



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

**TUESDAY 10 MARCH 2020
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON**

1

Members Present:

Councillor S Kempson (Chair)
Mr D Binnie
Mr A Joyce

Officers Present:

Ms C Flanagan
Ms A MacDonald
Mr D Stainbank

Others Present:

Ms E Scoburgh, Audit Scotland

Clerk:

Ms F Currie

Apologies:

Ms F Ireland
Councillor F O'Donnell

Declarations of Interest:

None

1. MINUTES OF THE IJB AUDIT AND RISK COMMITTEE MEETING OF 22 JANUARY 2020

The minutes of the East Lothian IJB Audit and Risk Committee meeting held on 22nd January 2020 were approved.

2. MATTERS ARISING FROM THE MINUTES OF 22 JANUARY

There were no matters arising.

3. RISK REGISTER

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

Claire Flanagan presented the report advising members that the risk register continued to be refreshed and updated. She highlighted a few changes which had taken place since the last Committee meeting:

- 3924 – a new action had been added relating to dialogue with the partners on budget offers for 2020/21. Current 'assumptions and principles' were being shared by both partners' for 2020/21 and this action would be closed once budget offers had been finalised.
- 4947 – this related to NHS Lothian's escalation measures and reflected the collaborative approach being taken by all 4 Lothian IJBs; the structure of groups, sub groups and working groups put in place; and the role of officers in this work.
- 3925 and 3926 – the reduced risk rating for each continued to be maintained.

Ms Flanagan advised members that this update referred to the period October – December 2019 and that the next update would reflect the challenges posed by COVID-19.

Alex Joyce agreed that including COVID-19 would be essential and reported that NHS Lothian had already added it to their risk register.

Both the Chair and Alison MacDonald concurred. Ms MacDonald added that any risk which may affect the IJB's ability to deliver the strategic plan should be included in the register.

In response to a question from David Binnie, Ms MacDonald explained that control measures would be identified through the partners' Business Continuity Plans and that the Health & Social Care Partnership was engaging with the partners to ensure that their plans were as up to date as possible. She also reported that consideration was being given to utilising bed capacity at the community hospital, to working with the third sector to identify the most vulnerable in the county with particular reference to homecare clients, and to ensure that the most at risk continued to have access to appropriate support.

In response to further questions, Ms MacDonald advised that a great deal of planning work was already underway around COVID-19 and further discussions would be required to consider all community assets and agree how and where best to look after people depending on the severity of their symptoms.

The Chair thanked Ms Flanagan and Ms MacDonald for their updates and acknowledged that there remained a lot of unknowns. She then invited members to agree the recommendations in the report and the inclusion of a new COVID-19 risk in the register.

Decision

The Committee agreed:

- (i) to note the current risk register; and
- (ii) that a new risk be added to the register in relation to COVID-19.

4. INTERNAL AUDIT PLAN 2020/21

The Service Manager – Internal Audit submitted a report informing the Committee of Internal Audit’s operational plan for 2020/21.

Duncan Stainbank presented the report outlining the background and the range of factors taken into account when preparing the plan. He advised that the Council’s Internal Audit Team would continue to work closely with the Internal Audit Team within NHS Lothian and that all reports would be reviewed by the Chief Officer and Chief Finance Officer and presented to the Audit & Risk Committee. He then summarised the scope of the audit set out in the plan for 2020/21.

Mr Stainbank also raised the issue of agreeing procedures for sharing of information between the NHS Lothian Audit & Risk Committee and the IJB Audit & Risk Committee. He indicated that previous work on this matter had been delayed. A draft protocol was with the NHS Lothian Internal Audit team for consideration and may require assistance from Chairs of the NHS Lothian and IJB Audit Committees to finalise. .

Ms Flanagan agreed that a protocol would be useful as it would also support improvement work on sharing of information with partners around key audit risks.

Mr Stainbank responded to a number of questions. He provided further detail on the scope of the proposed audit on the community hospital re-provision of services; he explained the reasoning behind the assessed risk level of ‘high’ assigned to the proposed audit on risk management and what was meant by reporting at an ‘appropriate level’.

Mr Binnie commented that the proposal for an audit of risk management arrangements was very reassuring.

Decision

The Committee approved the audit plan for 2020/21.

5. INTERNAL AUDIT REPORT – DIRECTIONS SETTING

The Service Manager – Internal Audit submitted a report informing the Committee of the recently issued audit report on Directions Setting.

Mr Stainbank presented the report. He advised that this audit was part of the 2019/20 audit plan and that the main objective was to review the adequacy and effectiveness of the arrangements for Direction-setting operating within the IJB. The conclusion of the

audit was 'reasonable assurance'; noting that the system of Direction-setting in place was in accordance with good practice guidance issued by the Scottish Government and other sources. He summarised the key findings of the report and drew members' attention to the recommendations for improvements, all of which had been agreed by Management.

In response to questions from the Chair, Mr Stainbank confirmed that a Direction was planned to be approved through the IJB in April for Adult Protection and domestic abuse services; he explained the methodology behind the sample size chosen for this audit; and he advised that the sample included coverage of existing, new and revised Directions.

The Chair thanked Mr Stainbank for a very helpful report.

Decision

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

6. INTEGRATION AUTHORITIES' FINANCIAL PERFORMANCE FOR 2019-20 AFTER QUARTER 2

A report was submitted by the Chief Finance Officer summarising the quarterly publication from the CIPFA IJB CFO Section on the Financial Performance for all Integration Authorities (IAs) for financial year 2019-20 after Quarter 2.

Ms Flanagan presented the report advising that it was part of a series of summary reports which were published quarterly on the Scottish Government's website. The report presented the Quarter 2 position for all 31 IAs and the impact on funding and reserves positions for 2019-20. She highlighted some of the key figures including the total budget for health and social care services in 2019-20, the total reserves held by IAs, projected year-end figures and some of the factors contributing to the forecasted positions. She also compared East Lothian's position with that of other IAs. Ms Flanagan reminded members that the positions quoted did not take into account any additional support from IJB partners, recovery plans or use of reserves. She added that increases in the cost of services and in the demand for services, staffing problems and pressures on prescribing budgets would mean that IJBs would continue to find it difficult to deliver savings.

In response to questions from the Chair, Ms MacDonald said that challenges in recruitment of staff varied between disciplines and were dependent on a variety of factors. At present, recruitment of general medical staff was going well but there were challenges in attracting enough psychiatrists and GPs.

Mr Binnie asked about the likelihood of additional Scottish Government money the address the gap in funding and support IAs across the country. Ms Flanagan said she was not aware of any plans for additional funding from the centre. She said that where an IJB was having difficulty in balancing its budget it must first turn to its partners and the arrangements set out in its Integration Scheme. In addition, NHS Health Boards could offer a type of loan known as 'brokerage' but these arrangements would vary from area to area.

Mr Binnie also asked about the likelihood of the East Lothian IJB having to access its reserves to cope with pressures associated with COVID-19.

Ms Flanagan said that this would have to be discussed with the partners and it would be dependent on whether central funding was made available from the Scottish

Government. She stated that the IJB's reserves were still below the recommended level and as Chief Finance Officer she would be looking to what might be available at a national level before considering the use of reserves.

Ms MacDonald added that they may look to open additional beds in the community hospital and they would expect this to be supported by national funding, in a similar way to the arrangements for managing winter pressures.

The Chair observed that in the current financial year the IJB was in a far more favourable position than many others.

Ms Flanagan agreed but said that this was very much a short term position and that there would be significant challenges ahead. Ms MacDonald also pointed to the coming financial year as containing some significant challenges which the IJB would have to consider how best to address.

Decision

The Committee agreed to note the key messages contained within the report.

7. AUDIT SCOTLAND REPORT ON LOCAL GOVERNMENT IN SCOTLAND FINANCIAL OVERVIEW 2018-29

A report was submitted by the Chief Finance Officer providing the Committee with a summary of the findings and key messages contained in the Accounts Commission report, 'Local Government in Scotland: Financial Overview 2018-19', as they relate to the East Lothian Integration Joint Board.

Ms Flanagan presented the report stating that this followed the presentation at the Committee's last meeting of the Account's Commission's review of the NHS. She highlighted some of the key messages within the Local Government review report, with particular reference to the section on IJBs. She drew attention to the commentary around the pace of health and social care integration, the limited evidence to demonstrate a shift in the balance of care, staff changes, financial pressures and the timing for agreeing budgets.

The Chair commented that it was difficult to plan for the long-term with so many unknowns and she agreed that the use of reserves would not be sustainable. She felt that the IJB was close to the point where it could no longer continue to deliver the same level of services without additional resources, particularly if the pace of integration was to increase. She also expressed concern about the impact this would have on the most vulnerable in the county.

Replying to a question from Mr Binnie, Esther Scoburgh advised that the Commission had looked at the issue of Best Value more generally as part of its review whereas the annual external audit work would focus specifically on how the IJB could report Best Value. She also referred to work being undertaken by the Government to encourage IJBs to include Best Value considerations as part of their objective-setting processes.

Ms MacDonald observed that this was helpful discipline to have in place and that it would be increasingly important for partners to take an outcome focussed approach when commissioning services and thereby demonstrate more easily where Best Value was being achieved.

Decision

The Committee agreed to note the key messages contained in the report.

DRAFT

Signed

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



REPORT TO: East Lothian IJB – Audit and Risk Committee
MEETING DATE: 15 September 2020
BY: Chief Finance Officer
SUBJECT: 2019/20 Audited Annual Accounts

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1 PURPOSE

- 1.1 The IJB has prepared Annual Accounts for the financial year 2019/20; these have now been audited by the IJB's Independent Auditors. Their report will be presented to the committee in a following agenda item.

2 RECOMMENDATIONS

- 2.1 The Committee is asked:
- i. To recommend the Annual Accounts to the IJB
 - ii. To note the following Independent Auditors review of the IJB's Annual Accounts

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 signed electronically after the meeting of the IJB on 17 September 2020, following their approval.

3.4 The Annual Accounts (unsigned) are attached to this report along with the letter of representation (ISA 580) (unsigned).

4 ENGAGEMENT

4.1 The IJB 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

AUTHOR'S NAME	Claire Flanagan
DESIGNATION	Chief Finance officer
CONTACT INFO	Claire.Flanagan@nhslothian.scot.nhs.uk
DATE	September 2020

Appendices

1. IJB's Annual Accounts 2019/20
2. Letter of Representation (ISA 580)



East Lothian Integration Joint Board Audited Annual Accounts 2019/20



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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 2019 to 31 March 2020 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). The management commentary outlines the key messages in relation to the IJB's financial performance for the year ended 31 March 2020 and how it has supported the delivery of the IJB's priorities. This commentary also considers those issues and risks which we face as we strive to meet the needs of the people of East Lothian.

These accounts cover the period from 1 April 2019 to 31 March 2020.

The Role and Remit of the IJB

The purpose of integration is to improve care and support and therefore the health and wellbeing outcomes for people who use health and social care services. It will make sure that they are listened to, involved and take part in decisions about their care and how it is delivered. It is a significant change in how the strategic planning and delivery of services happens with a range of partners –individuals, local groups and networks, communities and organisations, including patients, service users, carers and the third and independent sectors

The functions delegated to the IJB by East Lothian Council and NHS Lothian are as follows:

- 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 sets the strategic direction for these delegated functions through the development of a Strategic Plan, to enable it to plan and deliver these strategic outcomes at an overall health and social care level. It gives directions to the council and NHS Lothian for the operational delivery of functions and the resources available to them for this.

The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) requires Local Authorities and Health Boards to integrate the strategic planning of a substantial number of health services and functions and most social care functions.

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



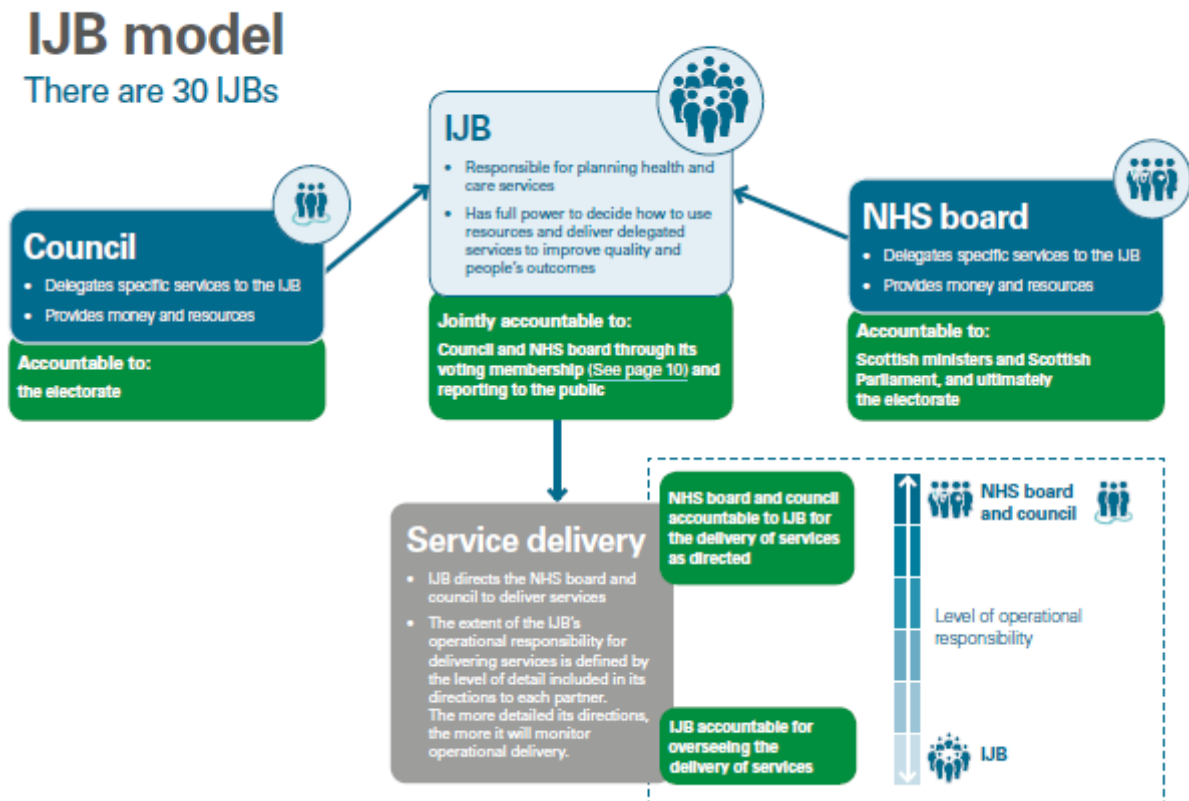
East Lothian Integration Joint Board – Annual Accounts for the year ended 31 March 2020

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 assumed formal responsibility for these functions in April 2016 including the budgets for the delivery of these functions.

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

The IJB model has been reproduced below and illustrates the accountability, decision making and governance structure of the IJB model. This was published in April 2018 by the Accounts Commission in a short report entitled “What is integration?”

What is integration? A short guide to the integration of health and social care services in Scotland | 9



The Strategic Plan

The strategic plan of each IJB must be reviewed and approved by the IJB every 3 years. East Lothian IJB approved its second Strategic Plan on 28 March 2019, this covers April 2019 to March 2022. A link to the plan is below:

https://www.eastlothian.gov.uk/downloads/file/28278/east_lothian_ijb_strategic_plan_2019-22

The 2019-2022 plan takes into account the previous plan and our achievements and continuing challenges. It is based on consideration of the many factors that have an impact on the delivery of health and social care services, the experience of people who access services and assessment of need.

