional day's remuneration specifically for his role as Chair of the IJB in 2018/19. This remuneration is £8,416 per annum.

### **Remuneration: Officers of the IJB**

The IJB does not directly employ any staff in its own right, however, specific post-holding officers are non-voting members of the Board.

### Chief Officer

Under section 10 of the Public Bodies (Joint Working) (Scotland) Act 2014 a Chief Officer for the IJB has to be appointed and the employing partner has to formally second the officer to the IJB. The employment contract for the Chief Officer will adhere to the legislative and regulatory framework of the employing partner organisation. The remuneration terms of the Chief Officer's employment are approved by the IJB.

The Chief Officer of the IJB changed during 2018/19. Alison MacDonald became the interim Chief Officer and took over post from David Small on 1 July 2018. Both Alison and David had joint roles as Director of Health and Social Care for East Lothian Council and the Joint Director of the East Lothian Partnership. As in previous years it has been agreed, and this was disclosed in the accounts for 2017/18, that 50% of total remuneration is to be shown in the accounts of the IJB as the remuneration as the Chief Officer of the IJB. For 2018/19 part year costs are shown for both individuals.

### Chief Finance Officer

The Chief Finance Officer of the IJB changed during 2018/19. Claire Flanagan was appointed in this role on 1 October 2018 following David King's retirement. For 2018/19 part year costs are shown for both individuals. Although the costs of the Chief Finance Officer are not included in the charges made to the IJB by either partner, given the S95 role of the Chief Finance Officer and in the interests of transparency the remuneration of the Chief Finance Officer is included below. The Chief Finance Officer is employed by NHS Lothian and has three roles – the IJB's Chief Finance Officer, the Chief Finance Officer of Midlothian IJB and an operational role in the NHS Lothian finance team as a Finance Business Partner. On that basis, one third of the total remuneration is shown below.

### Other Officers

No other staff are appointed by the IJB under a similar legal regime. Other non-voting board members who meet the criteria for disclosure are included in the disclosures below.

<b>Total for 2017/18 £</b>	<b>Senior Employees Salary, Fees &amp; Allowances</b>	<b>Total for 2018/19 £</b>
-	Alison MacDonald, Chief Officer	33,273
-	Claire Flanagan, Chief Finance Officer	11,030
27,073	David King, Chief Finance Officer	16,104
52,522	David Small, Chief Officer	13,920

In respect of officers' pension benefits, the statutory liability for any future contributions to be made rests with the relevant employing partner organisation. On this basis there is no pensions liability reflected on the IJB balance sheet for the Chief Officer or any other officers.

## Pension Disclosure

The IJB however has responsibility for funding the employer contributions for the current year in respect of the officer time spent on fulfilling the responsibilities of their role on the IJB. The following table shows the IJB's funding during the year to support officers' pension benefits. The table also shows the total value of accrued pension benefits which may include benefits earned in other employment positions and from each officer's own contributions.

	In year Contribution			Accrued Pension benefits	
	For year to 31/03/2019 £000's	For year to 31/03/2018 £000's		at 31/03/2019 £000's	at 31/03/2018 £000's
Alison MacDonald	12	-	Pension	18	-
			Lump Sum	34	-
Claire Flanagan	8	-	Pension	11	-
			Lump Sum	22	-
David King	7	11	Pension	37	35
			Lump Sum	110	106
David Small	15	14	Pension	47	44
			Lump Sum	142	131

## Disclosure by Pay Bands

Pay band information is not separately disclosed as all staff pay information has been disclosed in the information above.

## Exit Packages

The IJB did not support nor did it direct to be supported by its partners for any exit packages during 2018/19.

**Fiona O'Donnell**  
Chair

**Alison MacDonald**  
Chief Officer

## **Annual Governance Statement**

### **Purpose**

The annual governance statement lays out how East Lothian Integration Joint Board (the IJB) complies with the Code of Corporate Governance and sets out the framework within which the IJB has put in place proper financial and governance arrangements for the conduct of its business affairs. This will facilitate the effective exercise of its functions, ensuring that appropriate arrangements are in place for the management of risk and that appropriate systems of internal control are in place.

