



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

**WEDNESDAY 17TH MARCH 2021, 10.00am
VIA DIGITAL MEETINGS SYSTEM**

Agenda of Business

Apologies

Declarations of Interest

Members should declare any financial and non-financial interests they have in the items of business for consideration, identifying the relevant agenda item and the nature of their interest.

1. Minutes of the East Lothian IJB Audit & Risk Committee meeting held on 8th December 2020 (for approval) **(pages 1 - 6)**
2. Matters Arising from the Minutes of the Meeting of 8th December
3. Risk Register – Report by the Chief Finance Officer of the IJB **(pages 7 - 12)**
4. East Lothian IJB Annual Audit Plan 2020/21 – Audit Scotland (verbal)
5. COVID19: Impact on Public Audit in Scotland - Audit Scotland **(pages 13 - 20)**
6. Internal Audit Plan for 2021/22 - Report by the Chief Internal Auditor **(pages 21 - 26)**

**Alison MacDonald
Chief Officer
East Lothian Integration Joint Board
10 March 2021**



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

**TUESDAY 8 DECEMBER 2020
VIA DIGITAL MEETINGS SYSTEM**

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Members Present:

Dr P Donald (Chair)
Ms F Ireland
Councillor S Kempson
Councillor F O'Donnell

Officers Present:

Mr S Allan
Ms C Flanagan
Mr I Gorman
Ms A MacDonald
Mr D Stainbank

Others Present:

Ms E Scoburgh, Audit Scotland

Clerk:

Ms F Currie

Apologies:

Mr D Binnie

Declarations of Interest:

None

1. MINUTES OF THE IJB AUDIT AND RISK COMMITTEE MEETING OF 15 SEPTEMBER 2020

The minutes of the East Lothian IJB Audit and Risk Committee meeting held on 15th September 2020 were approved.

2. MATTERS ARISING FROM THE MINUTES OF 15 SEPTEMBER

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 register drawing attention to changes and updates added since the Committee's last meeting.

Councillor O'Donnell suggested including a risk related to EU Exit and Ms Flanagan agreed to revise the risk register for the next meeting.

Ms Flanagan also responded to a question from the Chair, acknowledging that many uncertainties remained around funding of COVID costs and that further actions would be required in this and next financial years. She added that the paper at Item 6 of the Agenda would provide further detail.

Decision

The Committee agreed to:

- i. Note the current risk register; and
- ii. Add EU Exit to the risk register.

4. INTERNAL AUDIT REPORT – SOCIAL CARE SUSTAINABILITY PAYMENTS

A report was submitted by the Chief Internal Auditor informing the Committee of the recently issued audit report on social care sustainability payments.

Duncan Stainbank presented the report outlining the main findings of the audit work carried out to review the adequacy and effectiveness of the arrangements in place for social care sustainability payments. He highlighted that the governance and controls were considered to be working very effectively and that no recommendations had been made as a result of the review.

Mr Stainbank responded to questions from members confirming that the processes in place should offer substantial assurance to the Committee that payments were being made appropriately and in line with Scottish Government guidance. However, he noted that further guidance had been issued in the past few days and that it would be necessary to review current arrangements to take account of any changes.

Mr Stainbank advised that the scope of the audit had not included reviewing providers' arrangements for dealing with staff absence or self-isolation, although the payments did include coverage of costs associated with this. Stuart Allan confirmed that the payments scheme included a staff support funding stream which helped providers to

cover the costs related to staff absence as a result of being ill with COVID-19 or self-isolating. Ms Flanagan added that the scheme covered the difference between Statutory Sick Pay and full pay.

In terms of good practice, Mr Allan pointed to the thorough record-keeping, the clear audit trail of decisions made and communicated to providers, and the challenging of claims where further evidence was required.

Ms Flanagan responded to further questions regarding the process for considering claims in relation to occupancy rates. Alison MacDonald added that there continued to be open and honest discussion with care home providers regarding occupancy rates and admissions but that there were no issues of concern at present.

The Chair thanked Mr Stainbank for his report and commended the thorough and transparent arrangements put in place to administer this scheme.