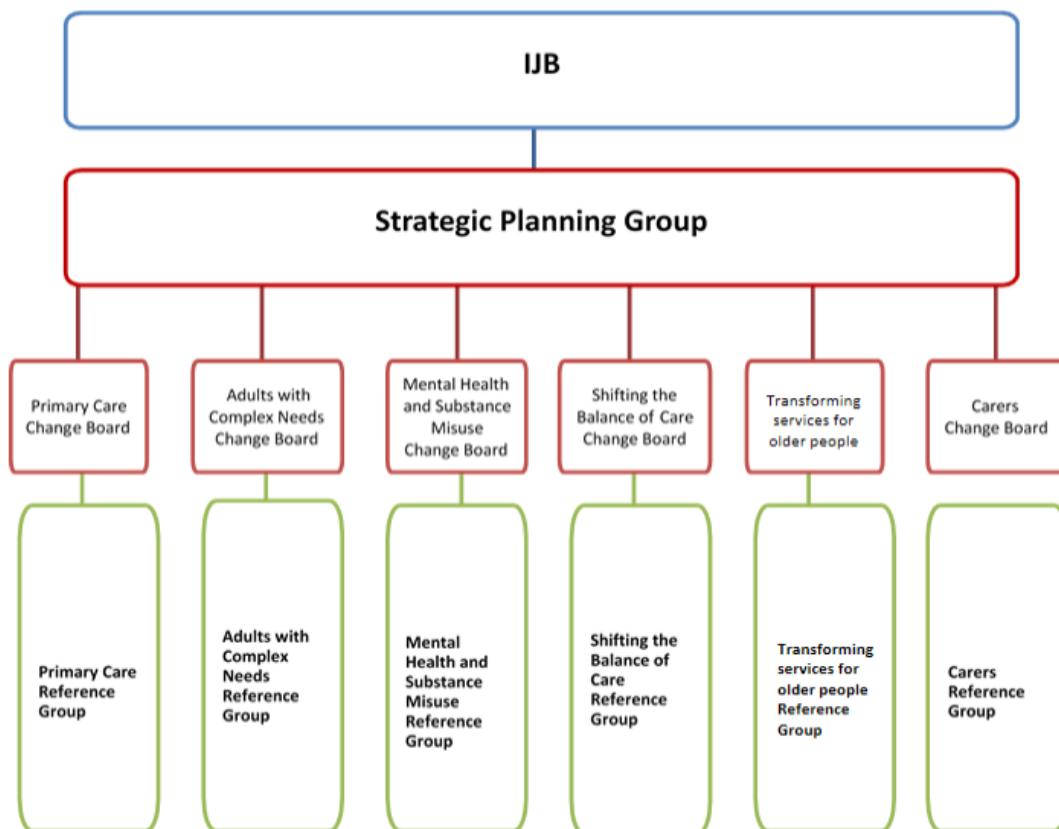


An engagement and consultation process with communities, people who access services, service providers and staff allowed the IJB to hear of, and where possible incorporate, the views and priorities of East Lothian’s communities, partners and stakeholders in this Strategic Plan in order to support service development and delivery.

Engagement also allowed participants to hear about the factors that will guide and may limit the opportunities for service change and development over the lifetime of the Strategic Plan.

East Lothian IJB agreed six strategic priority areas for change. These focus on: primary care, adults with complex needs, adults affected by mental health and substance misuse issues, shifting care from acute hospitals to the community and support to carers.

These six areas, along with our updated Strategic Objectives and a range of ‘Golden Threads’ form the basis of this transformational change supported by this Strategic Plan.



The Strategic Plan is underpinned by a delivery plan to ensure that progress is made to achieve the vision for East Lothian. Change Boards and corresponding reference groups have a key role in progressing the IJB Strategic Plan which facilitate on-going stakeholder involvement in strategic planning and development during 2019-2022.

Throughout all strategic priorities the strategic aims and objectives of the IJB are core. We developed our Strategic Objectives in consultation with our stakeholders.



East Lothian Integration Joint Board – Annual Accounts for the year ended 31 March 2020

They show our commitment to adopting approaches that tailor services to the needs of people and communities while, at the same time, developing efficient and future-proofed service arrangements.

Each Change Board has to take into account in its work key principles or 'Golden Threads'. The Golden Threads are:

- early intervention and prevention
- carers needs
- Self-Directed Support rights
- equality and diversity, including tackling health inequalities and discrimination
- re-ablement/recovery
- needs of people with dementia health promotion
- partnership working
- communication, engagement and involvement
- advocacy
- community justice
- maximising effective use of resources
- use of integrated information technology and technology enabled care; and
- tackling social isolation



There is a requirement on all projects to evidence to their respective Change Board that the Golden Thread commitments have been achieved as part of project delivery.

Regular updates from each Change Board can be found here:

<https://www.edubuzz.org/almac/category/ijb-strategic-plan-and-change-boards/>



IJB Membership

The IJB comprises eight voting members, made up of four elected members appointed by East Lothian Council and four NHS Lothian non-executive directors appointed by NHS Lothian. There are a number of non-voting members of the Board who are advisory members, including the IJB Chief Officer, Chief Finance Officer, and other service and staffing representatives.

The IJB met 9 times during the financial year 2019/20. There have been some changes to the membership of the IJB during 2019/20, the members of the IJB at 31 March 2020 were as follows:

Member	Nominated/Appointed by	Role
Councillor Fiona O'Donnell	Nominated by East Lothian Council	Chair (voting member)
Peter Murray	Nominated by NHS Lothian	Vice-chair (voting member)
Alison Macdonald	Appointed by IJB	Chief Officer (non-voting member)
Claire Flanagan	Appointed by IJB	Chief Finance Officer (non-voting member)
Fiona Ireland	Nominated by NHS Lothian	Voting Member
Alex Joyce	Nominated by NHS Lothian	Voting Member
Dr Patricia Donald (NHS Lothian)	Nominated by NHS Lothian	Voting Member
Councillor Shamin Akhtar	Nominated by East Lothian Council	Voting Member
Councillor Neil Gilbert	Nominated by East Lothian Council	Voting Member
Councillor Sue Kempson	Nominated by East Lothian Council	Voting Member, Chair of Audit & Risk Committee
Vacant (previously post held by Jean Trench)	Appointed by IJB	Independent sector representative (non-voting member)
Paul White *	Appointed by IJB	Third sector representative (non-voting member)
David Binnie	Appointed by IJB	Carer representative (non-voting member)
Marilyn McNeill	Appointed by IJB	Service-user representative (non-voting member)



Member	Nominated/Appointed by	Role
Gourab Choudhury	Appointed by IJB	Medical Consultant (non-voting member)
Lesley White *	Appointed by IJB	ELC Staff Representative (non-voting member)
Judith Tait	Appointed by IJB	Chief Social Work Officer (non-voting member)
Dr Richard Fairclough	Appointed by IJB	General Practitioner (non-voting member)
Thomas Miller	Appointed by IJB	NHS Staff Representative (non-voting member)
Dr Jon Turvill	Appointed by IJB	Clinical Director (non-voting member)
Iain Gorman *	Appointed by IJB	Head of Operations (non-voting member)
Lorraine Cowan *	Appointed by IJB	Chief Nurse (non-voting member)
Philip Conalglan *	Appointed by IJB	Public Health (non-voting member)

*Note – all members, except those indicated above as voting members, are non-voting members. * = New IJB Member in 2019/20*

Below is the attendance by members of the IJB throughout 2019/20.

Members	25.4.19	23.5.19	27.6.19	29.8.19	11.9.19	31.10.19	5.12.19	27.2.20	26.3.20
Voting									
Shamin Akhtar	X		A	A	X	X	X	X	X
Dr Patricia Donald (replaced Prof. Moira Whyte 1.2.20)	--	--	--	--	--	--	--	X	X
Neil Gilbert	X	X	X	X	X	X	X	X	X
Susan Kempson	X	X	X		X	X	X	X	
Fiona O'Donnell (C)	X	X	X	X	X	X	X	X	X
Fiona Ireland	X	A	X	X	A	A	A	X	X
Alex Joyce	X		X	A	A	A		X	X
Peter Murray	X	A	X	X	X	X	X	X	X
Moira Whyte (left 31.1.20)	X	X	A	A	A	A	X	--	--



Members	25.4.19	23.5.19	27.6.19	29.8.19	11.9.19	31.10.19	5.12.19	27.2.20	26.3.20
Non-voting									
David Binnie	X	X	X	X	X	A	X	X	X
Gourab Choudhury	A		X			A		A	
Philip Conalglan (new 27.2.20)	--	--	--	--	--	--	--		
Lorraine Cowan (new in role of Chief Nurse)	A	A	X	X	X	A	X	A	X
Fiona Duncan (left 25.6.19)	A	X	--	--	--	--	--	--	--
Penny Dutton (left 5.12.19)	X	X	X				--	--	--
Dr Richard Fairclough		A	X	A	A		A	X	X
Claire Flanagan	X	X	X	X	X	X	A	X	X
Iain Gorman (new 31.10 2019)	--	--	--	--	--	X	X	X	X
Elaine Johnston	X	X	X	X	A(s)	X	X	--	--
Alison MacDonald	X	X	X	X	X	X	X	X	X
Marilyn McNeill	X	X	A	X	X	X	X	X	X
Thomas Miller	A	X	X		A	X	X	X	X
Judith Tait (replaced Fiona Duncan as CSWO in 27.6.2019)	X	X	A	A	X		X	X	X
Jean Trench (resigned 31.10.19)	A	A	A	A		--	--	--	--
Dr Jon Turvill	X	X	A	X	X	X	A	A	X
Lesley White (replaced Penny Dutton)	--	--	--	--	--	--	X	A	
Paul White (replaced Elaine Johnston 6.12.19)	--	--	--	--	--	--	--	X	X

Key: Present = X; Apologies = A; Apologies (substitute) = A(s); absent without apology = blank

The IJB's Operations for the Year

East Lothian IJB has now been operational for four years. The governance systems are now well established and good progress is being made on integrating management arrangements and frontline services. We continue to work towards our long-term objectives through the continuing dedication and skill of our staff; our



partners in the voluntary and independent sectors; and all the informal carers and neighbours upon whom the health and care system is entirely dependent.

The work of the Health and Social Care Partnership during 2019-20, under the governance of the IJB is summarised below. However it is important to acknowledge that COVID-19 did disrupt service provision during March 2020 as the Partnership responded to the pandemic. A strategic approach to this was taken and the IJB was involved appropriately. The core components and key developments for 2019-20 are summarised below and further details will be included in the Annual Performance Report. The Annual Performance Report will not be published until August, it has therefore not been possible to include a link to this at this time, but this will be available on the IJB webpage in due course which will include key performance indicators and comparators.

Successful New Services and Approaches

Several new services and approaches have been introduced to improve people's health and wellbeing.

We have continued to make sure people are only in hospital when they need to be through helping them get home sooner with the "Discharge to Assess" Team and the "Hospital at Home" Service.

Community Hospital in Haddington

A major milestone is the opening of the new community hospital in Haddington.



The remainder of the newly completed East Lothian Community Hospital building opened in autumn 2019. This marks the completion of the penultimate phase of construction and follows the successful handover of the Outpatients Department, which has been benefiting patients since March 2018. The final phase will focus on the car park and landscaping, with the entire development expected to be complete in 2020. The completion of the new three-storey, hospital building in Haddington means that patients

and staff will have access to Mental Health services, IV treatment and an increase of inpatient beds as well as other new and existing social care and health services already provided in East Lothian.

Awards for Wellwynd Hub

The Wellwynd Hub in Tranent is a model that provides a wide range of invaluable services for both health and social care needs in a community setting.



East Lothian Council's Housing Team and East Lothian Health and Social Care Partnership secured a top Scottish award for their joint work on the Wellwynd Hub in Tranent. The Chartered Institute of Housing (CIH) Excellence in Health & Wellbeing award focuses on excellence in the areas of fit-for-purpose housing, adaptations and preventative services.



Wellwynd Hub Team with Councillor Norman Hampshire



The Hub came about when East Lothian Health and Social Care Partnership, working with the council's Housing Service, converted a former warden's flat for sheltered housing into a

'dementia friendly' homely setting. The facility in Tranent features smart technology to assist people requiring technology to help with daily tasks such as reminders or turning on lights by voice command. It has transformed services to people requiring occupational therapy, telecare and housing interventions in East Lothian.

It provides awareness sessions for **Telecare and Technology Enabled Care (TEC)** to support staff to find effective solutions for assisting clients with every day activities.

People can be jointly assessed by occupational therapy and physiotherapy and strategies are provided to enable greater independence at home or accessing community resources. Monthly clinics are also held with community housing officers to assess requests for health and housing needs. Referrals are made via the Adult Social Care Community Access Team. It is intended that this will be rolled out across the county, allowing more people to access this unique service at the point of need.



The Hub has made a real and positive difference to people in East Lothian living with dementia and disabilities, and to their carers. Paul who lives with MS and is a regular user of the Hub has made a video for us about how he uses TEC to help him stay independent and get the most of life.

Paul says: 'Just because you have had some trauma in your life, it doesn't mean your life is over. You can change it, keep going forward, embrace change and flourish.' Here is a link to Paul's video message illustrating how this

facility has improved his life: <https://vimeo.com/326316476/f4b9ca5bdd>



Community Justice Self Evaluation

East Lothian community justice partnership requested, with the support of the Care Inspectorate, to undertake a supported and validated self-evaluation. Scheduled activities took place between October 2019 and February 2020. The self-evaluation focussed on three specific quality indicators; “planning and delivering services in a collaborative way”, “effective use and management of resources” and “leadership of strategy and direction”. This work was completed by the entire CJP but was exceptionally well supported by ELHSCP’s Justice Social Work team. The evaluation consisted of several months of evidence gathering followed by a comprehensive review and assessment of the services offered against the standards of each quality indicator. The self-evaluation was well received by the care inspectorate who noted a strong commitment to collaborative working and to developing a well-informed outcome improvement plans. They recognised that East Lothian had examples of effective services being delivered through the collaborative use of resources and agreed with our view that the initial implementation of the community justice agenda had been slowed by changes in senior personnel. The self-evaluation informed an action plan which we will progress in 2020/21.

Collaborative Working for Immediate Care

The Collaborative Working for Immediate Care (CWIC) team was established in Musselburgh Primary Care Centre in 2017 using Primary Care Transformation Funds in order to test approaches to meet same day demand through a Nursing and AHP led 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. During 2019/20 this service expanded to cover a further Medical Practice.

Plans for Next Year

During the coronavirus pandemic it became apparent how important the Care Home Team was in supporting care homes. The Care Home Team provides both a clinical and education service to all 18 care homes in East Lothian, helping to improve and enhance the quality of care provided. The Team also provides direct support to 12 of the care homes. This involves nursing expertise, augmented with clinical decision making and prescribing – this has led to more seamless Ongoing and Acute care. There are plans to expand the Care Home Team to cover all Care Homes in East Lothian. Here is a link to a video that explains how the Care Home Team model works: <https://vimeo.com/215801376>

Mental Health services have been redesigned to give all citizens in East Lothian access to services. As a result of coronavirus and the resulting lockdown measures, there was a need to ensure that individuals across East Lothian had equitable access to Primary Care Mental Health support to promote health and well-being. An integrated team of Mental Health Occupational Therapists and Community Mental Health teams was formed from existing staff to support the development of a single Primary Care Mental Health pathway. The service supports individuals over 18 years old who are not already supported from existing secondary care Mental Health



services. Individuals can access the service directly through a single phone line or be referred from their GP Practice or other community agencies. Individuals are provided with a call back from a specialist Mental Health Practitioner within 36 hours who is able to support them to develop an individual care plan, which may involve further referral to community based support or secondary care services.