### **Scope of Responsibility**

East Lothian Integration Joint Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards. This is to allow the public funds at its disposal to be safeguarded and used efficiently and effectively in pursuit of best value.

Board members, including the Chief Officer and the Chief Finance Officer, are responsible for the governance of the business affairs of the IJB. This includes setting the strategic direction, vision, culture and values of the IJB and establishing appropriate and cost effective systems, processes and internal controls to allow the strategic objectives to be delivered.

In order to achieve this, the IJB follows the principles of corporate governance based on the CIPFA/SOLACE Framework and Guidance on 'Delivering Good Governance in Local Government'.

The Local Code of Corporate Governance details 7 core principles which are supported by 20 sub-principles and 91 behaviours and actions that demonstrate good governance. Elements of good governance included are :-

- Ensuring Board and Committees members behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the IJB
- Creating the conditions to ensure that all IJB members and the IJB's partners (East Lothian Council and NHS Lothian) are able to fulfil their responsibilities in accordance with legislative and regulatory requirements
- Having a clear vision, which is an agreed formal statement of the IJB's purpose and intended outcome which provide the basis for the IJB's overall strategy, planning and other decisions
- Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources and to ensure best value is achieved
- Evaluating and monitoring risk management and internal control on a regular basis
- Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the IJB's Chief Internal Auditor
- Ensuring an audit committee, which is independent of the Board and accountable to the IJB, provides a further source of effective assurance regarding

arrangements for managing risk and maintaining an effective control environment and that its recommendations are listened to and acted upon

- Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and providing an Annual Report which includes an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)
- Ensuring that recommendations for corrective action made by the external auditor are acted upon.

East Lothian IJB's financial management arrangements conform to the requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government. The Chief Finance Officer has overall responsibility for the IJB's financial arrangements and is professionally qualified and suitably experienced.

The IJB is responsible for conducting each financial year, a review of the effectiveness of its governance framework, including risk management and the systems for internal control and financial control. The review of the effectiveness of the IJB's governance framework is informed by :-

- The work of the IJB Board, the Strategic Planning Group, and the Audit and Risk Committee
- The annual assurances that are provided by the IJB Chief Officer and the Chief Finance Officer
- The IJB Chief Internal Auditor's annual assurance report which is based on internal audit work completed during the year
- Reports from the IJB's external auditor
- Reports from other external review bodies, agencies and inspectorates.

The key governance arrangements and controls are set out in the Local Code of Corporate Governance.

## **Statutory and other Compliance**

East Lothian IJB ('the Board') has secured compliance with statutory and other requirements, as follows:-

- Membership - its minimum membership (voting and non-voting) is set by statutory instrument, with the power to appoint additional members as it sees fit. The Board's membership is fully populated
- Standing Orders - the Board is required by statutory regulations to have Standing Orders to regulate its business, with some aspects stipulated in those regulations. Standing Orders were adopted at its inaugural meeting. They comply with statutory requirements
- Committees - the Board has established an Audit and Risk Committee with a detailed remit and powers and with the membership clearly defined. This complies with statutory requirements and with the Board's Standing Orders
- Meetings - the Standing Orders adopted by the Board allow the public to have prior access to meeting agendas and reports, and to attend meetings of the Board and its committees, except in clearly defined and limited circumstances

- Strategic Plan - the Board established its Strategic Planning Group as required by legislation, with Terms of Reference approved by the Board covering membership, meetings and meetings procedures
- Officers - the Board appointed a Chief Officer and a Chief Finance Officer as required by the legislation. A Chief Internal Auditor has been appointed to carry out the Board's internal audit requirements and assist its Audit and Risk Committee
- Finance - the Board received reports in relation to financial assurance prior to the setting of budgets for the functions delegated by East Lothian Council and NHS Lothian, and adopted Financial Regulations in relation to the conduct of its financial affairs, the maintenance of its accounting and financial records, and its annual accounts and financial statements
- Code of Conduct - pending finalisation of arrangements for a Code of Conduct for Members, the Board adopted an Interim Code based on the existing Model Code for Members of Devolved Public Bodies in Scotland, and members have registered their interests according to that Code. The Scottish Government approved the IJB's Code of Conduct on 1 June 2016.