Decision

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

5. INTERNAL AUDIT UPDATE OF EAST LoTHIAN COUNCIL AND NHS LoTHIAN 2020/21 AUDIT PLANS

A report was submitted by the Chief Internal Auditor informing the Committee of the recently issued audit reports relevant to IJB services reported to the East Lothian Council Audit & Governance Committee and the NHS Lothian Audit & Risk Committee.

Mr Stainbank presented the report outlining the scope and main findings of the recent audit work undertaken by the Internal Audit Teams from East Lothian Council and NHS Lothian. As a result of these reviews a grading of 'moderate assurance' had been provided on Residential and Non-Residential Charging (ELC) and 'substantial assurance' on Workforce Planning (NHS Lothian).

Fiona Ireland and the Chair raised concerns about the current process for debt write-off, whether delays in financial assessments were making the situation worse and whether arrangements were in line with guidance on COVID-19.

Mr Stainbank provided further clarification of the most recent guidance and how this was being applied, as well as the arrangements for debt management and the range of circumstances associated with these debts. He also pointed to the work of the Debt Management Group which had previously been successful in reducing the amount of overall debt.

Ms MacDonald informed members that not all of the parts of the process were within the remit of the Health & Social Care Partnership, e.g. financial assessments were the responsibility of East Lothian Council, and there were also legal issues associated with guardianship, etc. She said that when the Partnership took over this role the debt was £1.3m and this had since been reduced to £800,000; approximately half of which related to just 4 cases. While she acknowledged that further work was required and she welcomed the recommendations within the audit report, she stressed that the most important factor would always be to ensure that clients received the care that they needed.

The Chair thanked officers for their responses to questions and suggested that an update on progress in 6 months' time would offer some additional assurance.

Ms Ireland asked about the workforce planning audit; noting it had been done on a pan-Lothian basis, she asked if there were any issues specific to East Lothian. Mr Stainbank advised that there was a workforce planning audit on the internal audit plan for this year which would be specific to East Lothian and that this work may encourage progress with the recommendations from the pan-Lothian audit.

Councillor O'Donnell commented that the audit on Residential and Non-Residential Charging had been considered at a recent meeting of East Lothian Council's Audit & Governance Committee and it had been noted that the processes in place were fully compliant with guidance issued by CoSLA. She accepted that it was a complex process but emphasised the need to avoid driving vulnerable people into poverty through applying charges.

The Chair acknowledged the complexities of the process and the need to be compassionate while also applying appropriate checks and balances. She proposed that the recommendation in the report be amended to include a requirement to provide the Committee with an update on progress in 6 months' time. This motion was seconded by Councillor O'Donnell and agreed by members.

The vote on the recommendation, as amended, was taken by roll call:

Ms Fiona Ireland	Agreed
Councillor Susan Kempson	Agreed
Councillor Fiona O'Donnell	Agreed
Dr Patricia Donald	Agreed

Decision

The Committee agreed unanimously to note the contents of the audit reports and to receive an update on progress in 6 months' time.

6. COVID-19 COSTS AND FUNDING 2020/21

A SBAR report was submitted by the Chief Finance Officer informing the Committee of the recently received confirmation of additional funding for 2020/21 to offset costs associated with COVID-19.

Ms Flanagan presented the report outlining how costs were recorded and returns submitted to the Scottish Government, how the funding would be allocated across services, and the projections for further costs and impact beyond the current financial year. She continued to liaise with the Scottish Government through a variety of financial forums and she reported that further funding allocations in January and March 2021 were expected to cover the remaining costs associated with COVID-19 in the current financial year.

Ms Flanagan responded to a question from Councillor O'Donnell regarding assurances on COVID-19 funding for 2021/22. She advised that work was continuing to understand the future impact of COVID-19 and of the remobilisation plans but there had been no indication from Government, as yet, over funding for 2021/22.

The Chair thanked Ms Flanagan for her report and for all of her efforts in managing this complex area.

Decision

The Committee agreed to note the contents of the report and the ongoing challenges for planning for a new normal.

7. NHS Lothian Recovery Update

A report was submitted by the Chief Finance Officer providing the Committee with the latest report from NHS Lothian on the status of the Recovery Programme.

