

East Lothian
Integration Joint Board



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

**TUESDAY 10 SEPTEMBER 2019
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON**

Members Present:

Councillor S Kempson (Chair)
Mr A Joyce
Councillor F O'Donnell

Officers Present:

Ms C Flanagan
Ms A MacDonald
Mr P Moore

Others Present:

Ms E Scoburgh, Audit Scotland
Mr D Binnie

Clerk:

Ms F Currie

Apologies:

Ms F Ireland

Declarations of Interest:

None

1. MINUTES OF THE IJB AUDIT AND RISK COMMITTEE MEETING OF 4 JUNE 2019

The minutes of the East Lothian IJB Audit and Risk Committee meeting held on 4 June 2019 were approved.

2. MATTERS ARISING FROM THE MINUTES OF 4 JUNE

The following matters arising were discussed:

(Item 3) – The Chair referred to paragraph 3 and asked if the term ‘regularly’, in relation to reminders, should be more accurately defined. Alison MacDonald explained that this was defined within the risk registers and the timing depended on the risk rating. Each risk had a specific review date and reminders to officers were generated on that basis.

Councillor Fiona O’Donnell asked about Brexit preparations, and whether there was any way of identifying and prompting staff who were EU citizens but who had yet apply for settled status. Ms MacDonald advised that a lot of work had been done by both the partners to identify and provide information to EU staff, however, she agreed that issuing a further reminder would be useful.

The Chair welcomed this suggestion and observed that it was very difficult for organisations to prepare adequately for Brexit when many of the implications were still unclear.

3. INDEPENDENT AUDITOR’S REVIEW OF THE ANNUAL ACCOUNTS:

a. AUDIT SCOTLAND ISA 260 LETTER TO THOSE CHARGED WITH GOVERNANCE OF THE EAST LOTHIAN IJB

Esther Scoburgh outlined the contents of the covering letter which accompanied the auditors’ report and confirmed that it was their intention to issue an unqualified audit opinion. She also referred members to the letter of representation which would be signed and submitted by the Section 95 officer.

Councillor O’Donnell asked about budgetary processes. Ms Scoburgh suggested that as this related to the contents of the annual audit report, she should address this point as part of the next item of business.

b. EAST LOTHIAN IJB 2018/19 ANNUAL AUDIT REPORT

The East Lothian Integration Joint Board annual audit report for 2018/19 was submitted by Audit Scotland.

Ms Scoburgh summarised the findings of the report including the key messages on financial management and sustainability. It was the auditors’ view that there was appropriate financial management in place and regular updates were provided to the Committee and the IJB and these contained a good level of information. The audit had also looked at occasions when additional funding had been made available to the IJB later in the financial year and it had not been possible for the money to be used immediately. Ms Scoburgh highlighted the fact that the IJB had been forecasting an overspend for most of 2018/19 but had in fact ended the year in an underspent

position. This related to Councillor O'Donnell's point about budgetary processes and the accuracy of forecasting more generally.

Claire Flanagan acknowledged that 2018/19 had been difficult, however, she and Ms MacDonald would be working much more closely with colleagues in the Council to improve the flow of information.

Referring to a comment in the report, Councillor O'Donnell asked about the disparity between the budget-setting arrangements for NHS Lothian, the Council and the IJB; health worked on a one year budget, the Council agreed a three year budget and the IJB had a five year rolling budget.

Ms Flanagan advised that the IJB did all it could to mitigate the challenges of dealing with its partners and their differing budgetary processes. Officers would continue to work towards ensuring that the IJB had a balanced financial plan.

The Chair commented that with so many variables this would be extremely difficult to achieve and having a reserves buffer going into the current financial year was a very good thing.

Ms Scoburgh acknowledged the benefits of having a buffer and that achieving a 'breakeven' position was aspirational. She welcomed the five year rolling financial plan, pointing out that some IJBs only had a one year plan, and she noted that it would continue to evolve as more saving plans were developed. Overall, there had been a huge improvement on last year which was reflected in the recommendations in the action plan.

Returning to the report, she advised that the IJB demonstrated a very good level of governance, scrutiny and transparency. She noted that the annual performance report for 2018/19 was still in draft and had missed the deadline for publication, however, she acknowledged that information coming from the Scottish Government was not always timely. In relation to value for money she encouraged the IJB to think about ways of demonstrating best value in its performance reporting and showing the impact of changes to service delivery.