The IJB Chief Internal Auditor has responsibility for the provision of Internal Audit services to the East Lothian IJB and reports functionally to the IJB Audit and Risk Committee to allow appropriate independence. The IJB Chief Internal Auditor is professionally qualified and suitably experienced to lead and direct the Internal Audit team.

The IJB Chief Internal Auditor concluded that based on the work undertaken in 2018/19 that reasonable assurance can be placed on overall adequacy and effectiveness of the IJB's framework of governance, risk management and control for the period to 31 March 2019, but noted areas for further development. These improvements are reflected below.

## Action Plan

During 2018/19, areas identified with scope for improvement included the following:

- To improve the budget monitoring arrangements in place, to ensure planned efficiencies are being achieved and recovery plans are having their desired effect.
- Further development of the Risk Register, to ensure compliance with the Risk Management Strategy and Policy.
- Advance the arrangements in place for monitoring, reviewing and reporting on the effectiveness and impact of the engagement activities being undertaken by the IJB.
- Continue with the ongoing work on the Workforce Plan, to ensure compliance with the Integration Scheme and with Scottish Government guidance.

The implementation by Management of agreed actions to address the weaknesses identified should provide assurance that the system of internal control is operating as intended.

It is our opinion, subject to the weaknesses outlined above, that reasonable assurance can be placed on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control for the year to 31 March 2019.

**Fiona O'Donnell**  
Chair of the IJB

**Alison MacDonald**  
Chief Officer

## Independent auditor's report

### **Independent auditor's report to the members of the East Lothian Integration Joint Board and the Accounts Commission**

#### **Report on the audit of the financial statements**

#### **Opinion on financial statements**

I certify that I have audited the financial statements in the annual accounts of the East Lothian Integration Joint Board for the year ended 31 March 2019 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the 2018/19 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of the East Lothian Integration Joint Board as at 31 March 2019 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

#### **Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is three years. I am independent of the East Lothian Integration Joint Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the East Lothian Integration Joint Board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



## **Conclusions relating to going concern basis of accounting**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about East Lothian Integration Joint Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Risks of material misstatement**

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

## **Responsibilities of the Chief Finance Officer and the Audit and Risk Committee for the financial statements**

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the East Lothian Integration Joint Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Audit and Risk Committee is responsible for overseeing the financial reporting process.

## **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional

omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

### **Other information in the annual accounts**

The Chief Finance Officer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Report on other requirements**

#### **Opinions on matters prescribed by the Accounts Commission**

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and

- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

### **Matters on which I am required to report by exception**

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, including those in respect of Best Value, are set out in my Annual Audit Report.

### **Use of my report**

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Gillian Woolman MA, FCA CPFA  
Audit Director  
Audit Scotland  
102 West Port  
Edinburgh  
EH3 9DN

September 2019

## Comprehensive Income and Expenditure Statement

This statement shows the cost of providing services for the year according to accepted accounting practices. Where the impact on the General Fund is amended by statutory adjustments this is shown in the Movement in Reserves Statement.

<b>2017/18</b>			<b>2018/19</b>
Net Expenditure		Note	Net Expenditure
£000's			£000's
1,376	Community AHPS		2,641
8,855	Community Hospitals		8,465
2,215	District Nursing		2,269
14,610	General Medical Services		15,491
1,453	Health Visiting		1,450
6,321	Mental Health		6,357
7,751	Other		8,838
21,305	Prescribing		20,762
3,226	Resource Transfer		3,227
24,687	Older People		23,924
2,877	Physical Disabilities		3,083
15,374	Learning Disabilities		15,328
2,598	Planning and Performance		2,587
25,039	Share of pan Lothian Health Services		24,918
21,636	Set Aside		20,477
<b>159,323</b>	<b>Cost of Services</b>		<b>159,817</b>
159,323	Taxation and Non-Specific Grant Income	6	161,589
	<b>0 Surplus or (Deficit) on Provision of Services</b>		<b>1,772</b>
	<b>0 Total Comprehensive Income and Expenditure</b>		<b>1,772</b>