Ms Flanagan presented the report advising members that NHS Lothian remained at Level 3 of the Scottish Government Escalation Framework and that the Recovery Programme had been put on hold in late March 2020 to allow services to focus on the emergency response to COVID-19. Both Ms MacDonald and Iain Gorman were involved in the regular Programme Board meetings and the IJB members had recently received a briefing on the scheduling of unscheduled care. She also reported that the programme had been reprioritised to learn from the pandemic and revise clinical models to support longer term recovery actions.

The Chair welcomed the update and the fact that all 4 Lothian IJBs and NHS Lothian were working together on issues such as scheduling of unscheduled care. She also noted the move to 'virtual' care in some areas and the need to monitor the impact of this change.

Ms Flanagan confirmed that NHS Lothian was keen to explore its digital vision and maintain momentum in this area. Further assessments of options and digital requirements were planned over the coming months.

The Chair asked members whether they wished to consider setting a timeframe for updates coming forward to the Committee. Ms Flanagan suggested that the new Director of Improvement be invited to attend a future Committee meeting and suggested 6 months as a possible timeframe.

Mr Gorman concurred with this suggestion, pointing out that this would allow time for progress in the vaccination programme, as well as other actions.

The Chair proposed that recommendation 2.2 be amended to include a requirement to provide the Committee with updates at its meeting in June 2021. This motion was seconded by Ms Ireland and agreed by members.

The vote on the recommendation 2.2, as amended, was taken by roll call:

Ms Fiona Ireland	Agreed
Councillor Susan Kempson	Agreed
Councillor Fiona O'Donnell	Agreed
Dr Patricia Donald	Agreed

Decision

The Committee unanimously agreed to:

- i. note that the role and nature of the programme has changed in the light of the COVID-19 pandemic; and
- ii. receive updates at the Committee's June meeting in relation to specific performance recovery issues.

Signed

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Dr Patricia Donald
Chair of the East Lothian IJB Audit and Risk Committee



REPORT TO: East Lothian IJB - Audit and Risk Committee
MEETING DATE: 17 March 2021
BY: Chief Finance Officer
SUBJECT: Risk Register

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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 and its Committees make their papers and reports available on East Lothian 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

AUTHOR'S NAME	Claire Flanagan
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DATE	8 March 2021

Appendices

1. Risk Register

ID	Title	Description	Controls in place	Risk level (current)	Risk level (Target)	Risk Owner	Handler	Date Opened	Action ID	Responsibility	Description	Progress	Start date	Due date	Done date
	EU Exit	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 the impact the EU Exit may have on Partners.	East Lothian HSCP established a local EU Exit Group to assess service-related risks across all functions arising from departure from the EU. This is chaired by Iain Gorman, Head of Operations. In addition, the HSCP provided regular Impact Assessment Report Updates and was represented at the NHS Lothian EU Exit Strategic Group, the remit for which is to manage EU Exit communication strategy and reporting requirements; assess and monitor current, potential and future risks and impact to NHS service. The NHS Lothian Group has paused meetings at times when updates showed no major issues.	Medium 9	Medium 9	Macdonald, Alison X	Gorman, Iain	04/03/2021	5127	Iain Gorman	The Impact Assessment Report Updates from East Lothian HSCP to the NHS Lothian EU Exit Strategic Group, have consistently shown low risk, with HSCP delivered services and those provided through contracted arrangements taking steps to mitigate risks.	Following a number of meetings and assessment of risks relating to Brexit as low for East Lothian HSCP services and in light of COVID, the HSCP Group was paused during much of 2020. Following no change in updates the scheduled January 13th was cancelled, with services areas asked to highlight if any Brexit-related issues arise, so these can be acted on. Future meetings will be arranged as required.	08/12/2020	31/12/2021	
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.	1. IJB Board/Committee meetings now operating in a virtual manner. 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	IJB Chief Officer and Head of Operations actively part of East Lothian Council COVID -19 CMT Meeting and NHS Lothian Gold Command Meetings	11/05/2020	30/06/2021	

