



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

**TUESDAY 15 MARCH 2022  
VIA DIGITAL MEETINGS SYSTEM**

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**Members Present:**

Dr P Donald (Chair)  
Councillor S Akhtar  
Councillor S Kempson (Items 7 – 12)  
Mr D Binnie (Items 5 – 12)

**Officers Present:**

Mr D King  
Mr I Gorman  
Ms A MacDonald  
Mr D Stainbank

**Others Present:**

Mr J Rundell, Audit Scotland  
Ms G Woolman, Audit Scotland

**Clerk:**

Ms F Currie

**Apologies:**

None

**Declarations of Interest:**

None

## **1. MINUTES OF THE EAST Lothian IJB Audit and Risk Committee Meeting of 7 December 2021 and Matters Arising**

The minutes of the East Lothian IJB Audit and Risk Committee meeting held on 7<sup>th</sup> December 2021 were approved. There were no matters arising.

## **2. ACTION LOG**

The Interim Chief Finance Officer submitted a report providing the first version of the action log for the Committee's consideration.

David King presented the report. He reminded members that at its last meeting the Committee had agreed to the preparation of an action log and this report contained its first iteration. He invited members to consider the log and offer any amendments or additions.

In a response to a question from the Chair, Mr King confirmed that the 'date agreed' for Item 2 in the log should be December 2021.

### **Decision**

The Committee agreed to note the current action log.

## **3. UPDATE ON CHIEF FINANCE OFFICER (CFO) AND SUPPORT TO CFO**

Mr King informed the Committee that his tenure as Interim CFO was coming to an end and that Claire Flanagan would return to the CFO role at the beginning of May.

Mr King reported that discussions were underway with NHS Lothian to secure support to the CFO to assist in the preparation of the annual accounts. He had received assurances that this process would be adequately resourced and Ms Flanagan would follow this up on her return to work.

The Chair thanked Mr King for the update and agreed that the Committee needed to assure itself that there was support for the CFO role going forward.

Alison MacDonald concurred stating that having someone to do this work was crucial, as was ensuring that this level of support continued in future.

## **4. CIPFA - FINANCIAL MANAGEMENT CODE 2021/22**

The Interim Chief Finance Officer had submitted a report inviting the Committee to consider how the CIPFA Financial Management guidance 2021/22 pertained to the operations of the IJB and how the IJB could assure itself that the guidance was being met. The report also invited the Committee to agree to adopt the guidance in principle and to recommend to the IJB the adoption of the guidance as it pertained to the operation of the IJB.

Mr King presented the report reminding the members that at the last meeting they had agreed to recommend to the IJB that it adopt the CIPFA Financial Management Code.

However, before doing so, he invited the Committee to consider how the Code pertained to the work of the IJB and how the IJB could receive assurance that it was complying with all relevant aspects of the Code.

The Chair welcomed the succinct summary provided in the table within the report and the clear distinction between strategic and operational matters.

Councillor Akhtar considered that all elements highlighted in the table sat comfortably with the IJB's own processes.

Gillian Woolman welcomed the work done by Mr King to apply the Code to the IJB's circumstances and identify actions to be addressed. She acknowledged that, in due course, the Committee would consider areas which pertained to the IJB's work in more detail and that this represented the starting point for that work.

Mr King thanked everyone for their comments and suggested that he prepare a report for the IJB recommending that it formally adopt the Code. Thereafter, it would fall within the remit of Internal Audit to monitor the IJB's compliance with its terms.

Duncan Stainbank confirmed that a review of compliance with the Code was contained in the draft Internal Audit Plan for 2022/23.

A vote was taken by roll call and the recommendations were unanimously approved.

## **Decision**

The Committee:

- i. Considered the analysis as to which elements of the guidance relate to the IJB directly;
- ii. Considered the assurance processes that were required; and
- iii. Agreed to put a further paper to the IJB laying out the Committee's opinions and recommending the adoption of the Code on the basis of the Committee's considerations.

## **5. INTERNAL AUDIT PLAN 2022/23**

A report was submitted by the Chief Internal Auditor informing the Committee of Internal Audit's operational plan for 2022/23.

Mr Stainbank presented the report outlining the background to the plan and the factors taken into account when identifying audit assignments. He hoped that 2022/23 would see the IJB return to doing what it was set up to do and the Plan reflected this aspiration by including reviews of aspects of core work such as strategic planning and Direction-setting.

The Chair thanked Mr Stainbank for the plan and said it outlined a very impressive programme of work in collaboration with NHS Lothian's Internal Audit Team.

Mr Stainbank responded to questions from members on the terms of reference and scope for the proposed audit work on strategic planning and workforce planning.

Ms MacDonald confirmed that the IJB Workforce Plan would be presented to the IJB in the summer and that the process for preparing the Plan had involved both of the IJB's Partners. The Internal Audit review would consider this work and consult as broadly as possible.