## Movement in Reserves Statement

This Statement shows the movement in the year on the different reserves held by the East Lothian IJB

	2017/18	2018/19
	£000's	£000's
<b>Useable Reserves</b>		
<b>General Reserves</b>	<b>0</b>	<b>0</b>
Surplus on Provision of Service	0	1,077
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>0</b>	<b>0</b>
<b>Earmarked Reserves</b>		
Surplus on Provision of Service	0	695
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>0</b>	<b>0</b>
<b>Total Useable reserves</b>	<b>0</b>	<b>1,772</b>
<b>Unuseable Reserve</b>		
Employee Statutory Adjustment Account	0	0
<b>Balance, as at 31 March, carried forward</b>	<b>0</b>	<b>1,772</b>

### Reserves

The reserves are classified as either Useable or Unuseable Reserves

The Integration Joint board is permitted to set aside future amounts of reserves for future policy purposes. These reserves normally comprise funds that are set aside for specific purposes; and funds which are not earmarked for specific purposes but are set aside to deal with unexpected events or emergencies. They are created by appropriating amounts out of revenue balances. When expenditure to be funded from a reserve is incurred, it is charged to the appropriate service in that year and thus included in the Comprehensive Income and Expenditure Statement. Movements in reserves are reported in the Movement in Reserves Statement.

### Useable reserves

East Lothian IJB has both a general reserve which can be used to mitigate financial consequences of risks and other events impacting on the IJB's resources and an earmarked reserve the monies within this fund are earmarked for specific purposes.

East Lothian IJB has an earmarked reserve which can be used to mitigate financial consequences of risks and other events impacting on the specific project budget. The monies within this fund are earmarked against the specific project, these being the Primary Care Improvement Fund, the Action 15 funding to support implementation of Scottish Government's Mental Health Strategy and the Alcohol and Drugs Partnership funding allocated from Scottish Government.

### **Unuseable Reserve**

East Lothian IJB's only unuseable reserve is the Employee Statutory Adjustment Accounts which is required by legislation.

## Balance Sheet

The Balance Sheet shows the value, as at 31 March 2019, of the assets and liabilities recognised by the Board. The net assets of the Board are matched by the reserves held.

<b>2017/18</b>	<b>Notes</b>	<b>2018/19</b>
<b>£000's</b>		<b>£000's</b>
<b>Current Assets</b>		
0 Short Term Debtors	Note 4	1,772
<b>Current Liabilities</b>		
0 Short Term Creditors		0
<b>0 Net assets</b>		<b>1,772</b>
<b>Useable Reserves</b>		
<b>0 Total Reserves</b>	MIRS Note 5	<b>1,772</b>

The unaudited accounts were issued on 27<sup>th</sup> June 2019 and the audited accounts were authorised for issue on 11<sup>th</sup> September 2019.

**Claire Flanagan**  
Chief Finance Officer

## Notes to the Financial Statements

### 1. Significant Accounting Policies

#### General Principles

The Financial Statements summarises the IJB's transactions for the 2018/19 financial year and its position at the year-end of 31 March 2019.

The IJB was established under the requirements of the Public Bodies (Joint Working) (Scotland) Act 2014 and is a Section 106 body as defined in the Local Government (Scotland) Act 1973.

The Financial Statements are therefore prepared in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, supported by International Financial Reporting Standards (IFRS), unless legislation or statutory guidance requires different treatment.

The accounts are prepared on a going concern basis, which assumes that the IJB will continue in operational existence for the foreseeable future. The historical cost convention has been adopted.

#### Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when settlement in cash occurs. In particular:-

- Expenditure is recognised when goods or services are received and their benefits are used by the IJB
- Income is recognised when the IJB has a right to the income, for instance by meeting any terms and conditions required to earn the income, and receipt of the income is probable
- Where income and expenditure have been recognised but settlement in cash has not taken place, a debtor or creditor is recorded in the Balance Sheet
- Where debts may not be received, the balance of debtors is written down.

It should be noted that the above principles are those applied by the partners (NHS Lothian and East Lothian Council). The IJB has funded these partners to deliver the delegated functions and these partners have charged the IJB as above.



## Funding

The IJB is wholly funded through funding contributions from the statutory funding partners, East Lothian Council and NHS Lothian. Expenditure is incurred in the form of charges by the partners.

## Cash and Cash Equivalents

The IJB does not operate a bank account or hold cash. Transactions are settled on behalf of the IJB by the funding partner. Consequently the IJB does not present a 'Cash and Cash Equivalent' figure on the Balance Sheet. There are no outstanding funding balances from either partner at 31<sup>st</sup> March 2019.

## Employee Benefits

The IJB does not directly employ staff. Staff are formally employed by the partners who retain the liability for pension benefits payable in the future. The IJB therefore does not present a Pensions Liability on its Balance Sheet.

The IJB has a legal responsibility to appoint a Chief Officer. More details on the arrangements are provided in the Remuneration Report.

## Provisions, Contingent Liabilities and Contingent Assets

Provisions are liabilities of uncertain timing or amount. A provision is recognised as a liability on the balance sheet when there is an obligation as at 31 March due to a past event, settlement of the obligation is probable, and a reliable estimate of the amount can be made. Recognition of a provision will result in expenditure being charged to the Comprehensive Income and Expenditure Statement and will normally be a charge to the General Fund.

A contingent liability is a possible liability arising from events on or before 31 March, whose existence will only be confirmed by later events. A provision that cannot be reasonably estimated, or where settlement is not probable, is treated as a contingent liability. A contingent liability is not recognised in the IJB's Balance Sheet but is disclosed in a note where it is material.

A contingent asset is a possible asset arising from events on or before 31 March, whose existence will only be confirmed by later events. A contingent asset is not recognised in the IJB's Balance Sheet but is disclosed in a note only if it is probable to arise and can be reliably measured.

The IJB has no provisions, contingent liabilities or contingent assets at 31 March 2019.

## Reserves

The IJB's reserves are classified as either Useable or Unuseable Reserves.

The IJB's only Useable Reserve is the General Fund. The balance of the General Fund as at 31 March shows the extent of resources which the IJB can use in later years to support service provision. As noted above, the IJB had reserves of £1,772,000 at 31 March 2019.

The IJB's only Unuseable Reserve is the Employee Statutory Adjustment Account. This is required by legislation.

## Indemnity Insurance

The IJB has indemnity insurance for costs relating primarily to potential claim liabilities regarding Board member and officer responsibilities. NHS Lothian and East Lothian Council have responsibility for claims in respect of the services that they are statutorily responsible for and that they provide. The IJB holds separate indemnity insurance through its membership of the CNORIS scheme; the charge for this in 2018/19 was £6,000.

Unlike NHS Boards, the IJB does not have any 'shared risk' exposure from participation in CNORIS. The IJB participation in the CNORIS scheme is therefore analogous to normal insurance arrangements.

Known claims are assessed as to the value and probability of settlement. Where it is material the overall expected value of known claims taking probability of settlement into consideration is provided for in the IJB's Balance Sheet.

The likelihood of receipt of an insurance settlement to cover any claims is separately assessed and, where material, presented as either a debtor or disclosed as a contingent asset.

## **2. Critical Judgements and Estimation Uncertainty**

The critical judgements made in the Financial Statements relating to complex transactions are:

- The partner organisations have considered their exposure to possible losses and made adequate provision where it is probable that an outflow of resources will be required and the amount of the obligation can be measured reliably. Where it has not been possible to measure the obligation, or it is not probable in the partner organisations' opinion that a transfer of economic benefits will be required, material contingent liabilities have been disclosed (there are none).
- The Annual Accounts contains estimated figures that are based on assumptions made by the IJB about the future or that are otherwise uncertain. Estimates are made taking into account historical

experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. There are no items in the IJB's Balance Sheet at 31 March 2019 for which there is a significant risk of material adjustment in the forthcoming financial year.