We must acknowledge the huge challenges we face due to the coronavirus pandemic and the impact the virus had on many East Lothian families. As well as presenting a tremendous challenge to our services, the crisis also creates an opportunity to build on existing and newly forming community connections. Early plans are developing, working with the people in our communities to explore what opportunities for community resilience can be developed during the crisis to ensure strong, sustainable, supportive communities into the future. We look forward to building a stronger East Lothian.

The IJB's Position at 31 March 2020

For the year ending 31 March 2020, 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:

	Funding	Expenditure	Surplus
	£000	£000	£000
Health	124,533	123,732	801
Social Care	47,284	47,459	(175)
Total	171,817	171,191	626

This surplus has been transferred to the IJBs 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.

The table below summarises the income and expenditure for the IJB for 2019/20.



Income and Expenditure

	Budget	Budget	Expenditure	Expenditure	Variance	Note
	Health	Social	Health	Social Care		
	£000	Care	Health	Care	£000	
		£000	£000	£000	£000	
Direct East Lothian Services						
Community AHPs	3,418		3,295		123	
Community Hospitals	10,814		9,953		861	
District Nursing	2,399		2,393		6	
General Medical Services	16,206		16,550		(344)	
Health Visiting	1,835		1,625		210	
Mental Health	5,683		5,681		2	
Other	5,891		5,491		400	
Prescribing	20,944		21,031		(87)	
Resource Transfer	3,226		3,226		0	1
Older People		25,351		24,049	1,302	
Mental Health		1,592		1,757	(165)	
Physical Disabilities		3,274		3,321	(47)	
Learning Disabilities		15,856		17,363	(1,507)	
Planning and Performance		2,828		2,663	165	
Other		4,599		4,522	77	
East Lothian Share of pan Lothian						
Set Aside	21,663		22,118		(455)	2
Mental Health	2,269		2,383		(114)	
Learning Disabilities	1,620		1,799		(179)	
GP Out of Hours	1,449		1,544		(95)	
Rehabilitation	560		513		47	
Sexual Health	769		772		(3)	
Psychology	871		890		(19)	
Substance Misuse	530		501		29	
Allied Health Professions	1,462		1,419		43	
Oral Health	2,085		2,048		37	
Other	2,939		2,600		339	
Dental	6,134		6,134		0	3
Ophthalmology	2,042		2,042		0	3
Pharmacy	3,509		3,509		0	3
Totals *	118,317	53,500	117,516	53,675	626	
Social Care Fund	6216	(6216)	6216	(6216)		4
Per Accounts	124,533	47,284	123,732	47,459		

(* Due to roundings the Totals for Health are out by £1k when summing the individual budget and expenditure lines.)



Income & Expenditure 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 2019/20 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 2019/20 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 General Medical Services and Prescribing these were offset by vacancies across the system, reduction in staffing requirements associated with the ward redesign and slippage of programmes (Programmes starting later in the year than planned and thus generating an underspend).

Within the social care budgets the pressures lay within increased demand for commissioned care services, particularly clients with Learning and Physical Disabilities. Transport costs continue to be a pressure area.

East Lothian Share of Pan-Lothian Services

The main pressures in the health budgets are:

The hosted services position highlights overspends within Learning Disability services due to additional beds and placements being required above funded levels. A similar issue existed with regards to Mental Health services requiring additional capacity in year to cope with high demand. Lothian Out of Hours Services also reported a pressure in year related to the high cost of medical staffing required to cover rosters especially around the festive period.

The main pressures within health Set Aside budgets are noted below, the Set Aside budget, delegated to the IJB, performs services provided by large hospitals on behalf of the IJB. As a reminder, [Appendix 1](#) illustrates the principal of Set Aside.

General Medicine areas reported a pressure in year driven by ongoing staffing issues, where recruitment continues to be a challenge, plus ongoing bed pressures across the other sites. Infectious Diseases financial pressure in year relates to drug costs exceeding budget levels.

Junior Medical pay pressure was 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. The position has improved from the previous year but still remains a pressure.

Reserves

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



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The IJB has reserves at the end of 2019/20 of £2.398m, compared to reserves of £1.772m in March 2019. The movement can be described below.

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:

	2019/20 Opening	2019/20 Movement	2019/20 Closing
	£000	£000	£000
Committed Project Funds			
PCIF	219	16	235
Action 15	164	(114)	50
MELDAP	312	(312)	-
Commitment to Local Programmes	-	320	320
Committed Project Funds	695	(90)	605
General Reserves	1,077	716	1,793
Total Reserves	1,772	626	2,398

The IJB's Strategy and Business Model

The actions outlined in the Strategic Plan form the basis of more detailed plans for client groups and key services. They also form the basis of the Directions we give to NHS and East Lothian Council and enables us to set out the following strategic aims.

Engagement is key to everything that we do and the purpose of this strategy is to ensure that:

- we have a clear and effective participation and engagement approach which is at the heart of reforming health and social care services locally
- enables the Partnership's vision and how it works to become a reality
- informs decision making processes that drive strategy and inform the carrying out of delegated functions.



East Lothian IJB is committed to ensuring that services:

- are joined-up for service-users
- take account of the particular needs of individual service-users and their circumstances in different parts of the county
- improve the quality of our services and ensure that they are planned and delivered locally in a way that is engaged with our communities
- make the best use of the available facilities, people and other resources.

The IJB's remit and goals are laid out in the IJB's Strategic Plan.

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:

- 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 2020/21 financial plan.
- The increasing population in East Lothian remains a challenge which may exacerbate the staffing and financial pressures above.



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- 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.
- The coronavirus pandemic resulted in a disruption for many services. Partners are actively working on how services can adapt and resume in this new environment following our response to this pandemic. Whilst the short, medium and long term impacts of the pandemic remain uncertain, there is little doubt that significant financial challenges lay ahead.
- The financial cost of responding to the pandemic has been, and will continue to be, significant. Where remobilisation requires changes to how services are delivered, additional expenditure is likely to be required. As this is a developing situation, it is difficult to anticipate the budgetary implications.
- The current fragility of provider organisations in the home care and care homes sector may require action and investment to secure sustainability in these important 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 Integration Joint Board.

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 2020 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.

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 2019/20.

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 Vice Chair of East Lothian IJB, has received an additional day's remuneration specifically for his role as Chair of the IJB in 2019/20. This remuneration is £8,584 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 is Alison MacDonald. Alison has a joint role 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, 50% of total remuneration is to be shown in the accounts of the IJB as the remuneration as the Chief Officer of the IJB.

Chief Finance Officer

The Chief Finance Officer of the IJB is Claire Flanagan. 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.

Total for 2018/19 £	Senior Employees Salary, Fees & Allowances	Total for 2019/20 £
33,273	Alison MacDonald, Chief Officer	48,004
11,030	Claire Flanagan, Chief Finance Officer	23,781
16,104	David King, Chief Finance Officer	n/a
13,920	David Small, Chief Officer	n/a

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 31/03/2020 £000	For year to 31/03/2019 £000		at 31/03/2020 £000	at 31/03/2019 £000
Alison MacDonald	13	12	Pension	21	18
			Lump Sum	37	34
Claire Flanagan	9	8	Pension	13	11
			Lump Sum	24	22
David King	n/a	7	Pension	n/a	37
			Lump Sum	n/a	110
David Small	n/a	15	Pension	n/a	47
			Lump Sum	n/a	142

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 2019/20.

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



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- 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 revised 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 2019/20 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 2020, but noted areas for further development. These improvements are reflected below.

Action Plan

During 2019/20, areas identified with scope for improvement included the following:

- Monitoring of Direction setting to ensure Directions covering all devolved functions for the IJB are reviewed to ensure that all Directions are formally included within the new Change Board governance structures;
- Consistency in the development of Change Board terms of reference and a clear methodology for identifying and assigning the Golden Threads to the Change Board projects; and
- A review of the arrangements in place for projecting social care expenditure growth in the later years of the financial plan.

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 2020.



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 2020 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 2019/20 (the 2019/20 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of the East Lothian Integration Joint Board as at 31 March 2020 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 2019/20 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 four 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 Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 report in a separate Annual Audit Report, 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. 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 Scotland
102 West Port
Edinburgh
EH3 9DN



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.

2018/19			2019/20
Net Expenditure		Note	Net Expenditure
£000			£000
2,641	Community AHPS		3,295
8,465	Community Hospitals		9,953
2,269	District Nursing		2,393
15,491	General Medical Services		16,550
1,450	Health Visiting		1,625
6,357	Mental Health		7,437
8,838	Other		10,013
20,762	Prescribing		21,031
3,227	Resource Transfer		3,226
23,924	Older People		24,049
3,083	Physical Disabilities		3,321
15,328	Learning Disabilities		17,363
2,587	Planning and Performance		2,663
24,918	Share of pan Lothian Health Services		26,154
20,477	Set Aside		22,118
159,817	Cost of Services		171,191
161,589	Taxation and Non-Specific Grant Income	6	171,817
1,772	Surplus or (Deficit) on Provision of Services		626
1,772	Total Comprehensive Income and Expenditure		626



Movement in Reserves Statement

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

	2018/19 Total £000	2019/20 Movement £000	2019/20 Total £000
General Reserves			
Surplus on Provision of Service	1,077	716	1,793
Earmarked Reserves			
Surplus on Provision of Service	695	(90)	605
Total Usable reserves	1,772	626	2,398
Unusable Reserve			
Employee Statutory Adjustment Account	0	0	0
Balance as at 31 March 2020	1,772	626	2,398

Reserves

The reserves are classified as either Useable or Unusable 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 being the Primary Care Improvement Fund, the Action 15 funding to support implementation of Scottish Government's Mental Health Strategy and other locally committed programmes.

Earmarked Reserves	£000
Primary Care Improvement Fund	235
Action 15 - Scottish Government Mental Health Strategy	50
Locally Committed programmes	320
Committed Project Funds	605



East Lothian Integration Joint Board – Annual Accounts for the year ended 31 March 2020

In addition to the Earmarked reserves held by East Lothian IJB, there is another £126k in respect of Primary Care Improvement Funding that is held by Scottish Government.

Unusable Reserve

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



Balance Sheet

The Balance Sheet shows the value, as at 31 March 2020, of the assets and liabilities recognised by the Board. The net assets of the Board are matched by the reserves held.

2018/19		Notes	2019/20
Total			Total
£000			£000
	Current Assets		
1,772	Short Term Debtors		2,573
	Current Liabilities		
0	Short Term Creditors		(175)
1,772	Total Assets less current Liabilities		2,398
	Capital and Reserves		
695	Earmarked Reserves		605
1,077	General Reserves		1,793
1,772	Total Reserves	MIRS	2,398
		Note 5	

The unaudited accounts were issued on 30/06/2020 and the audited accounts were authorised for issue on 17/09/2020.

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 2019/20 financial year and its position at the year-end of 31 March 2020.

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 2019/2020, 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.



The funding balance due to or from each funding partner as at 31 March is represented as a debtor or creditor on the IJB's Balance Sheet. 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.

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 2020.

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 £2,398,000 at 31 March 2020.

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 2019/20 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 2020 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 2019/20 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. 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 2020, 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:

	2018/19	2019/20
	£000	£000
Funding due from NHS Lothian	1,471	2,272
Funding due from East Lothian Council	301	126
Total	1,772	2,398

Amounts owed by the East Lothian Council is stated on a net basis; that is the creditor balances relating to expenditure obligations incurred but not yet settled in cash terms are offset against the funds they are holding on behalf of the IJB.

5. Reserves

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

	2018/19	2019/20
	£000	£000
Earmarked Reserves		
Scottish Government Mental Health Strategy - Action 15	164	50
Scottish Government Primary Care Improvement Plan Fund	219	235
Midlothian and East Lothian Drug and Alcohol Partnership	312	-
Locally Committed Programmes		320
	695	605
General Reserves	1,077	1,793
Total Reserves	1,772	2,398

In addition to these reserves the Scottish Government are holding £126k for the Primary Care Improvement Plan.

6. Taxation and Non-Specific Grant Income

2018/19		2019/20
£000		£000
45,058	Contributions from East Lothian Council	47,284
116,531	Contributions from NHS Lothian	124,533
161,589	Total	171,817

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 £21,663k in respect of the set aside resources and £26,239k 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:

2018/19		2019/20
£000		£000
47	Staff (Chief Officer)	48
6	CNORIS	6
25	Audit Fee	26
78	Total	80

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.

2018/19		2019/20
Net Expenditure		Net Expenditure
£000		£000
115,060	NHS Lothian	123,732
(3,226)	Resource Transfer	(3,226)
(6,216)	Social Care Fund	(6,216)
105,618	Total	114,290
44,757	East Lothian Council	47,459
3,226	Resource Transfer	3,226
6,216	Social Care Fund	6,216
54,199	Total	56,901

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.



Appendix 1

Set Aside budget relates to services provided by large hospitals on behalf of the IJB. The principle is illustrated in the diagram below.

What is a set aside budget?

The budgets of integration authorities (IAs) are composed of two elements:

- Social care
- Health care – including primary and community healthcare, as well as some hospital care

The majority of integration authorities (IAs) have a 'set aside' budget. This relates to unscheduled acute hospital care.

How is the set aside budget agreed?

When setting the budget, the integration authority agrees with the NHS health board partner how much it expects to need for unscheduled acute hospital care. To do this, the partners use hospital data on levels of activity.

For IAs using the "set aside" approach, the agreed amount remains within the NHS rather than being paid to the IA (like the rest of the NHS contribution). This "set aside" budget should still remain under the control of the IA.



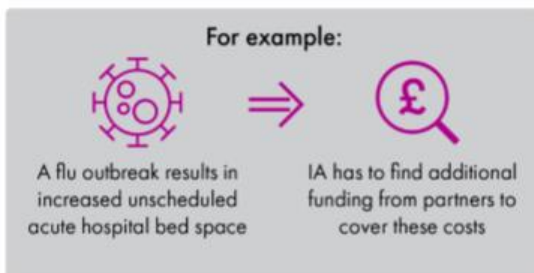
What can change the set aside budget?

In year

During the year, actual **unscheduled acute activity** might be higher or lower than anticipated.

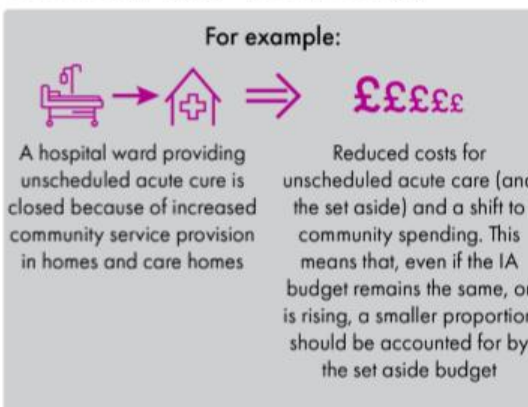
If activity is higher, the IA needs to agree with partners how these additional costs will be met.

If activity is lower, the IA should be able to decide how to spend the difference between actual and anticipated costs.



Longer term

Over the longer term, changes to how services are delivered should also be aimed at reducing demand for unscheduled acute care and – in turn – the set aside budget.



Source - Scottish Government Health and Sport Committee report in October 2019 "Looking ahead to the Scottish Government Health Budget 2020-21: When is hospital bad your health? "



Our Ref: CF/BR/S1014
Date: 17 September 2020

Appendix 2

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

Dear Gillian

East Lothian Integration Joint Board Annual Accounts 2019/20

1. This representation letter is provided in connection with your audit of the annual accounts of the East Lothian Integration Joint Board for the year ended 31 March 2020 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.
1. 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 the East Lothian Integration Joint Board's annual accounts for the year ended 31 March 2020.