ID	Title	Description	Controls in place	Risk level (current)	Risk level (Target)	Risk Owner	Handler	Date Opened	Action ID	Responsibility	Description	Progress	Start date	Due date	Done date
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 financial 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. Developed a longer term rolling financial plan for the IJB. 11. IJB now holds a general reserve. 	High 12	Medium 9	Macdonald, Alison X	Flanagan, Claire	26/02/2016	8949	Claire Flanagan	Development of a longer term rolling financial plan for the IJB	This went to IJB in June 2019 and was accepted. 23/11/20: A further update of the IJB rolling financial plan was presented to the IJB in October 2020. This iteration of the plan will require to be refined once clarity on the impact COVID-19 has on the IJB delegated functions moving forward.	16/05/2019	30/06/2021	
									10548	Claire Flanagan	Annual National and Scottish Budget Allocation	7/1/20: Annual budget settlement is currently unclear. Awaiting further information. 23/11/20: Scottish Government Annual Budget for 2021/22 to be set February 2021 will require to work with Partners t assess the impact this will have on the IJB. 26/02/2021: Scottish Government Budget announced and correspondence from Scottish Government has been received by the IJB and Partners. Awaiting formal budget offers from Partners. Paper on budget offers will be updated at the next IJB meeting.	07/01/2020	30/06/2021	

ID	Title	Description	Controls in place	Risk level (current)	Risk level (Target)	Risk Owner	Handler	Date Opened	Action ID	Responsibility	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	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	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. 26/02/2021: Development Session ran on the 27th Aug 2020 on Directions, the fitness of purpose of the current directions, the potential impact of Covid on directions, how direction will support remobilisation plans locally and nationally. A paper on Directions following this session was presented to the IJB at the September business meeting of the IJB.	03/04/2017	30/06/2020	
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.	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	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. 26/02/2021: Paper on the NHSL recovery programme was presented to the A&R Committee in March 2021. Committee has asked to receive regular updates.	07/01/2020	31/12/2021	

ID	Title	Description	Controls in place	Risk level (current)	Risk level (Target)	Risk Owner	Handler	Date Opened	Action ID	Responsibility	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	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	Medium 6	Medium 6	Macdonald, Alison X	Macdonald, Alison X	26/02/2016							
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	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	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. 23/11/20: IJB Standing Orders circulated to IJB members November 2020. IJB now operating virtually due to ongoing COVID-19 pandemic	31/05/2017	31/12/2021	

Covid-19

What it means for public audit in Scotland

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Update



Prepared by Audit Scotland
January 2021

Our approach

Context

- During 2020, public bodies came under exceptional pressure as they managed the impact of the Covid-19 pandemic.
- In late December 2020 and early January 2021, significant restrictions have been reimposed across Scotland. At this stage it is unclear how long these will be in place.
- Our experience during 2020 was that the pandemic has impacted significantly on the timelines for producing annual accounts at public bodies and for audit work due to pressures on capacity and productivity in all organisations.
- The reimposition of restrictions is likely to continue and potentially exacerbate these pressures during 2021.
- In 2020, guidance and deadlines for financial reporting and audit were amended in light of the pandemic. We are keeping the situation this year under review.
- Public bodies have now adapted how they work in response to Covid-19. Further challenges are likely to emerge as we move to recovery from the acute phase of pandemic. It will also be some time before we fully understand the longer-term impact on public services and finances.

Audit Scotland's principles

- During the initial phase of Covid-19, along with the Auditor General and the Accounts Commission, we adopted a set of key principles setting out how we would respond to the pandemic. During 2020, they proved to be both effective and appropriate. They will continue to be our guiding principles through the next phase of the Covid-19 crisis:
 - Our approach to audit will be flexible, pragmatic and consistent.
 - Sound financial management and effective governance are more important than ever.
 - Audit has a key role in providing assurance and aiding scrutiny during these difficult circumstances, and we will prioritise quality and independence.
 - Our work needs to reflect the impact of Covid-19 on public services but also maintain a focus on the other key challenges facing Scotland's public sector.
 - We will prioritise the health and wellbeing of our colleagues at all times.