### Provisions

The IJB has not created any provisions in respect of compensation claims. The IJB has not had any claims made against it in 2018/19 nor is it aware of any claims pending. However, it is not certain that all claims have been identified or that the historic level of settlement payments is a reliable guide for future settlements.

### **3. Events After the Reporting Period**

The Annual Accounts were authorised for issue by the IJB on 11<sup>th</sup> September 2019. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

### **4. Short Term Debtors**

The IJBs short term debtors are broken down as follows:-

	2017/18	2018/19
	£000's	£000's
Funding due from NHS Lothian	0	1,471
Funding due from East Lothian Council	0	301
<b>Total</b>	<b>0</b>	<b>1,772</b>

### **5. Reserves**

The IJB's useable reserve is broken down as follows:-

	2017/18	2018/19
	£000's	£000's
<b>Earmarked Reserves</b>		
Scottish Government Mental Health Strategy - Action 15	0	164
Scottish Government Primary Care Improvement Plan Fund	0	219
Midlothian and East Lothian Drug and Alcohol Partnership	0	312
	<b>0</b>	<b>695</b>
<b>General Reserves</b>	<b>0</b>	<b>1,077</b>
<b>Total Reserves</b>	<b>0</b>	<b>1,772</b>

## 6. Taxation and Non-Specific Grant Income

2017/18		2018/19
£000's		£000's
44,589	Contributions from East Lothian Council	45,058
114,734	Contributions from NHS Lothian	116,531
<b>159,323</b>	<b>Total</b>	<b>161,589</b>

The contributions received by East Lothian IJB represent the funding provided by the Partners (East Lothian Council and NHS Lothian).

The funding contribution from the NHS Board shown above includes £19,936k in respect of the set aside resources and £24,944k in respect of East Lothian's share of pan Lothian health services resources.

### Corporate Service

Included in the above costs are the following corporate services:-

£000's		2018/19 £000's
53	Staff (Chief Officer)	47
6	CNORIS	6
24	Audit Fee	25
<b>83</b>	<b>Total</b>	<b>78</b>

## 7. Related Party Transactions

As partners with the East Lothian Integration Joint Board both East Lothian Council and NHS Lothian are related parties and the material transactions with these bodies are disclosed in these accounts.

There are elements of expenditure which are shown against the NHS Lothian above but where the resources are used by the social care services delivered by East Lothian Council.

2017/18		2018/19	
Net Expenditure		Net Expenditure	
£000's		£000's	
114,734	NHS Lothian	115,060	
-3,226	Resource Transfer	-3,226	
-6,240	Social Care Fund	-6,216	
<b>105,268</b>	<b>Total</b>	<b>105,618</b>	
44,589	East Lothian Council	44,757	
3,226	Resource Transfer	3,226	
6,240	Social Care Fund	6,216	
<b>54,055</b>	<b>Total</b>	<b>54,199</b>	

Both Resource Transfer and the Social Care fund are resources which are part of the NHS Lothian Budget and are shown as expected there in but these funds are used to deliver social care service supplied by East Lothian Council.

## 8. VAT

The IJB is not a taxable entity and does not charge or recover VAT on its functions.

The VAT treatment of expenditure and income within the accounts depends upon which of the partners is providing the services as these bodies are treated differently for VAT purposes.





**REPORT TO:** East Lothian IJB Audit and Risk Committee  
**MEETING DATE:** 10 September 2019  
**BY:** Chief Finance Officer  
**SUBJECT:** Risk Register

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5

## **1 PURPOSE**

- 1.1 This paper lays out the IJB's Risk Register.