The Chair acknowledged this issue but said it was often difficult to put a figure on health outcomes. Councillor O'Donnell suggested creating a focus group for health and social care. She said that with so many services relying on partners, gathering feedback and finding ways to meaningfully measure impact was a challenge.

Ms MacDonald gave examples of some tools which were already in use, including those around measuring the impact of reducing occupied bed days and feedback on outpatient services.

The Chair noted that there was already information available and that the issue appeared to be more about formatting this to demonstrate best value.

Ms Scoburgh concluded her presentation of the annual audit report by summarising the content of the action plan and the significant risks identified during the audit planning process.

The Chair welcomed the report and recommendations and praised officers for the progress made since last year's audit.

Decision

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

4. 2018/19 AUDITED ANNUAL ACCOUNTS

A report was submitted by the Chief Finance Officer presenting the IJB's audited annual accounts for 2018/19.

Ms Flanagan presented the report reminding members that the draft unaudited accounts had been reviewed by the Committee in June. She summarised key aspects of the accounts and the minor changes made following the last meeting. She referred members to the annual governance statement provided by Internal Audit which offered 'reasonable assurance' and to the external auditor's intention to issue an unqualified audit opinion.

Ms Flanagan invited the Committee to recommend the audited accounts to the IJB.

Ms Flanagan responded to questions from the Chair advising on amendments to the management commentary, clarification of health service terminology and the impact of increasing population numbers and the need for detailed modelling to enhance longer term financial planning.

David Binnie queried the final section of the management commentary which was headed 'Key Risks and Uncertainties'. He thought this was confusing as it did not directly correlate with the contents of the IJB's risk register and he suggested substituting 'Challenges' for 'Risks'.

Ms Flanagan and Ms Scoburgh agreed that this could be looked at for next year's accounts but were of the view that there were some crossovers and that the section was reflective of the current position.

Councillor O'Donnell suggested that in future years other areas and cost implications, such as housing for vulnerable adults and those with complex needs, might also be reflected within this section.

Referring to the comprehensive income and expenditure statement, the Chair observed that comparing individual budgets in 2017/18 and 2018/19 areas such as Prescribing and Older People showed positive progress.

Decision

The Committee agreed to:

- (i) Note the independent auditor's review of the IJB's Annual Accounts; and
- (ii) recommend the annual accounts to the IJB.

5. RISK REGISTER

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

Ms Flanagan presented the report advising members that the risk register continued to be refreshed and updated. She highlighted two changes which had taken place since the last Committee meeting. Firstly, the financial resources risk (3924) had reduced in rating from 16 to 12 and from 'major' to 'moderate' as a result of the IJB having established reserves. Medium-term financial planning had also been added as part of the control measures. Secondly, the impact of partner's decisions risk (4018) would shortly be updated to reflect the IJB's Directions for 2019/20. The Directions were

currently being developed and would be approved by the IJB at their meeting in October.

The Chair asked if updating the Directions would have an impact on the risk rating. Ms Flanagan said that it was unlikely to do so this year but it was hoped that it would result in an improvement in future years.

Ms MacDonald reminded members that there were extensive operational risk registers in place for the Health & Social Care Partnership and the IJB's partners and that these included risks related to the impact of Brexit. She added that these risks may need to be escalated depending on developments over the coming weeks and months.

Mr Binnie praised the risk register as being very clear and concise but said he was surprised not to see a general reputational risk. He noted that some aspects of this were already present in other risks, such as 3924, but the descriptions were unclear. He felt that it was important to consider the risk of members acting in a way which may impact unfavourably on the reputation of the IJB, and how such a situation might be managed.

Councillor O'Donnell asked if background checks were carried out on IJB members or whether they were required to complete a self-declaration. Ms MacDonald advised that a number of the IJB's members came from organisations who carried out their own checks. The Clerk added that IJB members were required to complete a disqualification questionnaire.

In relation to the broader issue of reputational damage Ms MacDonald indicated that this was covered in the operational risk registers.

Decision

The Committee agreed:

- (i) to note the current risk register; and
- (ii) that no further risks should be added to the register.

6. FURTHER MEETING DATES FOR 2019/20

The Committee agreed the following meeting dates for the 2019/20 session, all meetings to take place in the Council Chamber, Town House, Haddington:

- Wednesday 11 December 2019, 2.00pm
- Tuesday 10 March 2020, 2.00pm
- Tuesday 16 June 2020, 3.00pm

POST-MEETING NOTE

Due to the General Election, the date of the next meeting was subsequently changed from 11 December 2019 to 22 January 2020

Signed

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