What we have delivered during the pandemic so far

- With the Auditor General and Accounts Commission, we have published more than 260 reports in the past year. This includes:
 - annual financial audits of 215 public bodies
 - performance audits on matters including affordable housing, local government performance, and digital progress in local government
 - statutory reports on issues arising from the audits of public bodies, including the Scottish Government’s Consolidated Accounts
 - Covid-19 impact reports on fraud risk, public finances in Scotland, public audit and how Audit Scotland is responding
 - Covid-19 guidance documents to auditors and public bodies on issues such as audit committees, balancing the budget and going concern
 - the National Fraud Initiative and corporate performance reports
 - joint documents with the local government Strategic Scrutiny Group.
- We continued to support the Scottish Parliament to carry out its scrutiny role.
- We have supported the Accounts Commission to meet virtually twice a month.
- We reviewed and consulted on the forward work programme we deliver for the Auditor General and Accounts Commission. We are renewing it to address the emerging impacts of Covid-19 alongside the other key issues Scotland’s public sector faces.
- We continued to meet virtually with our fellow audit and inspection agencies across Scotland’s public services.

Financial audit

- In 2020, to reflect the pressure on public bodies, the deadlines for preparing public bodies’ accounts for the 2019/20 year were extended. These impacted on timings for audit work and reporting.
- While almost all audits were completed within the revised deadlines, the extensions mean that the planning work required for audits of the 2020/21 year has started later than in previous years.
- The reintroduction of restrictions will affect capacity for audit work.
- We are monitoring developments and guidance which may affect the timelines and scope of 2020/21 accounts. We will issue guidance to auditors as required in due course.
- During 2020, the impact on individual bodies’ capacity for reporting and engaging with audit varied widely. Prior to the second wave of the pandemic it could have been expected that uncertainty and volatility would settle, but the full impacts of the second wave and the renewed restrictions are still unclear.
- There has been significant additional public spending in response to Covid-19. A key focus of audit is the governance and outcomes of this funding, as far as they are becoming apparent, or ‘following the pandemic pound’.

- We will work with colleagues, including appointed audit firms, to promote consistency of judgement on complex issues.
- We will maintain audit quality while continuing to be flexible about timelines.

Performance audit

- During 2020, we paused and reframed our programme of performance audits.
- This was in part in order to understand the emerging impacts of Covid-19, what new work is required and how existing planned work needed to be reshaped.
- This decision was also to avoid placing additional scrutiny burdens on public bodies at a time when they were trying to address the significant impact of the pandemic on public services. We resumed our performance audit programme when we judged it appropriate, and have published audits, briefings and statutory reports (see page 3), as well as consulted with key stakeholders on our refreshed programme.
- We are publishing the refreshed programme shortly. More detail can be found on pages 6-7.

Best Value auditing

- We have continued the programme of Best Value reporting on councils for the Accounts Commission during the pandemic. These audits have provided early indications of how councils are responding to the many challenges caused by the pandemic.
- The reporting timetable and audit approach for some Best Value reports was reviewed during 2020 to reflect the pressures on councils and remote auditing. The remaining seven reports planned for 2021 will now be published across 2021 and 2022.
- We've continued developing the integrated Best Value audit approach for councils and integration joint boards.

Overview reporting

- We have continued to prepare sectoral overview reports (eg, NHS and local government) during the pandemic. A key feature of this work is considering how public bodies are responding to the short, medium and longer-term impact of Covid-19. We adjusted the timetable to reflect the altered audit timelines.

Our resources

- Over the past year we have needed to be flexible with our resources to manage the changing timescales and priorities. For example, while the performance audit programme was being refreshed during 2020, we redeployed appropriately qualified colleagues to allow us to meet the revised statutory deadlines for financial audits.
- The world we audit has changed. We are changing to ensure we can continue to deliver high-quality, independent public audit at a time when Scotland's public sector will face greater challenges than at any point since devolution.
- We are increasing our capacity, infrastructure and skills, and investing in realising the capabilities in areas such as digital audit.

- When necessary, we will be flexible about deadlines in order to safeguard quality.
- The Auditor General for Scotland and the Accounts Commission have extended the current audit appointments until 2022 to provide continuity and stability in a challenging environment.