General

2. The East Lothian Integration Joint Board and I have fulfilled our statutory responsibilities for the preparation of the 2019/20 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.

3. 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

4. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (2019/20 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.
5. 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 2020 and the transactions for 2019/20.

Accounting Policies & Estimates

6. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2019/20 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.
7. 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

8. I have assessed the 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 the East Lothian Integration Joint Board's ability to continue as a going concern.

Fraud

9. 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

10. 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

11. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2019/20 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

12. 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

13. 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

14. I confirm that the East Lothian Integration Joint Board has undertaken a review of the system of internal control during 2019/20 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.
15. 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 2020, which require to be reflected.

Balance Sheet

16. All events subsequent to 31 March 2020 for which the 2019/20 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Claire Flanagan
Chief Finance Officer

East Lothian Integration Joint Board Audit and Risk Committee

15 September 2020

East Lothian Integration Joint Board Audit of 2019/20 annual accounts

4a

Independent auditor's report

1. Our audit work on the 2019/20 annual accounts is now substantially complete. We anticipate being able to issue unqualified audit opinions in the independent auditor's report on 17 September 2020 (the date of the board), 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 East Lothian Integration Joint Board's Audit and Risk Committee consideration our draft annual report on the 2019/20 audit.
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. We have 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 Proper 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 2020 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 2019/20 (the 2019/20 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2019/20 Code of the state of affairs of the East Lothian Integration Joint Board as at 31 March 2020 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 2019/20 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 four 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 Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 report in a separate Annual Audit Report, 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. 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 Scotland
102 West Port
Edinburgh
EH3 9DN

APPENDIX B: Letter of Representation (ISA 580)

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

Dear Gillian

East Lothian Integration Joint Board Annual Accounts 2019/20

1. This representation letter is provided in connection with your audit of the annual accounts of the East Lothian Integration Joint Board for the year ended 31 March 2020 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 the East Lothian Integration Joint Board's annual accounts for the year ended 31 March 2020.

General

3. The East Lothian Integration Joint Board and I have fulfilled our statutory responsibilities for the preparation of the 2019/20 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 2019/20 (2019/20 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 2020 and the transactions for 2019/20.

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 2019/20 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 the 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 the 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 2019/20 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 2019/20 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 2020, which require to be reflected.

Balance Sheet

17. All events subsequent to 31 March 2020 for which the 2019/20 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

Claire Flanagan
Chief Finance Officer

East Lothian Integration Joint Board

4b

2019/20 Annual Audit Report



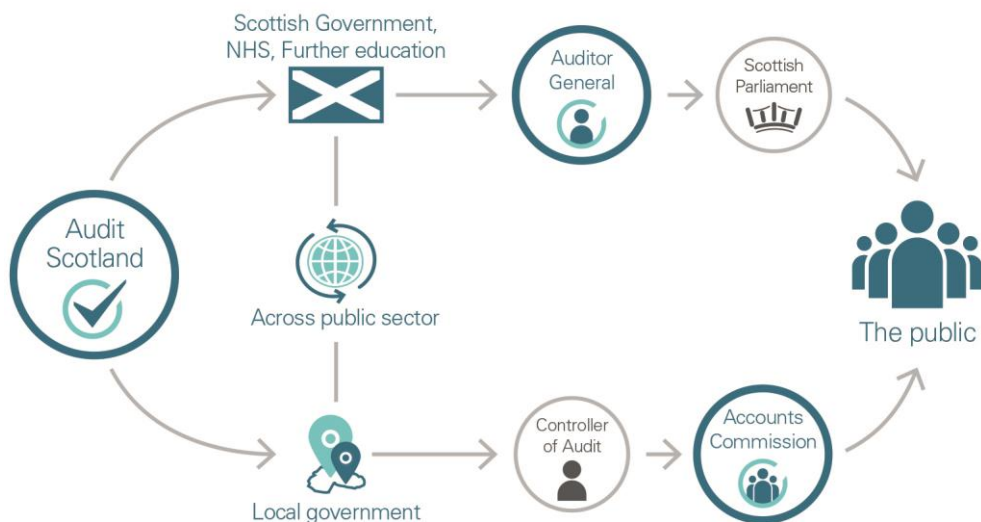
 AUDIT SCOTLAND

Prepared for the East Lothian Integration Joint Board and the Controller of Audit
September 2020

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

2019/20 annual report and accounts

- 1 The financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework.
- 2 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.
- 3 There was no adverse effect from the impact of Covid-19 on the accounting and auditing timetable for the 2019/20 annual accounts.

Financial management and sustainability

- 4 The IJB has appropriate and effective financial management arrangements.
- 5 Medium term financial plans have been developed and are being monitored and updated.
- 6 From March 2020 until the time of this report, the impact of Covid-19 to the IJB has been significant. Service disruption is anticipated to continue indefinitely and the financial implications of responding to this remain uncertain. The medium-term financial position of the IJB in relation to the pandemic is being actively monitored and reported on.

Governance, transparency and best value

- 7 The IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the board. The impact of Covid-19 did not have an adverse effect on governance arrangements.
- 8 The IJB has adequate arrangements for managing and reporting performance and continues to refine the process to factor in changed practices and delivery of front-line services in response to Covid-19.
- 9 The IJB submitted their 2019/20 Performance Report to the board on 27 August 2020, in line with the new timescale set by the Scottish Government. The 2019/20 Annual Performance Report includes an assessment of best value objectives against the IJB's delivery of services.

Introduction

1. This report is a summary of our findings arising from the 2019/20 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 22 January 2020. This report comprises the findings from our main elements of work in 2019/20 including:
 - an audit of the IJB's 2019/20 annual accounts including the issue of an independent auditor's report setting out my opinions
 - 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*

3. Subsequent to the publication of the Annual Audit Plan, in common with all public bodies, the IJB and partner bodies have had to respond to the global coronavirus pandemic. This impacted on the final month of the year and will continue to have a significant impact into financial year 2020/21. This will have significant implications for the provision and costs of services and a wider review of planned projects and activities going forward. However, we have not had to amend our 2019/20 planned audit work and there were no new or emerging risks that related to the audit of the financial statements and the wider dimensions of audit, due to Covid-19.

Adding value through the audit

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

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- sharing intelligence and good practice through our national reports ([Appendix 2](#)) and good practice guides
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability

5. 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

6. 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 also responsible for compliance with legislation, and putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.

7. 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.

8. 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.

9. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#) and supplementary guidance.

10. This report raises matters from our audit. Weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

11. Our annual audit report required no action plan for 2019/20.

Auditor Independence

12. Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements, auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies.

13. We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2019/20 audit fee of £26,560, as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

14. 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 in due course.

15. 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 2019/20 annual accounts



Main judgements

The financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework.

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.

There was no adverse effect from the impact of Covid-19 on the accounting and auditing timetable for the 2019/20 annual accounts.

The annual report and accounts are the principal means of reporting financial performance and demonstrating stewardship of the resources put at the disposal of the body

Our audit opinions on the annual accounts are unmodified

16. The annual accounts for the year ended 31 March 2020 were approved by the board on 25 June 2020. We reported within the independent auditor's report that:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- 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.

17. The completeness and accuracy of accounting records and the extent of information and explanations that we required for our audit were not affected by the Covid-19 outbreak. The working papers provided to support the accounts were of a good standard and the audit team received support from the Chief Finance Officer which helped ensure the final accounts audit process ran smoothly.

Overall materiality is £1.7 million

18. The assessment of what is material is a matter of professional judgement. It involves considering both the amount and nature of the misstatement in the annual report and accounts.

19. Our initial assessment of materiality for the annual accounts was carried out during the planning phase of the audit. On receipt of the unaudited annual accounts we reviewed our materiality calculations and updated them (an increase of £100k to overall materiality). This change did not impact our planned audit approach.

20. Our revised materiality based on the unaudited annual accounts 2019/20 is summarised in [Exhibit 2](#). Specifically, regarding the annual accounts we assess the materiality of uncorrected misstatements, both individually and collectively.

Exhibit 2

Revised materiality values

Materiality level	Amount
Overall materiality	£1.7 million
Performance materiality	£1.2 million
Reporting threshold	£17,000

Source: East Lothian IJB Unaudited Annual Account 2019/20

We have no issues to report from our work on the risks of material misstatement. There were no misstatements above our reporting thresholds identified from our audit.

21. [Appendix 1](#) provides our assessment of the main risks of material misstatement in the annual accounts and any wider audit dimension risks. These risks influence our overall audit strategy, the allocation of staff resources to the audit and indicate how the efforts of the audit team are directed. [Appendix 1](#) also identifies the work we undertook to address these risks and our conclusions from this work. There were no additional risks identified during 2019/20 in our audit resulting from the impact of Covid-19.

Prior year recommendations have been addressed

22. The IJB has made progress in implementing our three prior year audit recommendations from our [2018/19 Annual Audit Report](#).

- **Efficiency savings** - The IJB's rolling five-year financial plan 2019/20 – 2023/24 was developed and presented to the IJB on 27 June 2019. It is informed by indicative future partner funding levels and the Scottish Government medium term financial framework for Health and Social Care published in October 2018. Due to the further impact of Covid-19, the plan continues to be revisited with partners and updated.
- **The Annual Performance Report** – The 2019/20 submission deadline has been extended from July 2020 to September 2020 as a result of Covid-19. The IJB submitted their 2019/20 report to the board on 27 August 2020, in line with the new timescale set by the Scottish Government. Further narrative can be found in [paragraphs 42–48](#) of this report.
- **Reporting best value** – We found that the 2019/20 Performance Report submitted by the IJB includes an assessment of best value objectives against the IJB's delivery of services. Further narrative can be found in [paragraphs 42–48](#) of this report.

Part 2

Financial management and sustainability



Main judgements

The IJB has appropriate and effective financial management arrangements.



Medium term financial plans have been developed and are being monitored and updated.

From March 2020 until the time of this report, the impact of Covid-19 to the IJB has been significant. Service disruption is anticipated to continue indefinitely and the financial implications of responding to this remain uncertain. The medium to long term financial position of the IJB in relation to the pandemic is being actively monitored and reported on.

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

The 2019/20 budget included planned savings and contributions from reserves to address the funding gap. However, challenges remained throughout the year

23. An indicative 2019/20 budget was included within the 2019-22 EL IJB Strategic Plan presented to the board on 28 March 2019. The strategic plan highlighted that *indicative budgets for 2019-20 cannot be confirmed until budget information is received from partners*. The partners' offers were agreed by their own respective boards/committee on the following dates but were not formally communicated to the IJB until later:

- East Lothian Council – 12 February 2019
- NHS Lothian – 3 April 2019

24. The 2019/20 formal budget offers from partners were presented to and agreed by the EL IJB on 23 May 2019. The budget was set at £161 million with a funding gap of £3.7 million. Plans to address this gap included savings plans of £2.2 million with a remaining gap of £1.5 million. The IJB requested that officers within the partnership develop medium-term recovery plans to assist with this. Since May 2019 the IJB budget position improved, mainly through health funding where additional allocations have been received in-year from the Scottish Government. In addition, earmarked reserves have been released into operational budgets to deliver committed investments plans.

The IJB operated within budget in 2019/20 and had an underspend of £626,000

25. The IJB does not have any assets, nor does it directly incur expenditure or employ staff. All funding and expenditure for the IJB is incurred by partner bodies and processed in their accounting records. The IJB's budget position improved during 2019/20 due to additional funding from partners, use of their earmarked reserves as agreed and from local financial recovery plans. 2019/20 year-end financial performance against budget is summarised in [Exhibit 4](#).

Exhibit 4

Performance against budget

IJB budget summary	Budget £000	Actual £000	Variance £000
Net Expenditure			
NHS Lothian	124,533	123,732	801
East Lothian Council	47,284	47,459	(175)
Total Net Expenditure	171,817	171,191	626
Surplus to be retained by the IJB		626	
Balance of Reserves at 31st March 2020		2,398	
Total Earmarked Reserves		605	

Source: East Lothian Integration Joint Board Annual Accounts 2019/20

The IJB has appropriate budget monitoring arrangements

26. The 2019/20 initial budget was £161 million, which at year end had increased by £11 million to £172 million. We observed that senior management and members receive regular and accurate financial information on the IJB's financial position. The updates are clear and set out how overspends are being addressed. Covid-19 had minimal impact on budget performance in 2019/20 but this is a recognised challenge for future years. We conclude that the IJB has appropriate budget monitoring and reporting arrangements.

The IJB has a medium-term financial plan

27. 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.

28. The IJB has a reserves strategy and policy in place. 2018/19 was the first year the IJB had a reserve. In 2019/20, the reserve increased by £626,000 with £605,000 committed to future projects. During the year, £90,000 (net) of earmarked reserves were utilised for several committed projects and funds.

29. After agreement of the formal budget offers for 2019/20 from both partners, and with an indication of budgeted values for future years, the IJB's rolling five-year financial plan 2019/20 – 2023/24 was developed and presented to the IJB on 27 June 2019. It is informed by indicative future partner funding levels and the Scottish Government medium term financial framework for Health and Social Care published in October 2018. The five-year plan identifies funding gaps for each of the five years. The IJB agreed to ask officers within the partnership to develop a medium-term recovery plan and partners are actively working on this.

30. Looking ahead, the funding gap for 2020/21 was originally £7.5 million (June 2019) and has since been reduced to £3.5 million (January 2020). The IJB continues to provide the board with forecasts and the five-year plan will continue to be revised. A formal update will be provided to the board once the NHS Lothian financial plan is finalised and formal budget offers from both Partners have been agreed.

31. We can conclude that medium-term financial plans have been developed and are being monitored and updated.

The financial impact of the Covid-19 pandemic is likely to be significant on future financial plans

32. From March 2020 until the time of this report, the impact of Covid-19 to the IJB has been significant. Service disruption is anticipated to continue indefinitely and the financial implications of responding to this remain uncertain. The medium to long term financial position of the IJB in relation to the pandemic is being actively monitored and reported on.

33. At the June 2020 meeting of the IJB, the board were presented with an update on the temporary changes made across the health and social care partnership (HSCP) to managed and commissioned services resulting from Covid-19. The paper also highlights changes that may apply in the longer term and summarises the actions taken across all HSCP services over the last three months to respond to restrictions arising from Covid-19. The paper includes an *Actions Arising from COVID-19 and Continuing Changes to Service Delivery in East Lothian* summarising how services have had to change and adapt.

Financial systems of internal control operated effectively

34. The IJB relies on the information generated by its partner bodies (East Lothian Council and NHS Lothian) for key financial systems such as the ledger and payroll. The details of the IJB's financial transactions are processed through the partners' systems and those partners are responsible for appropriate systems of internal control. The IJB's transactions are maintained separately from those of the partner bodies in respective ledgers.

35. As part of our audit approach we sought assurances from the external auditors of East Lothian Council and NHS Lothian (in accordance with ISA 402) and confirmed there were no weaknesses in the systems of internal controls for the health board and no weaknesses in the systems of internal controls for the Council, which would have an impact on the IJB.

Standards of conduct and arrangements for the prevention and detection of fraud and error are appropriate

36. The IJB does not maintain its own policies relating to the prevention and detection of fraud and error but instead depends on those in place at its partner bodies. No weaknesses in arrangements for the prevention and detection of fraud and error have been reported to us by the two sets of external auditors. The IJB has a Code of Conduct in place to which members subscribe and the Members' Registers of Interest is publicly available on the IJB's website. The assurance provided from the external auditors of NHS Lothian and East Lothian Council did not highlight any issues in these areas.

Part 3

Governance, transparency and best value



Main judgements

The IJB has appropriate governance arrangements in place that support the scrutiny of decisions by the board. The impact of Covid-19 did not have an adverse effect on governance arrangements.