A vote was taken by roll call and the recommendation was unanimously approved.

### **Decision**

The Committee agreed to approve the Audit Plan for 2021/22.

## **6. INTERNAL AUDIT RECOMMENDATIONS AND MANAGEMENT ACTION FOLLOW UP**

A report was submitted by the Chief Internal Auditor informing the Committee of the follow up work completed on open recommendations as part of the 2021/22 Internal Audit Plan. The report also informed the Committee of the management action follow up work reported by NHS Lothian Internal Audit Team as part of the 2021/22 Internal Audit Plan and highlighted the areas relevant to the East Lothian IJB.

Mr Stainbank presented the report outlining the process for monitoring progress against audit recommendations and he summarised the findings of the follow up work for 2021/22 as set out in his report. He also drew members' attention to further information provided by NHS Lothian, highlighting progress against recommendations from its internal audit work.

The Chair said she was reassured by the information provided that work was underway on all outstanding recommendations.

### **Decision**

The Committee agreed to note the follow up work completed.

## **7. RISK REGISTER UPDATE**

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

Mr King presented the report highlighting the relationship between the IJB's risk registers and those of the Partners and the interaction between strategic and operational risks. He said that the previously commissioned Internal Audit review was due to report back to the Committee's June meeting and he proposed that this report form the basis of a more detailed discussion of the risk register. He highlighted one of the recommendations which had already come from the review proposing additional professional support and said he would discuss this with colleagues in NHS Lothian.

Mr King also invited members to consider whether there should to be a review of the IJB's risk management strategy which had been in place since 2018.

The Chair welcomed the report acknowledging the difficulties in understanding the interplay between strategic and operational risks. She thought that this would be a helpful discussion for members to have and would help the Committee to understand what it should be focused on.

Fiona Ireland commented that the Committee had had a similar discussion some time ago and had subsequently agreed that it would consider the Health & Social Care Partnership (HSCP) risk register on an annual basis. She suggested that the Committee should be interested in any operational risk within the HSCP risk register

that may derail the IJB's delivery of its Directions and Strategic Plan; and that this should form the basis of the discussions in June.

Mr King agreed with this assessment and added that the operational risks in Set Aside and Hosted Services that were delegated to the IJB needed also to be considered by the Committee, and not just those in the HSCP risk register, as they also impacted on the IJB's Directions and Strategic Plan.

Iain Gorman provided some background on how the service risk registers, including the HSCP risk register, were reported at meetings of Council and its Audit & Governance Committee, where the focus was on the highest level risks. He suggested that the Committee adopt a similar approach at its meeting in June and members agreed with this proposal.

Mr King agreed to raise this with Ms Flanagan on her return in May so that she might take forward in discussion with Ms MacDonald, Mr Stainbank and Mr Gorman and present a summary of discussion points for the Committee's June meeting.

Ms Woolman welcomed these discussions and observed that the Committee was not alone in having them. She added that the good relations with Internal Audit and between the Partners would assist the IJB in its understanding of these matters.

David Binnie fully supported the proposed discussion in June but sought clarity over whether this would focus on the risks as they impacted the existing Strategic Plan or the new Plan which was currently being drawn up. Mr King acknowledged the point and agreed that the Committee needed to reflect on the risks as they impacted the new Plan.

Mr Stainbank said that the Internal Audit report would cover where actions were required and would feed into any discussions with risk management colleagues. He said it may be necessary to bring this issue back to future meetings of the Committee as the work progressed.

The members also discussed the proposal to lower the risk rating for the EU Exit risk. They agreed that, as there were no significant impacts on the workforce or supply of medicines as a result of Brexit, the risk should be reduced from 'medium' to 'low'.

A vote was taken by roll call and the recommendations were unanimously approved.

## **Decision**

The Committee agreed:

- i. to note the current risk register;
- ii. Undertake an extended discussion of the IJB's risk register and the management of the IJB's risks at its next meeting on 29<sup>th</sup> June 2022;
- iii. Invite the partners to provide additional risk management expertise to the Committee;
- iv. Change the risk level on risk 5127 (EU Exit) from Medium to Low; and
- v. Request a review of the current Risk Management strategy and policy.

## **8. EAST LoTHIAN IJB ANNUAL AUDIT PLAN 2021/22**

A report was submitted by Audit Scotland outlining the Annual Audit Plan for 2021/22.

Ms Woolman presented the Plan summarising the main areas of audit focus including the review of financial statements, materiality, financial planning and Best Value. She outlined the timetable for completion of the audit work and presentation of the annual audit report.

