



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

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

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