The IJB has adequate arrangements for managing and reporting performance and continues to refine the process to factor in changed practices and delivery of front-line services in response to Covid-19.

The IJB submitted their 2019/20 Performance Report to the board on 27 August 2020, in line with the new timescale set by the Scottish Government. The 2019/20 Annual Performance Report includes an assessment of best value objectives against the IJB's delivery of services.

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 are appropriate

37. The governance and transparency arrangements we consider include:

- board and committee structure and conduct,
- overall arrangements and standards of conduct including those for the prevention and detection of fraud, error, bribery and corruption,
- openness of board and committees, and
- reporting of performance and whether this is fair, balanced and understandable.

38. As we have previously reported in prior years, 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 board while the Chief Finance Officer is responsible for financial management including budget monitoring reports and financial planning. Both the Chief Officer and Chief Finance Officer were present at 2019/20 board and Audit and Risk Committee meetings, provided good summaries and responded to member queries. 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 public committee papers and minutes of meetings. The public are also welcome to attend these meetings.

39. We conclude that overall, the IJB has adequate governance arrangements in place that support scrutiny and accountability and, demonstrate a commitment to openness and transparency.

The Covid-19 pandemic did not have a significant impact on governance arrangements from March 2020 and business has continued to operate

40. The impact of Covid-19 has been referred to in the management commentary of the IJB's annual accounts. Operations were not significantly affected during 2019/20, with the impact of Covid-19 crystallising in 2020/21. Emergency recess procedures were put in place from 26 March 2020. This included amending the Standing Orders to delegate additional powers to the Chief Officer and revised reporting arrangements and timetables. The IJB and the Audit and Risk Committee are both continuing their governance and scrutiny role with virtual meetings taking place. The June 2020 board meeting included the review and approval of the unaudited accounts, at which external audit were present.

41. The revised governance arrangements are appropriate and support good governance and accountability within the IJB, with scrutiny of decisions by members continuing to be supported by officers.

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

The 2019/20 Annual Performance Report includes an assessment of best value objectives against the IJB's delivery of services

42. Integration Joint Boards have a statutory duty to make arrangements to secure best value. To achieve this, IJBs 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.

43. The IJB's 2019/20 Annual Performance Report was submitted to the board on 27 August 2020, in line with the extended timescale set by the Scottish Government. The EL IJB Audit and Risk Committee and the East Lothian Health and Social Care Partnership Clinical Governance Group both have a key role in ensuring best value is demonstrated.

44. The Performance Report commences with a comparison of the IJB's performance against the national average for a number of key indicators including emergency admissions, emergency bed days and hospital bed days. The report contains a section on best value and provides examples of impact on commissioning and procurement for the IJB. It includes impact and outcomes measured against key performance indicators from the prior year as well as explanatory narrative where the impact cannot be measured solely on qualitative data. The IJB's performance is improving when compared to the prior year. The report also includes case studies and has the impact of Covid-19 referred to where appropriate highlighting the future challenges as a result of working in the new environment(s).

45. The IJB's 2019/20 Annual Performance Report includes an assessment of best value objectives against the IJB's delivery of services and compares this against the prior year. We will continue to monitor and comment on this area.

Performance management reports are reviewed by the board and this remained in place, virtually, during the lockdown period

46. The Public Bodies (Joint Working) (Scotland) Act 2014 requires the IJB to produce an annual performance report covering areas such as: assessing performance in relation to national health and wellbeing outcomes, financial performance and best value, reporting on localities and the inspection of services.

47. The IJB's 2019/20 directions and associated plans were approved on 31 October 2019. The delivery plan sets out local Indicators to measure progress against performance. The IJB updated its performance framework, including clarifying reporting structures, ensuring robust monitoring and identifying areas for development as examples. A paper was presented to and approved by the IJB about the revised framework in December 2019. Performance levels are measured against a suite of key performance indicators linked to national and local plans. The EL IJB has also established a Clinical Care and Governance Committee who meet quarterly to discuss operational management and assurances over the quality and safety of care.

48. The IJB has adequate arrangements for managing and reporting performance and continues to refine the process to factor in changed practices and delivery of front-line services in response to Covid-19.

National performance audit reports

49. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2019/20 we published reports, some of which may be of direct interest to the board, as outlined in [Appendix 2](#).

50. The relevant national reports are considered by the IJB. This includes a summary prepared by the IJB that is presented and discussed at board level and/or at the Audit and Risk Committee.

51. The IJB has satisfactory arrangements in place for considering and reviewing national reports including any locally agreed actions.

Appendix 1

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
Risks of material misstatement in the financial statements		
<p>1 Management override of controls</p> <p>Auditing Standards require that audits are planned to consider the risk of material misstatement caused by fraud, which is presumed to be a significant risk in any audit. This includes the risk of management override of controls that results in fraudulent financial statements.</p>	<p>Testing of key controls in East Lothian Council.</p> <p>Assurances to be obtained from the auditors of NHS Lothian.</p>	<p>Satisfactory</p> <p>Assurances from the external auditors of NHS Lothian and East Lothian Council confirmed there were no weaknesses in the systems of internal controls for the health board and no weaknesses in the systems of internal controls for the Council which would have an impact on the IJB.</p>
<p>2 Risk of material misstatement caused by fraud in expenditure</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>Assurances will be obtained from the auditors of East Lothian Council and NHS Lothian over the completeness, accuracy, and allocation of the income and expenditure.</p>	<p>Satisfactory</p> <p>Assurances from the external auditors of NHS Lothian and East Lothian Council confirmed there were no weaknesses in the systems of internal controls for the health board and no weaknesses in the systems of internal controls for the Council which would have an impact on the IJB.</p>
Risks identified from the auditor's wider responsibility under the Code of Audit Practice		
<p>3 Financial sustainability</p> <p>The IJB's five-year financial plan identifies the funding gaps the IJB faces each year. These are £1.5 million in 19/20 rising to £17.7 million by 2023/24. Work is required to ensure financial pressures can be addressed. There is a risk the IJB may not be able to deliver the targeted savings/plans in 2019/20 and beyond and that the IJB is not living within its means.</p>	<p>Attendance at the Board/Committee meetings.</p> <p>Review of papers/plans submitted to assess progress.</p>	<p>Satisfactory</p> <p>Following agreement of the formal budget offers for 2019/20 from both partners and, with an indication of budgeted values for future years, the IJB's rolling five-year financial plan 2019/20 – 2023/24 was agreed.</p> <p>The IJB reported an underspend in 2019/20 but financial pressures remain for the foreseeable future.</p> <p>The IJB agreed to ask officers within the partnership to develop a medium-term recovery plan and</p>

Audit risk	Assurance procedure	Results and conclusions
		<p>partners are actively working on this.</p> <p>Updates are reported to the board routinely.</p>
<p>4 Value for money – reporting best value</p> <p>The IJB publishes an annual Performance Report as prescribed by the Public Bodies (Joint Working) (Scotland) Act 2014. IJBs also have a duty to make arrangements to secure best value. The EL IJB has not yet reported on its arrangements to secure best value.</p> <p>The Performance Report for 2019/20 should set out how the EL IJB demonstrates that it is meeting its best value duties to ensure compliance with the guidance and to demonstrate the delivery of best value to the residents of East Lothian.</p>	<p>Review and report on the IJB's best value arrangements and reporting of these.</p>	<p>Satisfactory</p> <p>The IJB submitted their 2019/20 Performance Report to the board on 27 August 2020, in line with the new timescale set by the Scottish Government. The 2019/20 Annual Performance Report includes an assessment of best value objectives against the IJB's delivery of services.</p>

Appendix 2

Summary of national performance reports 2019/20

		 2019/20 Reports	
		Apr	
Social security: Implementing the devolved powers		May	
Scotland's colleges 2019		Jun	 Enabling digital government
		Jul	
NHS workforce planning - part 2		Aug	
Finances of Scottish universities		Sept	
NHS in Scotland 2019		Oct	
		Nov	
Local government in Scotland: Financial overview 2018/19		Dec	
Scotland's City Region and Growth Deals		Jan	 Privately financed infrastructure investment: The Non-Profit Distributing (NPD) and hub models
		Feb	
		Mar	 Early learning and childcare: follow-up

NHS relevant reports

[NHS workforce planning – part 2](#) - August 2019

[NHS in Scotland 2019](#) - October 2019

LG relevant reports

[Local Government in Scotland: Financial overview 2018/19](#) – December 2019

East Lothian Integration Joint Board

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REPORT TO: East Lothian IJB – Audit and Risk Committee
MEETING DATE: 15 September 2020
BY: Chief Internal Auditor
SUBJECT: Annual Internal Audit Opinion and Report 2019/20

5

1 PURPOSE

- 1.1 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.
- 1.2 The purpose of this report is to inform the Audit & Risk Committee of the internal audit work undertaken in 2019/20 and to provide an opinion on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control.

2 RECOMMENDATION

- 2.1 The Audit & Risk Committee is asked to note that the Annual Internal Audit Opinion and Report 2019/20 is 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 2020.

3 BACKGROUND

Sound Internal Controls

- 3.1 The IJB's senior management has responsibility for establishing a sound system of internal control and for monitoring the continuing effectiveness of these controls. The main objectives of internal control systems are:
 - Achievement of the IJB's strategic objectives.
 - Reliability and integrity of financial and operational information.
 - Effectiveness and efficiency of operations and programmes.
 - Safeguarding of assets.
 - Compliance with laws, regulations, policies, procedures and contracts.

- 3.2 A sound system of internal control reduces, but cannot eliminate, the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls or the occurrence of unforeseen circumstances. The IJB is continually seeking to improve the effectiveness of its system of internal control.

Quality Assurance and Improvement Programme (QAIP)

- 3.3 The Public Sector Internal Audit Standards (PSIAS) require that the annual report must incorporate a statement on Internal Audit's conformance with the PSIAS and Local Government Application Note and the results of the Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity. Internal Audit is continuously seeking to improve its service and aims to provide a service that remains responsive to the needs of the IJB and maintains consistently high standards. This was achieved in 2019/20 through the following processes:

- Compliance with PSIAS.
- A tailored audit approach using a defined methodology for financial audits.
- A programme of quality control measures which include the supervision of staff conducting audit reviews and the detailed review of working paper files and audit reports.
- The development of personal and training plans – Internal Audit staff undertake a programme of Continuous Professional Development (CPD).

- 3.4 The PSIAS require the development of a Quality Assurance and Improvement Programme (QAIP). The QAIP is designed to enable evaluation of Internal Audit's conformance with the Definition of Internal Auditing, the Code of Ethics and the Standards. The QAIP must include both internal and external assessments. An internal assessment of internal audit practices was carried out against the PSIAS to ensure conformance to the Standards in February 2020. An External Quality Assessment of the Council's Internal Audit service was undertaken in May 2018 by the Chief Internal Auditor of Argyll and Bute Council, providing a high level of assurance on internal audit's compliance with PSIAS.

Delivery of the Internal Audit Service

- 3.5 Internal Audit is an independent appraisal function established by the IJB to objectively examine, evaluate and report on the adequacy of governance, risk management and control systems. The provision of the Internal Audit service to the IJB is on an in-house basis by East Lothian Council's Internal Audit Unit. In addition to the work undertaken by the in-house team, work is also undertaken by the NHS Lothian Internal Audit team.

- 3.6 Internal Audit reports functionally to the Audit and Risk Committee and has direct access to Senior Management, the Chair of the Audit and Risk Committee and the Chair of the IJB.
- 3.7 In June 2019, the Audit and Risk Committee approved the Internal Audit Plan for 2019/20. Our audit plan was scoped to address the key risks and objectives of the IJB. In 2019/20, Internal Audit reports were issued on Directions Setting, Change Management and Financial Planning.
- 3.8 Due to the significant changes in the operating situation in March 2020 caused by the COVID-19 pandemic, completion of all the planned audit reviews has not been possible. The scheduled audit of Performance Management has been suspended to ensure that scarce management resource required for critical activities was not diverted at this critical time. A revised audit plan recognising the revised risk and control environment has been submitted to this meeting of the Audit & Risk Committee.
- 3.9 Whilst it is important to recognise the altered working arrangements during March 2020 and ongoing, this only impacts the final month of the financial year and the opinion provided is based on the substantial majority of the work completed prior to these altered arrangements. The opinion is restricted by the assurance work that has not yet been completed, however a 75% audit plan full completion allows a formal assessment to be made on substantial evidence. The assurance work completed by Internal Audit has been adjusted to take account of the altered working arrangements through a revised 2020/21 Audit Plan.
- 3.10 Internal Audit findings identifying system weaknesses or non-compliance with expected controls were brought to the attention of the IJB's Chief Officer, Chief Finance Officer, External Auditor and the Audit and Risk Committee. The weaknesses outlined are those that have come to our attention during the course of our normal audit work and are not necessarily all of the weaknesses, which may exist. It is the responsibility of Management to ensure that proper consideration is given to internal audit reports and that appropriate action is taken on audit recommendations.

Conflicts of Interest

- 3.11 There have been no instances during the year which have impacted on our independence and/or lead us to declare any interest.

Assessment of Controls and Governance

- 3.12 Our evaluation of the IJB's control environment is informed by a number of sources including statutory and other compliance:
- Integration Scheme – an East Lothian Integration Scheme is in place and sets out how the IJB will operate, including the scope of the services to be included within the IJB and the financial arrangements.
 - Membership – membership of the IJB is in accordance with the Integration Scheme.

- The IJB has in place approved Standing Orders and Financial Regulations.
- Committees – the IJB has established an Audit and Risk Committee, which meets four times per year. The terms of reference of the Audit and Risk Committee cover the IJB’s governance, risk and control; internal audit; external audit; financial reporting and accountability arrangements.
- Strategic Plan – the IJB formally adopted a Strategic Plan 2016-2019 in February 2016 and a new Strategic Plan 2019-2022 was agreed by the IJB In March 2019.
- Officers – appropriate officers (Chief Officer and Chief Finance Officer) with responsibility for maintaining and operating an effective system of internal control were in place during 2019/20.
- Code of Conduct for Members of the IJB.
- The work undertaken by Internal Audit during 2019/20.

3.13 Operational matters covered by IJB Directions and which are undertaken on behalf of the IJB by either East Lothian Council or NHS Lothian are outwith the scope of the annual audit plan and this audit opinion.

3.14 During 2019/20, areas identified with scope for improvement included the following:

- Monitoring of Direction setting in addition to covering all devolved functions for the IJB should be reviewed to ensure that all Directions are formally included within the new Change Board governance structures;
- Consistency in the development of Change Board terms of reference and a clear methodology for identifying and assigning the Golden Threads to the Change Board projects; and
- A review of the arrangements in place for projecting social care expenditure growth in the later years of the financial plan.

3.15 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.

Opinion

3.16 It is our opinion, subject to the weaknesses outlined in section 3.14 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 2020.

4 ENGAGEMENT

4.1 None

5 POLICY IMPLICATIONS

5.1 None

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 DIRECTIONS

7.1 The subject of this report does not require any amendment to or creation of Directions.

8 RESOURCE IMPLICATIONS

8.1 Financial - None

8.2 Personnel - None

8.3 Other – None

9 BACKGROUND PAPERS

9.1 None

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DATE	4 September 2020



REPORT TO: East Lothian IJB - Audit and Risk Committee
MEETING DATE: 15 September 2020
BY: Chief Finance Officer
SUBJECT: Risk Register

6

1 PURPOSE

- 1.1 This paper lays out the IJB's risk register.

2 RECOMMENDATIONS

- 2.1 The Committee is asked to:
- i. Note the current risk register; and
 - ii. 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 ENGAGEMENT

- 4.1 The IJB makes its papers and reports available on the Council's website.