## **2 RECOMMENDATIONS**

- 2.1 The Committee is asked to:
- i. To note the current Risk Register; and
  - ii. To consider if any further risks should be added to the Register

## **3. BACKGROUND**

- 3.1 As a key part of its governance process the IJB maintains a risk register. This risk register examines the risks that impact on the business of the IJB itself and not the operational risks that the IJB's partners manage unless those risks are considered so significant that they could impact on the business of the IJB – that is impact on the ability of the IJB to deliver its strategic plan.
- 3.2 The current version of the risk register is attached. Members are asked to consider if there are additional risks that require to be added to the register and consider if the management actions identified against these current risks provide assurance that these risks are being appropriately managed.

## **4 POLICY IMPLICATIONS**

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

## **5 INTEGRATED IMPACT ASSESSMENT**

- 5.1 The are no implications for health inequalities or general equality and diversity issues arising directly from the issues and recommendations in this paper.

## **6 RESOURCE IMPLICATIONS**

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

## **7 BACKGROUND PAPERS**

- 7.1 None

### **Appendices**

Risk Register

<b>AUTHOR'S NAME</b>	Claire Flanagan
<b>DESIGNATION</b>	Chief Finance Officer
<b>CONTACT INFO</b>	<a href="mailto:Claire.flanagan@nhslothian.scot.nhs.uk">Claire.flanagan@nhslothian.scot.nhs.uk</a>
<b>DATE</b>	29 August 2019



