



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

**TUESDAY 15 SEPTEMBER 2020
VIA DIGITAL MEETINGS SYSTEM**

Members Present:

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

Officers Present:

Ms C Flanagan
Mr I Gorman
Ms B Renton
Mr D Stainbank

Others Present:

Ms E Scoburgh, Audit Scotland
Ms E Symon, Audit Scotland

Clerk:

Ms F Currie

Apologies:

Dr P Donald*
Mr D Binnie

Declarations of Interest:

None

* (s) - substitute

The Clerk informed the Committee that due to the absence of the new Chair, Patricia Donald, it would be necessary to elect one of the members present to chair this meeting. Councillor Fiona O'Donnell proposed Councillor Susan Kempson and this was seconded by Fiona Ireland. Accordingly, Councillor Kempson was elected to chair the meeting.

1. MINUTES OF THE IJB AUDIT AND RISK COMMITTEE MEETING OF 10 MARCH 2020

The minutes of the East Lothian IJB Audit and Risk Committee meeting held on 10th March 2020 were approved.

2. MATTERS ARISING FROM THE MINUTES OF 10 MARCH

There were no matters arising.

3. 2019/20 AUDITED ANNUAL ACCOUNTS

A report was submitted by the Chief Finance Officer presenting the audited annual accounts for the financial year 2019/20.

Claire Flanagan presented the report advising Members that the unaudited accounts had been considered by the IJB at its meeting on 25th June 2020 and had been presented for audit thereafter. She outlined the key sections of the accounts including the management commentary, statement of responsibilities, remuneration report, annual governance statement and the comprehensive income and expenditure statements. She concluded that should the accounts be accepted by the Committee they would be presented for formal approval by the IJB at its meeting on 17th September.

The Chair thanked Ms Flanagan for an excellent report and asked for further clarification of the reserves position and how this might influence future funding by the IJB's partners.

Ms Flanagan indicated that following a further underspend in 2019/20 the IJB's reserves currently amounted to £2.4m. However, this was below the 2% recommended in the IJB's Reserves Policy. The budget offers from the IJB's partners would be based on the budget rolling forward but that did not mean that there would not be financial challenges in the current and coming years.

In response to questions from Councillor O'Donnell regarding budget pressures, Ms Flanagan advised that while children's' services were out with the responsibility of the IJB when individuals transitioned to adult care some complex packages could generate considerable costs. She also explained that the Primary Care Improvement Fund (PCIF) monies were initially drawn down from their own reserve and once this was exhausted additional monies could be drawn down from the Scottish Government. Regular quarterly returns were submitted to the Scottish Government and money was released based on this information.

Iain Gorman added that PCIF monies had been carried forward into the current financial year due to delays with IT, however, it had been possible to expand the service this year at a much greater pace.

The vote on the recommendations was taken by roll call:

Ms Fiona Ireland	Agreed
Councillor Susan Kempson	Agreed
Councillor Fiona O'Donnell	Agreed
Councillor Shamin Akhtar	Agreed

Decision

The Committee agreed unanimously to:

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

4. INDEPENDENT AUDITOR'S REVIEW OF THE ANNUAL ACCOUNTS

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

Esther Scoburgh outlined the contents of the covering letter which accompanied the auditors' report and confirmed that it was their intention to issue an unqualified audit opinion.

b. EAST LoTHIAN IJB 2019/20 ANNUAL AUDIT REPORT

Emma Symon presented the annual audit report highlighting the key messages from the audit in relation to the annual accounts, financial management and sustainability, governance, transparency and best value. She also informed the Committee that Audit Scotland had no recommendations to make as a result of the 2019/20 audit.

Ms Scoburgh responded to questions from members. She commented on the positive flow of information between the IJB and its partners and noted that this was not always the case in other IJBs; and she indicated that there was may a review of the audit process in light of the impact of COVID-19 and she would advise officers if and when any changes to the 2020/21 process were proposed. She also confirmed that the risk register was reviewed as part of the audit work and she acknowledged the challenges around creating a 5 year financial plan for the IJB when its partners worked on 1 or 3 year budget forecasts.