Ms Woolman responded to questions from members providing further clarification on the areas to be covered by the audit work. She advised that while Best Value was considered as part of the annual audit review, a more detailed audit of Best Value for all IJBs would be carried out in the next audit appointment round and the IJB's new external auditors would keep them up-to-date on progress with this work.

Mr Binnie said that audits should always be welcomed as they provided an opportunity to learn and improve.

Jim Rundell advised that he had had some preliminary discussions with Mr King around Best Value, how to construct a Best Value framework and sharing information on how other bodies were tackling Best Value. He offered to share this information with members if they felt it would be useful.

The Chair thanked Mr Rundell for this offer and Ms Woolman for her very helpful report.

## **9. AUDIT SCOTLAND REPORTS OF INTEREST**

The Interim Chief Finance Officer presented a report highlighting audit reports from Audit Scotland on areas of interest to the Audit & Risk Committee.

Mr King presented the report which highlighted recent publications from Audit Scotland with particular relevance to the work of the IJB: Social Care Briefing and NHS in Scotland 2021. Both reports were also provided in full. Mr King also recommended members review the IJB audit reports available on the Audit Scotland website as it was useful to see how other IJBs were approaching particular areas of work.

The Chair thanked Mr King for his report and agreed that Audit Scotland reports provided useful information on a range of topics.

Councillor Akhtar agreed that it was useful to see the national picture. She added that some of the bigger issues highlighted in the NHS in Scotland report chimed with the East Lothian IJB's way forward, and that the Social Care Briefing report had concisely documented the challenges at national level and the need for a clear plan to tackle these.

### **Decision**

The Committee:

- i. Considered if any actions arising from these reports should be brought to the attention of the IJB. None were identified.

## **10. INTERNAL AUDIT UPDATE OF EAST LoTHIAN COUNCIL AND NHS LoTHIAN 2020/21 AUDIT REPORTS**

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

Mr Stainbank presented the report summarising the findings of one audit review reported to a recent meeting of the NHS Audit & Risk Committee regarding violence and aggression towards staff. He advised that a grading of limited assurance had been provided as a result of this audit work and added that while it was the responsibility of management in NHS Lothian to take forward the recommendations contained in the report, it was useful for the IJB to note.

Ms MacDonald advised that the report had also been presented to the HSCP Health & Safety Committee and that the Partnership took very seriously its responsibilities towards staff, particularly those involved in lone working. She said that while there were no surprises in the report she would ensure that the recommendations were implemented.

Ms Ireland assured the Committee that a short life working group was being set up within NHS Lothian to develop an improvement plan and she would be leading on this work.

### **Decision**

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

## **11. BEST VALUE: CONSIDERING THE SCOTTISH AUDIT QUESTIONNAIRE**

The Interim Chief Finance Officer presented a report reminding members of the duty to secure Best Value; and that a Best Value Framework for the East Lothian IJB must provide a basis of demonstrating the IJB has made arrangements to comply with Best Value.

Mr King presented the report referring members to his presentation at the last meeting and the agreement that the Committee would consider the questionnaire and discuss in detail the proposed responses to the 10 questions. He thanked Mr Rundell for the useful framework document which he had provided outlining what constituted Best Value and he invited members to consider and comment on the proposed questionnaire responses contained in appendix A of the report.

Members considered and discussed the questions and responses individually. They agreed the responses to questions 2, 3 and 5 – 10 without amendment and suggested additions to the scope of the answers to questions 1 and 4 to take account of the role played by non-voting members of the IJB and by the Commissioning Group; and information in the IJB's annual report and papers and minutes of various NHS Lothian senior management meetings. Ms MacDonald acknowledged that, while some of the questions were considered regularly at Commissioning Board meetings, NHS Lothian was less familiar with discussing and taking account of Best Value than the Council.

Ms Woolman welcomed the Committee's discussion of the questionnaire and noted that as the IJB became more familiar with this topic and as the conversations broadened and deepened, its understanding of the costs and value for money associated with individual services would increase.

The Chair thanked members for their input which would assist the Committee and the IJB in getting a clearer sense of Best Value.

Mr King confirmed that Ms Flanagan would take forward the next stage of this work on her return in May.

A vote was taken by roll call and the recommendations were unanimously approved.

**Decision**

The Committee:

- i. Considered the report, suggesting revisions/additions as required; and
- ii. Agreed to request the preparation of an appropriate best value framework for adoption by the IJB.

**12. REFLECTIONS ON THE MEETING FROM THE CHAIR**

The Chair thanked members for their contributions to the discussions, particularly those on the CIPFA FM code and the Best Value questionnaire. On behalf of the Committee, she offered special thanks to Mr King for taking forward key areas of work while acting at Interim CFO and for giving his time, wisdom and support to her in her role as Chair.

Mr King said it had been a privilege to work with the IJB again and he thanked the Chair and members for being so welcoming.

Signed .....

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