East Lothian IJB Risk Register with Action Plan: 15th August 2019

ID	Risk level	Title	Description	Controls in place	Notes	Risk level & Rating (current)	Risk level & Rating (target)	Adequacy of controls	Risk Owner	Handler	Date Opened	Date Risk Reviewed	Action Plan in Place	Action No	Allocated To	Description	Progress	Start date	Due date	Done date
3924	Integrated Joint Board	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.	<ol style="list-style-type: none"> <li>1. Financial assurance process carried out by IJB</li> <li>2. Engagement of IJB Officers and members in NHS and Council budget setting processes</li> <li>3. Regular performance monitoring reports to IJB</li> <li>4. Scheme of Integration risk sharing and dispute resolution processes</li> <li>5. IJB Chief Finance Officer in post</li> <li>6. Strategic Planning Group in place</li> <li>7. Efficiency and recovery plans are developed in year by operational teams to "break even".</li> <li>8. There is a programme of meetings and discussion between IJB, Council and Health Board leading to an IJB financial planning process being approved by the IJB and supported by Council and Health Board</li> <li>9. The IJB take a lead role in policy decisions to support the Financial Plan.</li> <li>10. Development of a longer term rolling financial plan for the IJB</li> </ol>	<p>[15/08/2019 10:26:22 Diane Gray] Risk rating reviewed and lowered from 16 to 12 due to 2018/2019 IJB reserve created. New rating reflects this.</p> <p>[15/08/2019 10:25:22 Diane Gray] Action 7346 ongoing and to be reviewed November 2019</p> <p>[15/08/2019 10:22:42 Diane Gray] Action 8949 is now complete and will become a control</p> <p>[16/05/2019 11:43:20 Diane Gray] 16th May 2019: IJB Policy and decisions has now become a control. Action 8949 added.</p> <p>[15/06/2018 06:16:02 David King] Changed update date, no new actions no changes to controls.</p>	High 12	Medium 9	Adequate but partially effective; control is properly designed but not being implemented properly	Maccdonald, Alison X	Flanagan, Claire	26/02/2016	16/05/2019	Yes	6950	David Small	Creation of appropriate financial planning processes	Meetings have taken place regularly. IJB financial plan policy agreed by IJB and drafts presented to IJB	17/06/2016	30/09/2016	30/03/2017
														7346	Claire Flanagan	Financial Reporting	Ongoing throughout current financial year.	01/04/2017	31/03/2020	
														7347	Claire Flanagan	IJB and Policy Decisions	This action has now become a control	01/04/2017		16/05/2019
														8949	Claire Flanagan	Development of a longer term rolling financial plan for the IJB	This went to IJB in June 2019 and was accepted.	16/05/2019	31/01/2020	15/08/2019
4018	Integrated Joint Board	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	<ol style="list-style-type: none"> <li>1. Involvement of IJB membership in the Partners' decision making process including voting members and Officers</li> <li>2. Involvement in Partners' service reviews</li> <li>3. Good working relationships and regular formal /informal meetings</li> <li>4. Participation in MSG self-evaluation to inform improvement actions for better partnership working.</li> </ol>	<p>[16/05/2019 11:54:06 Diane Gray] 2019-2020 direction currently under review</p> <p>[16/05/2019 11:48:10 Diane Gray] 16th May 2019: new control added.</p>	High 16	Medium 9	Adequate but partially effective; control is properly designed but not being implemented properly	Maccdonald, Alison X	Maccdonald, Alison X	17/06/2016	16/05/2019	Yes	6956	Alison Maccdonald	Clarity and monitoring of directions	Action extended to cover the period April 2017to March 2018. 16/05/19 directions for 2019-2020 currently in review.	03/04/2017	16/09/2019	
3925	Integrated Joint Board	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	<ol style="list-style-type: none"> <li>1. The Strategic Plan sets out clear priorities</li> <li>2. IJB directions are clear about actions required by NHS and Council</li> <li>3. The Partnership Mammagement Team is focussed on ensuring adequate resources are in place for delegated functions to deliver the Strategic Plan</li> <li>4. NHS Lothian is focussed on ensuring adequate resources are in place for set-aside and hosted functions to deliver the Strategic Plan</li> <li>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</li> <li>6. Quarterly Performance Report to IJB and scrutiny by the Audit and Risk Committee.</li> <li>7. Care at Home contracts in place.</li> <li>8. Use of Integrated Care Fund to increase capacity and improve terms and conditions.</li> <li>9. Use Primary Care Transformation Fund to improve access in west of county.</li> <li>10. Joint Workforce Plan approved at IJB on 23/5/19.</li> </ol>		High 12	Medium 6	Adequate but partially effective; control is properly designed but not being implemented properly	Alison Maccdonald	Alison Maccdonald	26/02/2016	30/03/2017	Yes	7348	Alison Maccdonald	Care at Home contracts	Contracts in place	01/04/2017	30/09/2017	16/05/2019
														6954	Alison Maccdonald	Financial investments in additional capacity	Use of Integrated Care Fund to increase capacity and improve terms and conditions and use of Primary Care Transformation Fund to improve access in west of county are both in place.	17/06/2016	31/01/2018	16/05/2019
														6953	Alison Maccdonald	Develop Joint Workforce Plan	This will be taken to IJB in May 2019 for approval. Joint Workforce Plan approved at IJB on 23/5/19.	01/04/2017	03/06/2019	28/06/2019

East Lothian IJB Risk Register with Action Plan: 15th August 2019

ID	Risk level	Title	Description	Controls in place	Notes	Risk level & Rating (current)	Risk level & Rating (target)	Adequacy of controls	Risk Owner	Handler	Date Opened	Date Risk Reviewed	Action Plan in Place	Action No	Allocated To	Description	Progress	Start date	Due date	Done date
3926	Integrated Joint Board	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		Medium 9	Medium 9	Adequate but partially effective; controls properly designed but not being implemented properly	Macdonald, Alison X	Macdonald, Alison X	26/02/2016	16/05/2019	Yes	7349	Alison Macdonald	IJB Induction		31/05/2017	30/09/2019	
3927	Integrated Joint Board	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 4. Implementation of outstanding support services issues	[16/05/2019 12:11:54 Diane Gray] New action opened.	Medium 6	Medium 6	Adequate but partially effective; control is properly designed but not being implemented properly	Macdonald, Alison X	Macdonald, Alison X	26/02/2016	16/05/2019	Yes	6955	Alison Macdonald	Implementation of outstanding support services issues		28/04/2016	25/08/2016	16/05/2019
														8952	Alison Macdonald	Review external directions to partners to ensure appropriate allocation of resources		16/05/2019	16/09/2019	