Ms Flanagan added that a lot of work had gone into developing positive working relationships with the partners through regular formal and informal dialogue. She also welcomed Ms Scoburgh comments in relation to the challenges of financial planning.

Replying to a final question from Councillor Akhtar, Ms Scoburgh advised that a lot of the work undertaken by East Lothian IJB could be shared as examples of good practice. She observed that IJB were still continuing to evolve and develop and that other examples of good practice would be captured through performance reporting and could be shared with all IJBs.

Ms Flanagan pointed to the national networks of Chief Finance Officers and Chief Officers as another forum for sharing good practice.

Councillor Akhtar welcomed the news that East Lothian were providing examples of good practice. The Chair concurred, adding her thanks to Ms Flanagan and her team.

Decision

The Committee agreed to note the annual audit report and ISA 260 letter from Audit Scotland.

5. ANNUAL INTERNAL AUDIT OPINION AND REPORT 2019/20

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

A report was submitted by the Chief Internal Auditor informing the Committee of the internal audit work undertaken in 2019/20 and providing an opinion on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control.

Duncan Stainbank presented the report reminding members that this had been presented to the IJB at its June meeting. He outlined the main points of the report and referred to the impact which COVID-19 had had on the 2019/20 audit plan. He indicated that, subject to 3 areas with scope for improvement highlighted within the report, it was the opinion of Internal Audit that reasonable assurance could be placed on the overall adequacy and effectiveness of the IJB's framework of governance, risk management and control for the year ended 31 March 2020.

Ms Ireland asked why the performance management audit, suspended in 2019/20, had not been included in the 2020/21 revised audit plan. Mr Stainbank advised that it would be undertaken in 2021/22 and that he had concluded that there were other areas of work more worthy of being addressed in 2020/21.

Replying to question from Councillor O'Donnell on Change Boards, Mr Stainbank referred to the audit report being presented at Item 9 of the agenda and one of its recommendations that Change Boards review their cycle of meetings and reporting to the Strategic Planning Group to determine timescales which are appropriate their particular workstreams.

Decision

The Committee agreed 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 31st March 2020.

6. RISK REGISTER

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

Ms Flanagan presented the register advising that it continued to be refined and updated on a regular basis. She drew attention to the new risk related to COVID-19 which had added following discussion at the Committee's March meeting. She also outlined the controls in place relating to each risk and indicated that, in relation to risk 4947, an update on the recovery plan would be provided at the next meeting.

Ms Flanagan responded to questions from members providing further clarification on the delineation between the IJB risk register and those held by the partners and the Health & Social Care Partnership; the impact of the mobilisation and remobilisation

plans on the risk register; and the impact of partners' decisions on key risks for the IJB. She also outlined the process in place for dealing with claims from care home providers for payments to support the sustainability of their services. To date, there had been fewer claims than expected but there was now a deadline in place and this may generate an increased flow of claims. She added that there were other costs which continued to be incurred over and above sustainability payments and the £1.4m provided by the Scottish Government would not be sufficient to cover these costs.

Iain Gorman agreed that at present it was difficult to be certain of the scale of support that would be required to ensure that providers remained sustainable over the longer term.

The Chair asked members if any additional risks should be added to the register. None were identified.

Decision

The Committee agreed to:

- i. Note the current risk register; and
- ii. Consider if any further risks should be added to the register.

7. UPDATE ON ACTIONS FROM THE INDEPENDENT AUDIT FOR 2018/19

A report was submitted by the Chief Finance Officer updating the Committee on the actions taken which were recommended in the independent auditors' annual report for 2018/19.

Ms Flanagan presented the report outlining the background and highlighting that this report had originally been scheduled for presentation to the Committee in June 2020. She summarised the actions taken in relation to the recommendations from the 2018/19 audit regarding efficiency savings, the annual performance report and reporting best value.

Decision

The Committee agreed to note the update.

8. INTERNAL AUDIT REPORT ON FINANCIAL PLANNING

A report was submitted by the Chief Internal Auditor informing the Committee of the recently issued audit report on Financial Planning.