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

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DATE	September 2020

Appendices

1. Risk Register

ID	Title	Description	Controls in place	Risk level (current)	Risk level (Target)	Risk Owner	Handler	Date Opened	Date Risk Reviewed	Action Number	Lead	Description	Progress	Start date	Due date	Done date
5045	COVID-19	There is a risk that the IJB will not be able to deliver against its objectives, its strategic plan and deliver financial balance against its budget due to COVID-19 and the response to this.	<ol style="list-style-type: none"> 1. IJB Emergency Recess arrangements in place. 2. Controls in place within HSCP to evidence the response. 3. Part of Partners response to pandemic, NHS Lothian Tactical Response and East Lothian Council CMT. 4. IJB Members Briefings in place. 	Very High 20	Medium 9	Macdonald, Alison X	Gorman, Iain	11/05/2020		11673	Iain Gorman	COVID-19 Response		11/05/2020	26/02/2021	
3924	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"> 1. Financial assurance process carried out by IJB 2. Engagement of IJB Officers and members in NHS and Council budget setting processes 3. Regular performance monitoring reports to IJB 4. Scheme of Integration risk sharing and dispute resolution processes 5. IJB Chief Finance Officer in post 6. Strategic Planning Group in place 7. Efficiency and recovery plans are developed in year by operational teams to "break even". 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 9. The IJB take a lead role in policy decisions to support the Financial Plan. 10. Development of a longer term rolling financial plan for the IJB. 11. Regular financial reporting. 	High 12	Medium 9	Macdonald, Alison X	Flanagan, Claire	26/02/2016	07/01/2020	10548	Claire Flanagan	Annual National and Scottish Budget Allocation	7/1/20: Annual budget settlement is currently unclear. Awaiting further information.	07/01/2020	31/03/2020	

ID	Title	Description	Controls in place	Risk level (current)	Risk level (Target)	Risk Owner	Handler	Date Opened	Date Risk Reviewed	Action Number	Lead	Description	Progress	Start date	Due date	Done date
4018	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"> 1. Involvement of IJB membership in the Partners' decision making process including voting members and Officers 2. Involvement in Partners' service reviews 3. Good working relationships and regular formal /informal meetings 4. Participation in MSG self-evaluation to inform improvement actions for better partnership working. 	High 12	Medium 9	Macdonald, Alison X	Macdonald, Alison X	17/06/2016	25/02/2020	6956	Alison Macdonald	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. 23/12/19: Directions agreed at IJB on 31/10/19 - ongoing action. 7/1/20: Directions being finalised for publication. 25/02/20: Directions (including links) will be taken to the Core and Extended CMT on 18th March.	03/04/2017	31/03/2020	
4947	NHSL Recovery Plan	There is a risk that the EL IJB will not provide satisfactory services due to acute waiting times, delayed discharges and mental health. There is a risk that we will fail to meet the 4 hour performance target for unscheduled care which could mean that patients fail to receive appropriate care due to volume and complexity of patients, staffing, lack and availability of beds, lack of flow leading to a delay to first assessment, a delay in diagnosis and therefore in treatment for patients and a reputational risk for the organisation. Scottish Government has escalated these risks to Level 3 & 4.	<ol style="list-style-type: none"> 1. Extra capacity available in ELCH. 2. Winter Plan 3. Chief Officer on Recovery Board for Unscheduled Care and MH/LD. 4. NHSL Project Management support has been recruited. 5. Proactive teams are managing the situation on a daily basis. 6. Contribute to tele-conferencing. 	High 16	High 12	Macdonald, Alison X	Macdonald, Alison X	19/12/2019	25/02/2020	10551	Alison Macdonald	Involvement in a Collaborative Approach with all 4 IJB's	25/02/20: (1) Remits of groups and sub-groups in place (2) Operational delivery groups established and attended appropriately.	07/01/2020	31/12/2020	

ID	Title	Description	Controls in place	Risk level (current)	Risk level (Target)	Risk Owner	Handler	Date Opened	Date Risk Reviewed	Action Number	Lead	Description	Progress	Start date	Due date	Done date
3925	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"> 1. The Strategic Plan sets out clear priorities 2. IJB directions are clear about actions required by NHS and Council 3. The Partnership Management Team is focussed on ensuring adequate resources are in place for delegated functions to deliver the Strategic Plan 4. NHS Lothian is focussed on ensuring adequate resources are in place for set-aside and hosted functions to deliver the Strategic Plan 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 6. Quarterly Performance Report to IJB and scrutiny by the Audit and Risk Committee. 7. Care at Home contracts in place. 8. Use of Integrated Care Fund to increase capacity and improve terms and conditions. 9. Use Primary Care Transformation Fund to improve access in west of county. 10. Joint Workforce Plan approved at IJB on 23/5/19. 	Medium 6	Medium 6	Macdonald, Alison X	Macdonald, Alison X	26/02/2016	07/01/2020							

ID	Title	Description	Controls in place	Risk level (current)	Risk level (Target)	Risk Owner	Handler	Date Opened	Date Risk Reviewed	Action Number	Lead	Description	Progress	Start date	Due date	Done date
3926	Potential Instability e.g elections / IJB changes	There is a risk that the IJB will be destabilised 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	<ol style="list-style-type: none"> 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 4	Medium 4	Macdonald, Alison X	Macdonald, Alison X	26/02/2016	25/02/2020	7349	Alison Macdonald	IJB Induction Review and IJB Members Annual Discussion	7/1/20: AM will speak to Cllr Fiona O'Donnell and find out if regular meetings are taking place with IJB members. 25/2/20: Cllr O'Donnell has met with IJB members. Induction plans to be reviewed in light of new members - Public Consultant and Independent Sector reps.	31/05/2017	31/05/2020	



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

7

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>



REPORT TO: East Lothian IJB – Audit and Risk Committee

MEETING DATE: 15 September 2020

BY: Chief Internal Auditor

SUBJECT: Internal Audit Report – Financial Planning

8

1 PURPOSE

- 1.1 To inform the Audit and Risk Committee of the recently issued audit report on Financial Planning.

2 RECOMMENDATION

- 2.1 That the Audit and Risk Committee note the contents of the audit report.

3 BACKGROUND

- 3.1 A review of Financial Planning was undertaken since the last Audit and Risk Committee as part of the Audit Plan for 2019/20.
- 3.2 The main objective of the audit was to review the adequacy and effectiveness of the arrangements for Financial Planning operating within the IJB.
- 3.3 The main findings from our audit work are outlined in the attached report.

4 ENGAGEMENT

- 4.1 The findings from the review have been discussed with Management, but do not require wider engagement.

5 POLICY IMPLICATIONS

- 5.1 None

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 DIRECTIONS

- 7.1 The subject of this report does not require any amendment to or creation of Directions.

8 RESOURCE IMPLICATIONS

- 8.1 Financial - None
8.2 Personnel - None
8.3 Other – None

9 BACKGROUND PAPERS

- 9.1 None

AUTHOR'S NAME	Duncan Stainbank
DESIGNATION	Chief Internal Auditor
CONTACT INFO	01620 827353
DATE	4 September 2020



East Lothian
Integration Joint Board



East Lothian Integration Joint Board Financial Planning June 2020

Conclusion

Reasonable Assurance

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1 Executive Summary: Financial Planning

Conclusion: Reasonable Assurance

The East Lothian Integration Joint Board has a sound system of internal control in place for financial planning, a medium term rolling five year financial plan (the financial plan) is now in place for the period from 2019/20 to 2023/24. However the audit has identified some improvements that require to be implemented including the approach adopted for projecting social care expenditure growth in the latter years of the financial plan, the accuracy of information included in the reporting of financial reviews and the presentation of the financial plan to the East Lothian Integration Joint Board.

Background

The Public Bodies (Joint Working) Scotland Act 2014 aimed to provide better connected and co-ordinated services for adults through the integration of health and social care services. NHS Lothian participates in four joint boards that are responsible for directing the provision of delegated functions.

In 2016 the East Lothian Integration Joint Board (ELIJB) produced its first Strategic Plan for the period from 2016 to 2019. The current plan in place is for the period from 01 April 2019 to 31 March 2022. The ELIJB outlined its overall Financial Strategy in February 2018 – the strategy is a series of principles which underpins the redesign of the service delivery of the ELIJB’s functions to both manage down the costs and provide capacity to manage further demand. The ELIJB is required to prepare a multi-year financial plan which lays out how the ELIJB will resource the delivery of its Strategic Plan.

Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have been **agreed by the Chief Finance Officer**:

- The report presented to the East Lothian Integration Joint Board on 27 June 2019 requesting that the financial plan be formally approved did not clearly state that indicative budget offers had not been received from East Lothian Council for financial years 2022/23 and 2023/24 and that the figures included for both years were simply the offer received for 2021/22. *Management have agreed to provide this clarity in the presentation of the five year financial plan. This recommendation will be implemented **by September 2020**.*
- The arrangements currently in place for projecting social care expenditure growth in the latter years of the financial plan require review. *Management have agreed to review the approach adopted **by December 2020**.*
- Adequate monitoring arrangements are in place to ensure that the financial plan is reviewed on a regular basis, however we found two minor anomalies in one of the reports presented to the East Lothian Integration Joint Board. *Management have agreed to ensure checking procedures are in place for reports presented to the East Lothian Integration Joint Board **by September 2020**.*

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Financial Planning	-	2	1	3

Materiality

The East Lothian Integration Joint Board (ELIJB) had a budget of £157.5million in 2019/20 which will rise to a projected budget of £160.5 million in 2023/24. The ELIJB receives approximately two thirds of its funding from NHS Lothian and one third from East Lothian Council.

2 Headlines

Objectives	Conclusion	Comment
1. The East Lothian IJB has an appropriate medium term financial plan in place.	Reasonable	We found that a financial plan is now in place for the period from 2019/20 to 2023/24 and was formally approved by the East Lothian Integration Joint Board on 27 June 2019. However the covering report did not clearly state that indicative budget offers had not been received from East Lothian Council for financial years 2022/23 and 2023/24.
2. A clear audit trail exists to ensure that the information provided in the financial plan is accurate and complete.	Reasonable	There was a clear audit trail for the income and expenditure figures included in the individual financial plans and in the East Lothian Integration Joint Board's financial plan. However we found that the recurring projected social care deficit from the previous year in the ELIJB's financial plan was also included as a budgeted increase in costs for the next financial year. We are informed that this increase had been included to reflect projected increases in social care costs and usage due to an ageing population. A review of this methodology is required.
3. That assumed movements in financial savings and pressures are in line with levels indicated by the Scottish Government through the Medium Term Health and Social Care Financial Framework.	Reasonable	We note that the Scottish Government's Medium Term Health and Social Care Financial Framework guidance states that for the purposes of modelling a growth rate of 4% for social care has been used, however we found that the modelling assumptions used to estimate future costs in the financial plan included 5% growth in social care costs. We were informed that a higher percentage was used because of the growing population in East Lothian. For NHS Lothian services the financial plan was prepared based on information from NHS Lothian finance i.e. pay awards were modelled in full based on the NHS pay deal, medicines growth was based on detailed horizon scanning completed in conjunction with pharmacy colleagues etc.
4. Adequate monitoring of the financial plan is carried out on a regular basis.	Reasonable	We note that there was adequate monitoring of the financial plan in 2019/20, however we found two minor anomalies in one of the reports presented to the East Lothian Integration Joint Board. It is recommended that reports are fully reviewed before submission to the East Lothian Integration Joint Board to ensure accuracy and completeness of reporting.
5. There is a correlation between the ELIJB's financial plan and the planning carried out by East Lothian Council and NHS Lothian.	Reasonable	From our review of the East Lothian Integration Joint Board's (ELIJB) financial plan, we found that it incorporates the financial plans of both East Lothian Council and NHS Lothian. Regular meetings are held by the Chief Finance Officer with East Lothian Council and NHS Lothian to discuss any changes and to reflect revised in year financial outturns. We are satisfied that there is appropriate correlation between the ELIJB's financial plan and the planning carried out by East Lothian Council and NHS Lothian.

3 Areas where expected controls are met/good practice

No.	Areas of Positive Assurance
1.	A medium term rolling five year financial plan is now in place for the period from 2019/20 to 2023/24 and was formally approved by the East Lothian Integration Joint Board on 27 June 2019.
2.	Adequate monitoring arrangements are in place to ensure that the financial plan is reviewed on a regular basis.
3.	Appropriate arrangements are in place to ensure that there is a correlation between the ELIJB's financial plan and the planning carried out by East Lothian Council and NHS Lothian.

4 Detailed Recommendations

The East Lothian IJB has an appropriate medium term Financial Plan in place.

Objective: 1	Findings & Risk 1	Grade	Recommendation
	<p>The East Lothian Integration Joint Board is required to prepare a multi-year financial plan which lays out how it will resource the delivery of its Strategic Plan. We sought to establish that an appropriate medium term financial plan was in place.</p> <p>We found that the East Lothian Integration Joint Board initially produced a 3 year financial plan for the period from 2018/19 to 2020/21, however a new medium term rolling five year financial plan is now in place for the period from 2019/20 to 2023/24 and was formally approved on 27 June 2019.</p> <p>The report presented to the East Lothian Integration Joint Board on 27 June 2019 requesting that the financial plan be formally approved did not clearly state that indicative budget offers had not been received from East Lothian Council for the financial years 2022/23 and 2023/24 and that the figures included for both years were simply the offer received for 2021/22.</p> <p>There is a risk of misinterpretation of the five year financial planning figures as a result of a lack of clarity on the assumptions used to create the plan.</p>	Medium	1.1 Management should ensure that the East Lothian Integration Joint Board are clearly informed of any assumptions made in respect of the funding figures included in the financial plan.

Management Response	Responsible Officer & Target Date
Agreed. The ELIJB are fully sighted on the budget offers from both Partners including the indicative values for future years as copies of the letters from the Partners are included in the paper where the budget offers are considered.	Chief Finance Officer September 2020

4 Detailed Recommendations

There is a clear audit trail for the income and expenditure included in the Financial Plan.

Objective 2	Findings & Risk 1	Grade	Recommendation
	<p>We checked to ensure that a clear audit trail exists for the income and expenditure figures included in the East Lothian Integration Joint Board's (ELIJB) financial plan from 2019/20 to 2023/24. The following points were noted:</p> <ul style="list-style-type: none"> ➤ The individual financial plans produced for East Lothian Council and NHS Lothian included funding based on the formal budget offers for 2019/20, together with the indicative budget offers for future years. We note that these figures were added together to produce the total funding in the ELIJB's financial plan. ➤ The expenditure for social care in the ELIJB's financial plan included a 5% yearly forecast increase in costs due to the increasing population in East Lothian. However we found that the recurring projected social care deficit from the previous year was also included as a budgeted increase in costs for the next financial year. We are informed that this increase had been included to reflect projected increases in social care costs and usage due to an ageing population. A review of this methodology is required. ➤ For NHS Lothian services the plan was prepared based on information from NHS Lothian finance i.e. pay awards were modelled in full based on the NHS pay deal, medicines growth was based on detailed horizon scanning done in conjunction with pharmacy colleagues etc. <p>There is a risk that the assumptions used in the later years of the financial plan do not provide full clarity.</p>	Medium	2.1 Consideration should be given to reviewing the approach currently adopted for projecting social care expenditure growth in the latter years of the ELIJB's financial plan.