Our future Covid-19 work

Overview

Audit Scotland is committed to helping the Parliament, the public sector and the people of Scotland understand how public money has been used during this crisis and ensure lessons are learned for the future. While we will keep a dynamic approach as the pandemic progresses and the impacts become clearer over time, key focuses of our work will include issues such as the effect on inequalities in health, economic security and opportunities, and what public money has achieved in helping Scotland recover. We will also consider how innovations, such as using digital technology to deliver services and engage with communities, can be shared.

Covid-19 will be a key aspect of all financial audit work for the foreseeable future. Through the performance audit programme, we will address the pandemic through specific Covid-19 audits and in audits on other areas of public service provision and planning. The table below outlines some of the themes and the areas we will address on behalf of the Auditor General and Accounts Commission.

Theme	What we'll look at	Key areas
Economic recovery and growth	How public money is being used to support the economy and its response to, and recovery from, Covid-19	<ul style="list-style-type: none"> Public finances including new devolved financial powers Supporting jobs, business and enterprise How funds have been distributed across the public and third sectors and communities Skills and training Infrastructure investment and low carbon economy Impact of EU withdrawal
Policy priorities	Progress on key policy commitments and public services' ability to deliver on long-term strategic priorities and outcomes	<ul style="list-style-type: none"> Early learning and childcare School education Community empowerment Health and social care integration Community justice Climate change
Inequalities	The impact of Covid-19 on different groups in society, with a focus on the risk of exacerbation of existing inequalities	<ul style="list-style-type: none"> Child poverty Children and young people with additional needs Care experienced children and young people Mental health Social security Digital inclusion

Theme	What we'll look at	Key areas
Innovation and transformation	How public bodies are learning lessons and innovating and transforming public services	<ul style="list-style-type: none"> Digital transformation Service re-design Workforce planning
Governance and accountability	How public bodies are ensuring the proper and effective use of public money across the public sector and within individual bodies	<ul style="list-style-type: none"> Fraud risks Effective scrutiny Collaborative leadership Following the pandemic pound

Covid-19

What it means for public audit in Scotland Update

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REPORT TO: East Lothian IJB – Audit and Risk Committee
MEETING DATE: 17 March 2021
BY: Chief Internal Auditor
SUBJECT: Internal Audit Plan 2021/22

6

1 PURPOSE

- 1.1 To inform the Audit and Risk Committee of Internal Audit's operational plan for 2021/22.

2 RECOMMENDATION

- 2.1 The Audit and Risk Committee is asked to approve the Audit Plan for 2021/22.

3 BACKGROUND

- 3.1 The annual audit plan has been prepared in accordance with Public Sector Internal Audit Standards (PSIAS).

- 3.2 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

- 3.3 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.
- 3.4 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 2021/22 Audit Plan includes this allocation of time which has recently been agreed with the NHS audit team. NHS audit planning continues until June 2021 and further discussions concerning utilising this time will continue over this period.
- 3.5 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.
- 3.6 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.
- 3.7 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.
- 3.8 Follow-up of all recommendations will be carried out, and formal follow up reviews completed for all reports graded moderate, limited or no assurance.
- 3.9 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.
- 3.10 The detailed Audit Plan for 2021/22 is attached as Appendix A.

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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DATE	9 March 2021

APPENDIX A**AUDIT PLAN 2021/22**

AUDITABLE AREAS	SCOPE OF THE AUDIT	INTERNAL AUDIT ASSESSED RISK	WEEKS
Risk Management	Internal Audit will review the risk management processes in place, across all areas of IJB responsibility, to ensure that risks are recognised and reported at an appropriate level.	High	6
Community Hospital Service Delivery	Internal Audit will review how progress towards delivery of planned service at the East Lothian Community Hospital is being reported and monitored within the East Lothian IJB.	Medium	6
Integrated workplace processes	Internal Audit will review the management processes in place from a sample of areas where integrated management structures are now operating, to provide assurance that key risks are being identified and properly managed.	Medium	5
NHS Lothian Internal Audit Team review	The NHS Lothian Internal Audit team will complete a review relevant to the East Lothian IJB. This area will be agreed in conjunction with the NHS Lothian Audit Team.	-	-
Follow-up Audits	Internal Audit will follow-up on previously issued audit reports to ensure that recommendations made have been implemented by Management.	Low	2
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