Mr Stainbank presented the report outlining the purpose and main findings from the audit work. He drew members' attention to the finding regarding the arrangements in place for projecting social care expenditure growth in the latter years of the financial plan and the recommendation that this be reviewed.

In response to questions from the Committee, Mr Stainbank confirmed that there were no implications for the IJB's Directions and, he expanded on the findings in relation to financial planning methodology and providing greater clarity where indicative figures were used in forecasting for the latter years of the plan.

Ms Flanagan confirmed that she had discussed these points with Mr Stainbank and acknowledged that the methodology needed to show the mitigation measures required

to address potential deficits in future years. She pointed out that this was the first plan that had been prepared and that it would continue to be revised and updated to take account of changing circumstances.

The Chair acknowledged the challenges involved in financial planning and welcomed Ms Flanagan's remarks and intention to further refine the plan.

Decision

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

9. INTERNAL AUDIT REPORT ON STRATEGIC CHANGE PRIORITIES AND DELIVERY

A report was submitted by the Chief Internal Auditor informing the Committee of the recently issued audit report on Strategic Change Priorities and Delivery.

Mr Stainbank presented the report outlining the purpose and main findings from the audit work undertaken by NHS Lothian's Internal Audit Team. He drew members' attention to the management action plan which included 5 risks and recommendations, and he advised that this audit had provided an overall rating of 'reasonable assurance'.

Ms Ireland suggested that the report and recommendations should be discussed at the Strategic Change Board. Mr Stainbank agreed that this would be beneficial and offered to provide the full audit report to the Board.

Councillor O'Donnell supported this proposal and emphasised the importance of reviewing the frequency of Change Board and Reference Group meetings to ensure they achieved the proper balance between appropriate levels of engagement and efficient use of officer time.

Mr Stainbank indicated that this approach was very much reflected by the findings of the audit work. He suggested that NHS Lothian may be able to share good practice from other IJBs and offered to pursue this with his colleagues in the Internal Audit Team.

Councillor Akhtar said she recognised the importance of taking stock and identifying the positives from earlier work. She suggested seeking examples of good practice from other IJBs across the country and commented on the importance of supporting the Change Boards to reflect and learn from this and earlier work.

Councillor O'Donnell echoed Councillor Akhtar's remarks and observed that the format for the Boards and Groups still required some refining. She offered to take forward some of these points with the IJB Chairs/Vice Chairs network and to seek example of good practice from elsewhere.

The Chair thanked members for their comments and agreed that streamlining the process would be beneficial.

Decision

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

10. REVISED ANNUAL INTERNAL AUDIT PLAN 2020/21

A report was submitted by the Chief Internal Auditor informing the Committee of Internal audit's revised operational plan for 2020/21.

Mr Stainbank presented the report. He reminded members that the 2020/21 audit plan had been approved at the Committee's meeting in March. Since then, however, the risks impacting the IJB had been substantially altered by the COVID-19 pandemic and it was considered appropriate to revise the 2020/21 audit plan to take account of these changes. He outlined the four areas of audit work now being proposed and invited the Committee to approve the revised plan.

In response to questions, Mr Stainbank provided further clarification on the scope and purpose of the individual audits.

The vote on the recommendations was taken by roll call:

Ms Fiona Ireland	Agreed
Councillor Susan Kempson	Agreed
Councillor Fiona O'Donnell	Agreed
Councillor Shamin Akhtar	Agreed

Decision

The Committee agreed unanimously to approve the revised audit Plan for 2020/21.

SUMMARY OF PROCEEDINGS – EXEMPT INFORMATION

The Audit & Risk Committee unanimously agreed to exclude the public from the following business containing exempt information by virtue of Paragraph 5.9.1 of its Standing Orders (the Integration Joint Board is still in the process of developing proposals or its position on certain matters, and needs time for private deliberation) –

Progress Report and Update on the East Lothian Council Internal Audit report on Homecare Services

The Committee considered a progress report prepared following the East Lothian Council Internal Audit on Homecare Services. The Committee agreed to note the contents of the report.