Management Response	Responsible Officer & Target Date
Agreed. The ELIJB's financial plan continues to be developed and refined, however there is a limit to the assumptions that can be applied in the later years of the plan.	Chief Finance Officer December 2020

4 Detailed Recommendations

Monitoring of the Financial Plan			
Objective 4	Findings & Risk 1	Grade	Recommendation
	<p>Regular monitoring of the 2019/20 financial position was carried out and revised forecast outturns were produced throughout the year – the position changed from a projected deficit of £1.526m to a forecast £444k under spend. The Chief Finance Officer held regular meetings with both East Lothian Council and NHS Lothian to discuss the changes and the revised in year financial outturns.</p> <p>However we found that the report presented to the East Lothian Integration Joint Board on 05/12/2019 in respect of the Financial Position for 2019/20 and the Financial Forecast for 2020/21 included two minor anomalies – the narrative in the report did not include the value of the revised set aside outturn and the movement between the August forecast outturn and the outturn at the end of quarter 2 was presented as a negative value of £611k rather than a positive value of £611k. It is felt that a positive value for the movement would have represented this favourable change more appropriately.</p> <p>There is a risk that reported figures are interpreted incorrectly.</p>	Low	<p>4.1 Management should ensure that appropriate checking procedures are in place for reports presented to the East Lothian Integration Joint Board.</p>

Management Response	Responsible Officer & Target Date
<p>Agreed.</p>	<p>Chief Finance Officer</p> <p>September 2020</p>

Appendix A Recommendation Grading/Overall Opinion

Recommendation	Definition
High	Recommendations relating to factors fundamental to the success of the control objectives of the system. The weaknesses may give rise to significant financial loss/misstatement or failure of business processes.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.

Levels of Assurance	Definition
Substantial Assurance	There is a sound system of internal control designed and operating in a way that gives a reasonable likelihood that the objectives will be met.
Reasonable Assurance	Whilst there is a sound system of internal control, there are minor weaknesses, which may put some of the objectives at risk or there is evidence of non-compliance with some of the controls, which may put some of the objectives at risk.
Moderate Assurance	The system of internal control is broadly reliable, however there are a number of weaknesses, which put some of the objectives at risk or there is evidence that the level of non-compliance with controls put some of the objectives at risk.
Limited Assurance	Weaknesses in the system of internal control are such as to put the objectives at risk or the level of non-compliance puts the objectives at risk.
No Assurance	Control is generally weak leaving the system open to error or abuse, or there is significant non-compliance with basic controls, which leaves the system open to error or abuse.

Appendix B Resource, acknowledgements & distribution list

Internal Audit	
Service Manager – Internal Audit: Duncan Stainbank	Senior Auditor: Andrew Steven

Review Dates	Completed By Date
Internal Audit Draft Report Submission	05/06/2020
Management Review Completion	08/06/2020
Final Report Issue	12/06/2020

Report Distribution	
Chief Officer East Lothian IJB	Chief Finance Officer
Audit & Risk Committee Members	Audit Scotland

Acknowledgements.

The weaknesses identified during the course of our audit have been brought to the attention of Management. The weaknesses outlined are those, which have come to our attention during the course of our normal audit work and are not necessarily all of the weaknesses, which may exist.

Although we include a number of specific recommendations, it is the responsibility of Management to determine the extent of the internal control systems appropriate to the Financial Planning of the East Lothian Integration Joint Board.

The content of this report has been discussed with the Chief Finance Officer to confirm factual accuracy. The assistance and cooperation received during the course of our audit is gratefully acknowledged.



REPORT TO: East Lothian IJB – Audit and Risk Committee

MEETING DATE: 15 September 2020

BY: Chief Internal Auditor

SUBJECT: Internal Audit Report – Strategic Change Priorities and Delivery

9

1 PURPOSE

- 1.1 To inform the Audit and Risk Committee of the recently issued audit report on Strategic Change Priorities and Delivery.

2 RECOMMENDATION

- 2.1 That the Audit and Risk Committee note the contents of the audit report.

3 BACKGROUND

- 3.1 A review of Strategic Change Priorities and Delivery was undertaken since the last Audit and Risk Committee as part of the Audit Plan for 2019/20.
- 3.2 The main objective of the audit was to review the adequacy and effectiveness of the arrangements for Strategic Change Priorities and Delivery operating within the IJB.
- 3.3 The main findings from our audit work are outlined in the attached report.

4 ENGAGEMENT

- 4.1 The findings from the review have been discussed with Management, but do not require wider engagement.

5 POLICY IMPLICATIONS

- 5.1 None

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 DIRECTIONS

- 7.1 The subject of this report does not require any amendment to or creation of Directions.

8 RESOURCE IMPLICATIONS

- 8.1 Financial - None
8.2 Personnel - None
8.3 Other – None

9 BACKGROUND PAPERS

- 9.1 None

AUTHOR'S NAME	Duncan Stainbank
DESIGNATION	Chief Internal Auditor
CONTACT INFO	01620 827353
DATE	4 September 2020

Internal Audit



East Lothian IJB – Strategic change priorities and delivery at HSCP level

April 2020

Internal Audit Assurance assessment:

Objective One	Objective Two	Objective Three	Objective Four
Moderate Assurance	Significant Assurance	Significant Assurance	Significant Assurance

Timetable

Date closing meeting held: 4 March 2020

Date draft report issued: 3 April 2020

Date management comments received: 4 May 2020

Date Final report issued: 8 May 2020

This report has been agreed with the Chief Internal Auditor for East Lothian Integration Joint Board and prepared in our capacity as NHS Lothian Internal Auditors. The report will be shared with the East Lothian Integration Joint Board Audit & Risk Committee and the NHS Lothian Audit & Risk Committee.

This report has been prepared solely for internal use as part of NHS Lothian's internal audit service. No part of this report should be made available, quoted or copied to any external party without Internal Audit's prior consent.

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1. Introduction

1.1 In developing its Strategic Plan 2019-2022, the East Lothian IJB agreed six strategic priority areas for change. These focus on: primary care, adults with complex needs, adults affected by mental health and substance misuse issues, shifting care from acute hospitals to the community and support to carers. These six areas, along with the updated Strategic Objectives and a range of 'Golden Threads' will form the basis of transformational change over the three years. Golden threads include for example:

- Early intervention and prevention
- Carers needs
- Self-Directed Support rights
- Equality and diversity, including tackling health inequalities and discrimination
- Partnership working

1.2 East Lothian IJB has established a 'Change Board' structure in order to monitor delivery of the strategic priorities. Each Change Board is chaired by a senior HSCP Officer, co-chaired by an IJB member and ensures that input from service-users, carers, professional, operational, management and planning representative informs the work of the Strategic Planning Group.

1.3 The Change Boards have an agreed remit to:

- Provide a structured and accountable approach to delivery of programmes, projects and workstreams
- Ensure a culture of involvement, engagement and appropriate consultation in all work programmes, using a range of approaches including the reference groups and independent advocacy
- Ensure a clear line of sight to the priorities as set out in the IJB Directions and delivery through the Strategic Plan
- Report in line with the agreed terms of operation
- Set the tone and direction for partnership working
- Support the delivery of all relevant national and local targets and performance requirements in respect of health and social care
- Maintain effective links with other partnerships and other Change Boards in areas of joint interest.

1.4 There will be a requirement for all projects to evidence to their respective Change Board that the Golden Thread Commitments have been achieved as part of project delivery.

Scope

1.5 The audit reviewed the IJB's corporate governance arrangements in place to support the revised Change Board structure, including how the Board's oversee delivery of the strategic priorities.

Acknowledgements

1.6 We would like to thank all staff consulted during this review for their assistance and cooperation.

2. Executive Summary

Summary of Findings

2.1 The table below summarises our assessment of the adequacy and effectiveness of the controls in place to meet each of the objectives agreed for this audit. Definitions of the ratings applied to each action are set out in Appendix 3.

No.	Control Objectives	Assurance Level	Number of Findings			
			Critical	High	Medium	Low
1	The Change Boards are supported by Terms of Reference and have appropriate membership, scope, relationships with other Governance Boards and support decision making by the Strategic Planning Board and the IJB	Moderate Assurance	-	-	2	-
2	The delivery of projects and programmes is supported by appropriate measures	Significant Assurance	-	-	-	1
3	The use of reference and other involvement groups is reasonable and support delivery of the strategic objectives	Significant Assurance	-	-	-	1
4	The Strategic Planning Group has established governance processes across the change Boards and these are managed appropriately, including performance monitoring and management	Significant Assurance	-	-	-	1
Total			-	-	2	3

Conclusion

2.2 Since the introduction of the Change Boards in 2018, the Governance Framework has operated reasonably effectively, with projects introduced that contribute to the delivery of the East Lothian IJB strategic priorities. However some improvement opportunities have been identified and recommendations made to enhance the governance arrangements already in place.

Main findings

2.3 The Change Boards were created with a clear remit to oversee a range of transformation change projects and programmes arising from the strategic priorities. A Terms of Reference was developed to support the Change Boards in providing a structured and accountable approach to the delivery of projects and workstreams.

2.4 The Change Boards reviewed as part of this audit have to date have addressed a number of initial Change Board priorities through their various projects, and are reasonably well placed to take forward new or emerging priorities.

2.5 A governance structure has been developed, which records the relationships between the Reference Groups, Change Boards and IJB Strategic Planning Group. Originally, a Strategic Change Board had been created to sit between the SPG and the Change Boards. However that had resulted in unnecessary duplication and has since been replaced by an Officers Group, which supports the more practical operational matters and accompanying decision making. The Officers Group also facilitates discussion around matters arising from the individual Change Boards.

2.6 Elsewhere, while the Terms of Reference for the Change Boards recorded that a communication strategy was to be developed overarching all change programmes supporting transformational change towards the agreed IJB Directions and Priorities. Instead, it was decided to develop individual communications plans related to individual Change Board activities. Examples have been provided supporting the Self-directed Support and Primary Care Improvement Plan projects overseen by the Primary Care Change Board.

2.7 The membership of the Change Boards includes a Group Service Manager as they have the level of seniority to enable management decisions to be made. Planning and Performance Managers also attend meetings to ensure that an operational perspective is brought to the Change Board.

2.8 The Strategic Planning Group meets approximately every six weeks, where Change Boards chairs are provide a status update through the submission of highlight reports. The Highlight Reports include all programmes under the Change Board's responsibility, in addition to what each is expected to achieve. Progress to date is then added followed by the key milestones ahead.

2.9 We identified five improvement opportunities during this review:

Medium Rating

- Without a comprehensive review of the Change Boards and their operational activities, there is a risk that specific aspects of the Boards' remit is not being achieved.
- There is a risk that, without regular review and update, the Golden Threads cannot be aligned effectively with the Change Board projects and other strategic priorities.

Low Rating

- Without clarity and agreement from the outset of a project and its performance measures there is a risk that projects can lose direction with budget and time overruns likely.
- Projects and workstreams should each be engaging with the appropriate reference group, with the membership and relationships reviewed to ensure that they remain appropriate and able to support strategic delivery.
- While the principle of reporting to the SPG is reasonably sound. Without clear intention and timeline for the various Change Board Projects, this may not be an efficient reporting method.

Further details of these points are set out in the Management Action Plan.

3. Management Action Plan

Control objective 1: The Change Boards are supported by Terms of Reference and have appropriate membership, scope, relationships with other governance boards and support decision making by the Strategic Planning Group and the IJB	
Finding 1: Terms of Reference for the Change Boards are inconsistent, with no review of the Boards having taken place Associated risk of not achieving the control objective: Some requirements recorded in the Boards’ remit is not being achieved	Medium
<p><u>Background</u></p> <p>In February 2018 the East Lothian IJB agreed that the HSCP needed to focus its energies in 2018-19 and beyond on work to respond to financial pressures and support service change and the delivery of local national and local priorities, including the delivery of the Primary Care Strategy/new GP Contract Implementation plan and review of services for adults with mental health and substance misuse issues.</p> <p><u>Observation and Risk</u></p> <p>The Change Boards were established towards the end of 2018 to support the work of the East Lothian Health & Social Care Partnership in addressing these priorities, in addition to other initial Change Board Priorities, such as delivery of the financial plan (all Change Boards) and Action 15 Mental Health Strategy (Mental Health & Substance Misuse Change Board).</p> <p>To support the Change Boards, a generic Terms of Reference was prepared, which includes the general purpose of the Change Boards (number and remit), in addition to specific responsibilities, core membership, communication arrangements and stakeholder involvement.</p> <p>While the Carers, Mental Health & Substance Misuse and Primary Care Change Boards all use the generic Terms of Reference, the Adults with Complex Needs and Shifting the Balance of Care Change Boards Terms of Reference do not follow the generic version and record only the core Board membership, meeting dates and a list of Change Board priorities.</p> <p>The Change Boards’ Terms of Reference note that membership of each change board and Reference Group will be reviewed according to the nature of the change programmes reporting. However, no review to this effect has yet been carried out despite the Change Boards being operational for approximately 18 months.</p> <p>Without a comprehensive review of the Change Boards and their operational activities, there is a risk that some requirements recorded in the Boards’ remit is not being achieved, specifically:</p> <ul style="list-style-type: none"> • Ensure a culture of involvement, engagement and appropriate consultation in all work programmes through the established reference groups, and • Provide a structured and accountable approach to delivery of programmes, projects and workstreams 	

<p><u>Recommendation</u></p> <p>The Chairs of the Change Boards should review their Terms of Reference, using the generic version as guidance.</p> <p>Specific detail should be included to make clear:</p> <ul style="list-style-type: none"> • Meeting frequency • Total membership • Reference groups • Programme reporting and monitoring, and • Authority and responsibilities <p>Once done, the Terms of Reference instruction should be followed and the membership, performance, structure and relevance of the Change Boards reviewed to ensure that they remain effective in delivering the East Lothian IJB strategic Priorities.</p> <p>In doing this, Change Boards should also consider areas where joint working and cross-Board cooperation is likely and make this clear in the updated Terms of Reference.</p>	
<p><u>Management Response</u></p> <p>The Management Team accepts finding 1 above, the medium rating allocated and the actions within the recommendation to address the issue.</p> <p><u>Management Action</u></p> <p>The Planning and Performance Team will work with the Chairs of the Change Boards, the relevant HSCP General Manager and Change Board members to update the Terms of Reference, ensuring these include all elements of the generic template and those specific to each Change Board and that these facilitate inter-Change Board working where possible.</p> <p>The Planning and Performance Team will work with each Change Board to review its achievements in delivering the East Lothian IJB Strategic Plan priorities as well as operational and other priorities.</p>	
<p><u>Responsibility:</u></p> <p>Interim General Manager - Strategic Integration, East Lothian Health and Social Care Partnership</p>	<p><u>Target date:</u></p> <p>September 2020</p>

Control objective 1: The Change Boards are supported by Terms of Reference and have appropriate membership, scope, relationships with other governance boards and support decision making by the Strategic Planning Group and the IJB	
Medium	<p>Finding 2: There are difficulties around the mapping of current Golden Threads to the activities of the Change Board and the wider strategic priorities</p> <p>Associated risk of not achieving the control objective: Without regular review and update, the Golden Threads cannot be aligned effectively with the Change Board projects and other strategic priorities</p>
<p><u>Background</u></p> <p>In addition to taking forward the six priority areas for change, recorded in the East Lothian IJB Strategic Plan, Change Boards are also required to demonstrate that their activities also take into account key principles or “Golden Threads”. These include:</p> <ul style="list-style-type: none"> • Early intervention and prevention • Equality and diversity • Communication, engagement and involvement • Maximising effective use of resources • Health promotion <p>There is a requirement on all projects to evidence to their respective Change Board that the Golden Thread commitments have been achieved as part of project delivery.</p> <p><u>Observation and Risk</u></p> <p>While Change Boards are required to report what is being actively done to support work on the Golden Threads through their highlight reports to the Strategic Planning Group, the reporting detail can vary between Boards.</p> <p>For example, the Primary Care Change Board has been able to identify through its work seven of the 13 Golden Threads, although some are more certain in their impact than others.</p> <p>Elsewhere, the Adults with Complex Needs Change Board has identified four Golden Threads, however the highlight report lacks detail around how the projects are addressing them. For example the report notes only that the Transition project ‘supports early intervention and prevention’.</p> <p>Discussions with Chairs of the Change Boards have noted difficulties around the mapping of current Golden Threads to the activities of the Change Board and the wider strategic priorities.</p> <p>There is a risk that, without regular review and update, the Golden Threads cannot be aligned effectively with the Change Board projects and other strategic priorities.</p>	
<p><u>Recommendation</u></p>	

A clear method for identifying and assigning Golden Threads to the Change Boards' projects should be developed. This should be subject to regular review to ensure that they continue to be relevant and captured by the activities of the Change Board.

