



REPORT TO: East Lothian IJB Audit and Risk Committee

MEETING DATE: 15 September 2020

BY: Chief Finance Officer

SUBJECT: Update on Actions from the Independent Audit for 2018/19

1 PURPOSE

- 1.1 This report updates the committee on the actions taken which were recommended in the independent auditors' annual audit report for 2018/19.

2 RECOMMENDATIONS

- 2.1 The Committee is asked to note the update

3 BACKGROUND

- 3.1 At its September 2019 meeting the IJB received a report from the independent auditors on the IJB's 2018/19 annual accounts. In addition to the annual accounts the audit report includes further opinions specified in the Code of Audit Practice.
- 3.2 The auditors made a series of recommendations which are attached to their report. Both the Chief Officer and the Chief Finance Officer support the independent auditors' recommendations and their responses to these recommendations are included in this report. The committee accepted these recommendations from the independent auditors.
- 3.2 The detail of the actions and the management response was laid out in an appendix to the independent auditors report and an extract is attached to this report (Appendix 1) for information.
- 3.3 The update on the recommendations is below:-

Issue/Risk	Update
<p>Efficiency savings</p> <p>The IJB's five year financial plan highlights the funding gaps faced each year. 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>Risk - The board may not be able to deliver the targeted savings / plans in 2019/20 and beyond.</p>	<p>Progress on efficiency savings for 2019/20 was presented to the IJB at its December 2019 meeting. This highlighted saving plans that had slipped and identified additional non-recurring sources that ensured that the overall savings target for 2019/20 remained achievable.</p> <p>Regular updates on the 2019/20 financial position have been and continue to be presented to the IJB. Quarter 1 19/20 position was provided at the September 2019 meeting and Quarter 3 update at the IJB's February 2020 meeting. Fluctuations in forecasts continue to be changeable as variables remain challenging to predict.</p> <p>To help provide better insight into the reasons behind these fluctuations, regular meetings have been set up within the HSCP to analyse the assumptions used in forecasts and progress on efficiency plans. Key drivers of the financial position and what mitigating actions can be taken are discussed.</p> <p>The future funding gaps remain a challenge for the IJB as demand increases at a higher rate than funding.</p>
<p>Annual Performance Report</p> <p>The 2018/19 annual Performance Report is currently was not submitted until September 2019. The IJB should ensure that the annual Performance Report is completed and submitted by the 31 July deadline.</p> <p>Risk – There is a risk that the IJB will fail to report its performance publicly in a timely fashion.</p>	<p>The expectation for 2019/20 is to meet the publication deadline of 31 July 2020. This will be achieved (with the agreement of the Scottish Government) by publishing calendar year data for some measures and financial year for others. This deadline is a challenge due to the data not being available till June in the year.</p>

<p>Reporting best value</p> <p>East Lothian IJB has Performance Report did 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>Risk - The performance report does not meet the requirements of the Scottish Government and the EL IJB cannot demonstrate best value.</p>	<p>Plans are in place to include a best value assessment within the 2019/20 Annual Performance Report. The start of a framework was developed in the last part of the financial year however progress has stalled given the required response to the COVID-19 pandemic.</p>
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4 ENGAGEMENT

- 4.1 The IJB's Audit and Risk Committee papers are available on the Council's website.

5 POLICY IMPLICATIONS

- 5.1 There are no new policy implications for the IJB in this report

6 INTEGRATED IMPACT ASSESSMENT

- 6.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

7 RESOURCE IMPLICATIONS

- 7.1 Financial – None
- 7.2 Personnel – None
- 7.3 Other – None

8 BACKGROUND PAPERS

- 8.1 IJB and Audit and Risk papers from meetings in September 2019.
- 8.2 https://www.audit-scotland.gov.uk/uploads/docs/report/2019/aar_1819_east_lothian_integration.pdf

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DATE	September 2020




Appendices

1. Extract from independent auditors report on the actions for 2018/19 Annual Accounts




Appendix 1 – Extract from Independent Audit Report for 2018-19

Appendix 1

Action plan 2018/19

			
No.	Issue/risk	Recommendation	Agreed management action/timing
1	<p>Efficiency savings</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>Risk - 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 (refer paragraph 46).</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>Annual Performance Report</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>Risk – 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 (refer paragraph 62).</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>

Appendix 1 Action plan 2018/19 | 19

			
No.	Issue/risk	Recommendation	Agreed management action/timing
3	<p>Reporting best value</p> <p>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>Risk - The performance report does not meet the requirements of the Scottish Government and the EL IJB cannot demonstrate best value.</p>	<p>The IJB should review and consider how it will report on best value in the 2019/20 annual Performance Report.</p>	<p>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>Responsible officer: Chief Officer</p> <p>Agreed date: 31 July 2020</p>