Management Response

The Management Team accepts finding 2 above, the medium rating allocated and the actions within the recommendation to address the issue.

Management Action

Each Change Board will be asked to set out how it will monitor its delivery of the agreed 'Golden Threads' in coming months.

Responsibility:

Interim General Manager - Strategic
Integration, East Lothian Health and Social
Care Partnership

Target date:

September 2020

Control objective 2: The delivery of projects and programmes is supported by appropriate measures	
Finding 3: Projects are being established without a corresponding Project Initiation Document	Low
Associated risk of not achieving the control objective: Projects can lose direction with budget and time overruns likely	
<p><u>Background</u></p> <p>The Change Boards' Terms of Reference advises that Change Boards have a structured and accountable approach to the delivery of projects and workstreams.</p> <p>Change Boards have responsibility for a number of projects, with progress against each reported at the Change Board meetings.</p> <p><u>Observation and Risk</u></p> <p>Of the original six Change Boards, two were selected for further review. This included assessment of how programmes are being identified, assessed, approved and monitoring/ reporting arrangements agreed.</p> <p>Of the six programmes overseen currently by the Adults with Complex Needs Change Board, all had been established without a corresponding Project Initiation Document (PID); Similarly, the six projects under the Primary Care Change Board's responsibility are not supported by documentation to support individual project approval.</p> <p>Essentially, PIDs are used to define any project and form the basis for its management and assessment of its overall success. A PID's primary purpose is to ensure that the project has a sound basis before asking the Change Board to make any major commitment to the project, in addition to acting as the base document against which the Change Board can assess progress, change management issues and ongoing viability questions.</p> <p>Without clarity and agreement from the outset of a project and its performance measures there is a risk that projects can lose direction with budget and time overruns likely.</p>	
<p><u>Recommendation</u></p> <p>Change Boards, should implement a means of reviewing and approving the projects and workstreams under their responsibility. This should include the agreement of project objectives, strategic relevance, monitoring & reporting arrangements, and where impact by the project on other Change Boards is likely.</p>	
<p><u>Management Response</u></p> <p>The Management Team accepts finding 3 above, the low rating allocated and the actions within the recommendation to address the issue.</p>	

Management Action

Each Change Boards will be asked to review and where indicated reduce the number of projects it is involved in to ensure these can effectively deliver on IJB strategic priorities. Each project will require to have a delivery plan in place, with clear project objectives and robust monitoring and reporting arrangements.

Responsibility:

Interim General Manager - Strategic
Integration, East Lothian Health and Social
Care Partnership

Target date:

October 2020

Control Objective 3: The use of reference and other involvement groups is reasonable and support delivery of the strategic objectives	
Low	<p>Finding 4: Reference groups are not subject to ongoing review and remit</p> <p>Associated risk of not achieving the control objective: If Projects and workstreams do not engage with the appropriate reference group, they may not be able to support strategic delivery.</p>
<p><u>Background</u></p> <p>A key element of the new structure is the reference groups which facilitate ongoing stakeholder involvement in strategic planning and development.</p> <p>Of the two Change Boards considered in our internal audit testing, Primary Care has established Change Board stakeholder representation through four reference Groups:</p> <ul style="list-style-type: none"> • Access and Service Delivery • Pharmacotherapy • CTACs • Link Workers and Third Sector <p>All four groups hold a position in at least one of the six Change Board projects; with the Chairs of the reference groups attending meetings of the Change Boards. Also, the Pharmacotherapy and Link Workers reference groups are directly involved in taking forward the 2018 GP Contract strategic priority. The Primary Care Improvement Programme strategic priority is also supported by the Access & Service Delivery and CTACs reference groups.</p> <p>The Adults With Complex Needs reference group has been convened to take forward the Transformation Programme as a strategic priority, with the Chair of the Adults with Complex Needs reference group also a member of the Change Board.</p> <p><u>Observation and Risk</u></p> <p>The review of minutes from meetings of the Primary Care Change Board demonstrated that progress updates are being received from the four reference groups, in addition to the ongoing review of group membership and remit.</p> <p>However the review has been unable to adequately confirm that there are similar controls operating within the Adults with Complex Needs Change Board. Projects and workstreams should each be engaging with the appropriate reference group, with the membership and relationships reviewed to ensure that they remain appropriate and able to support strategic delivery.</p>	
<p><u>Recommendation</u></p>	

<p>Review of the Change Boards should also include how the individual project teams are engaging with the reference groups. Change Board Chairs should ensure that there is appropriate representation within the groups and that they are able to provide input.</p> <p>In doing this, the Change Boards should also consider their relationship with each other and the sharing of practices to promote consistency.</p>	
<p><u>Management Response</u></p> <p>The Management Team accepts finding 4 above, the low rating allocated and the actions within the recommendation to address the issue</p> <p><u>Management Action</u></p> <p>The Planning and Performance Team will work with the Chairs of the Change Boards, the relevant HSCP General Manager, Change Board members and Reference Group members to agree how to improve engagement with the Reference Group/s and how to secure appropriate representation in the group/s.</p>	
<p><u>Responsibility:</u></p> <p>Interim General Manager - Strategic Integration, East Lothian Health and Social Care Partnership</p>	<p><u>Target date:</u></p> <p>September 2020</p>

Control Objective 4: The Strategic Planning Group has established governance processes across the Change Boards and these are managed appropriately, including performance monitoring and management	
Finding 5: Without clear intention and timeline for the various Change Board Projects, current reporting methods may be inefficient	Low
Associated risk of not achieving the control objective: The Strategic Planning Group is not provided with information at the appropriate time to make an informed assessment of the Change Boards' performance	
<p><u>Background</u></p> <p>Change Boards are required to complete Highlight Reports, which are presented at meetings of the Strategic Planning Group. The Highlight Reports include all programmes under the Change Board's responsibility, in addition to what each is expected to achieve. Progress to date is then added followed by the key milestones ahead.</p> <p>The Strategic Planning Group maintains an action plan, which is updated at each meeting. This includes all actions identified by the SPG, though not all are related directly to the activities of the Change Boards.</p> <p><u>Observation and Risk</u></p> <p>At the October meeting, three reports were presented and only one at the September meeting. This was noted by the Chair of the Group and an action raised to remind Change Board Chairs of the importance of reporting and transparency.</p> <p>At its meeting on 25 November 2019, the SPG was presented with highlight reports from the following Change Boards:</p> <ul style="list-style-type: none"> • Adults with Complex Needs • Carers • Primary Care • Shifting the Balance of Care • Mental Health & Substance Misuse <p>However, while the principle of reporting to the SPG is reasonably sound, there is no plan for when reporting is to be made and at what level of detail.</p> <p>Without clear intention and timeline for the various Change Board Projects, this may not be an efficient reporting method.</p> <p>Some projects are driven forward nationally, with timelines governed by national targets. Elsewhere, other projects have significant timelines where frequent reporting is unlikely to prove beneficial.</p> <p><u>Recommendation</u></p>	

The Strategic Planning Group should agree with the Change Board Chairs the most appropriate reporting frequency that would be most beneficial in providing the Group with a clear picture of progress.

Management Response

The Management Team accepts finding 5 above, the low rating allocated and the action within the recommendation to address the issue.

Management Action

The Strategic Planning Group will be asked to agree its requirements for the frequency and content of Change Board reports.

Responsibility:

Interim General Manager - Strategic
Integration, East Lothian Health and Social
Care Partnership

Target date:

September 2020

Appendix 1 – Staff Involved and Documents Reviewed

Staff Involved

- Strategic Planning & Performance Manager
- Assistant Strategic Programme Manager
- Chair of Primary Care Change Board
- Chair of Adults with Complex Needs Change Board
- Chair of the Strategic Planning Group

Documents Reviewed

- Change Boards Terms of Reference
- Highlight Reports
- Change Board Meeting Minutes
- Strategic Planning Group Meeting Minutes
- East Lothian IJB 2019-2022 Strategic Plan
- Documentation outlining the delivery of Strategic and other Priorities and Directions by Change Boards

Appendix 2 - Definition of Ratings

Findings and management actions ratings

Finding Ratings	Definition
Critical	A fundamental failure or absence in the design or operating effectiveness of controls, which requires immediate attention
High	A key control failure has been identified which could be either due to a failure in the design or operating effectiveness. There are no compensating controls in place, and management should aim to implement controls within a calendar month of the review.
Medium	A control failure has been identified which could be either due to a failure in the design or operating effectiveness. Other controls in place partially mitigate the risk to the organisation, however management should look to implement controls to fully cover the risk identified.
Low	Minor non-compliance has been identified with the operating effectiveness of a control, however the design of the control is effective

Report ratings and overall assurance provided

Report Ratings	Definition	When Internal Audit will award this level
No assurance	The Board cannot take any assurance from the audit findings. There remains a significant amount of residual risk.	The controls are not adequately designed and / or operating effectively and immediate management action is required as there remains a significant amount of residual risk (for instance one Critical finding or a number of High findings)
Limited assurance	The Board can take some assurance from the systems of control in place to achieve the control objective, but there remains a significant amount of residual risk which requires action to be taken.	<p>This may be used when:</p> <ul style="list-style-type: none"> • There are known material weaknesses in key control areas. • It is known that there will have to be changes that are relevant to the control objective (e.g. due to a change in the law) and the impact has not been assessed and planned for. <p>The controls are deficient in some aspects and require management action (for instance one 'high' finding and a number of other lower rated findings)</p>
Moderate assurance	The Board can take reasonable assurance that controls upon which the organisation relies to achieve the control objective are in the main suitably designed and effectively applied. There remains a moderate amount of residual risk.	<p>In most respects the "purpose" is being achieved. There are some areas where further action is required, and the residual risk is greater than "insignificant".</p> <p>The controls are largely effective and in most respects achieve their purpose with a limited number of findings which require management action (for instance a mix of 'medium' findings and 'low' findings)</p>
Significant assurance	<p>The Board can take reasonable assurance that the system(s) of control achieves or will achieve the control objective.</p> <p>There may be an insignificant amount of residual risk or none at all.</p>	<p>There is little evidence of system failure and the system appears to be robust and sustainable.</p> <p>The controls adequately mitigate the risk, or weaknesses are only minor (for instance a low number of findings which are all rated as 'low' or no findings)</p>



REPORT TO: East Lothian IJB – Audit and Risk Committee

MEETING DATE: 15 September 2020

BY: Chief Internal Auditor

SUBJECT: Revised Internal Audit Plan 2020/21

10

1 PURPOSE

- 1.1 To inform the Audit and Risk Committee of Internal Audit's revised operational plan for 2020/21.

2 RECOMMENDATION

- 2.1 The Audit and Risk Committee is asked to approve the revised Audit Plan for 2020/21.

3 BACKGROUND

- 3.1 The Audit & Risk Committee approved the Audit Plan for 2020/21 at its meeting of 10 March 2020. Since the approval of the Audit Plan and this Committee the risks impacting the East Lothian IJB have been substantially altered by the impact of the COVID-19 pandemic.
- 3.2 The annual audit plan has been prepared in accordance with Public Sector Internal Audit Standards (PSIAS).
- 3.3 In preparing the annual audit plan a range of factors have been taken into account, including:
- The Public Bodies (Joint Working) (Scotland) Act 2014, which sets out the framework for integrated adult health and social care services
 - The Integration Scheme
 - The IJB Strategic Plan 2019-2022
 - The IJB risk register in place
 - Changes in service delivery, particularly as a result of COVID-19.

- 3.4 Internal Audit will evaluate the adequacy and effectiveness of controls in responding to risks within the IJB's governance, operations and information systems, regarding the:
- Achievement of the IJB's strategic objectives.
 - Reliability and integrity of financial and operational information.
 - Effectiveness and efficiency of operations and programmes.
 - Safeguarding of assets.
 - Compliance with laws, regulations, policies, procedures and contracts.
- 3.5 The provision of the Internal Audit service is on an in-house basis by East Lothian Council's Internal Audit Unit. In addition to the work undertaken by the in-house team, work is also undertaken by the NHS Lothian Internal Audit team – the 2020/21 Audit Plan includes one audit to be undertaken by the NHS Lothian Internal Audit team.
- 3.6 Internal Audit will adopt a risk based approach to audit assignments as the principal means of providing assurance on the adequacy, reliability and effectiveness of internal controls. Testing of controls will be carried out on a sample basis.
- 3.7 For each individual audit, a detailed audit report will be prepared for the IJB Chief Officer and copies of the audit report will be provided to External Audit and to members of the IJB Audit and Risk Committee.
- 3.8 Audit reports will highlight areas where expected controls have been met and areas where there is scope for improvement. A detailed action plan will be attached to each report listing all recommendations made and recording management responses to the recommendations.
- 3.9 Follow-up of all recommendations will be carried out, and formal follow up reviews completed for all reports graded moderate, limited or no assurance.
- 3.10 An Annual Internal Audit Opinion and Report will be prepared at the end of the financial year, outlining:
- A statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that support the statement.
 - An opinion on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control together with a summary of the work supporting the opinion.
- 3.11 The revised Audit Plan for 2020/21 is attached.

4 ENGAGEMENT

- 4.1 The Audit Plan has been discussed with Management, but does not require wider engagement.

5 POLICY IMPLICATIONS

- 5.1 None

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 DIRECTIONS

- 7.1 The subject of this report does not require any amendment to or creation of Directions.

8 RESOURCE IMPLICATIONS

- 8.1 Financial - None
8.2 Personnel - None
8.3 Other - None

9 BACKGROUND PAPERS

- 9.1 None

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DESIGNATION	Chief Internal Auditor
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DATE	4 September 2020

REVISED EAST LoTHIAN IJB AUDIT PLAN 2020/21

AUDITABLE AREAS	SCOPE OF THE AUDIT	INTERNAL AUDIT ASSESSED RISK	WEEKS
PPE Purchasing and Stock Control	Internal Audit will review the processes and procedures created to control the purchase and issue of PPE during the COVID pandemic for the East Lothian IJB and the continued operation.	High	5
Workforce Planning	The NHS Lothian Internal Audit team will review the processes in place to produce a workforce plan and the governance arrangements in place for monitoring the plan.	Medium	-
COVID 19 Governance Arrangements	Internal Audit will review the operation of the Governance framework operating in emergency measures during the COVID pandemic. Reviewing communication arrangements across Governance forums and individuals operating across the East Lothian IJB.	Medium	4
Social Care Sustainability Payments	Internal Audit will review the processes developed to collect appropriate information, review and approve claims, and resolve appeals in making sustainability payments for COVID 19 related costs for social care providers within East Lothian.	Medium	4
Follow-up Audits	Internal Audit will follow-up on previously issued audit reports to ensure that recommendations made have been implemented by Management.	Low	1
Other Audit Work	Time has been allocated for other audit work including the preparation of the audit plan, self-assessment against the Public Sector Internal Audit Standards (PSIAS) and the preparation of the annual internal audit opinion and report.	Low	1

