



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

**TUESDAY 13 SEPTEMBER 2022
VIA DIGITAL MEETINGS SYSTEM**

Committee Members Present:

Ms E Gordon
Ms F Ireland (Chair)
Councillor L Jardine
Mr D Binnie (NV)

Officers Present:

Ms C Cockburn
Ms C Flanagan
Ms S O'Kane
Mr D Stainbank
Ms F Wilson

Others Present:

Mr P Murray, Chair of the IJB
Ms G Woolman, Audit Scotland
Ms E Scoburgh, Audit Scotland

Clerk:

Ms F Currie

Apologies:

None

Declarations of Interest:

None

Peter Murray, Chair of the East Lothian Integration Joint Board, made a statement on the sad passing of Her Majesty Queen Elizabeth. He paid tribute to her tremendous life of service to her country, observing that she was someone who deserved the utmost respect. He said that everyone would have their own particular recollections of the Queen and he invited those present to pause for a moment of silent reflection before the commencement of the meeting.

1. MINUTES OF THE EAST LOTHIAN IJB AUDIT AND RISK COMMITTEE MEETING OF 29 JUNE 2022 AND MATTERS ARISING

The minutes of the East Lothian IJB Audit and Risk Committee meeting held on 29th June 2022 were approved.

Matters Arising:

David Binnie explained that his comments during item 6 were actually in relation to an earlier agenda item but they were also relevant to the risk register. He said he had lost his connection to the meeting during the earlier item and this was why his comments had been made later in the meeting. He asked about the procedure adopted when a committee member drops out of the online meeting. The Clerk advised that the meeting would be paused only where a member dropping out meant that the committee was no longer quorate. In such cases, the business would be paused until the member had rejoined the meeting.

2. 2021/22 AUDITED ANNUAL ACCOUNTS

A report was submitted by the Chief Finance Officer presenting the IJB's annual accounts for 2021/22.

Claire Flanagan presented the report. 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 summarised some of the key pressures faced during the year and provided details of the year-end underspend, the significant increase in reserves and the reasons for this. She reminded members that the annual assurance statement, agreed at the Committee's June meeting and included in the accounts, had provided an assessment of 'reasonable assurance' along with some actions for improvement. Her finance report to the IJB meeting on 15th September would provide an update on progress with these actions. In the meantime, she commended the accounts to the Committee and confirmed that, once approved, they would be signed by the relevant officers.

Ms Flanagan responded to questions from members on the reserves balance and ongoing COVID-related costs. She confirmed that the reserves target of 2% (approximately £3.5m – £4m) was based on the general reserve figure, and that this was currently sitting at £4.8m. For COVID-related costs, she reminded members that she continued to submit regular returns to the Scottish Government and that further information on estimated costs for the current year would be contained in her report to the IJB later in the week. Current projections were sitting at just over £4m and most of this related to the additional wards in use at the Community Hospital. In addition, significant exit-planning had been undertaken to identify alternative funding sources for

services put in place during COVID which the IJB would like to see continue in future years. However, gaps in funding remained and further work would be required.

Both the Chair and Mr Murray, referred to correspondence from the Scottish Government, received recently, which sought to reclaim unused COVID funding from IJBs. The Chair asked if this would delay the approval of the 2021/22 accounts. Gillian Woolman, Audit Director from Audit Scotland, stated that the letter may be a non-adjusting post balance sheet event. While this would not require any adjustment to the figures in the accounts, it would require the addition of a narrative sentence within the management commentary. She said that she would discuss this in detail with Ms Flanagan after the meeting.

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

Decision

The Committee agreed:

- i. To approve the IJB's Audited Annual Accounts for 2021/22, subject to a clarification from Audit Scotland; and
- ii. that the IJB's Annual Accounts for 2021/22 were to be signed electronically on behalf of the IJB by the Chair, the Chief Officer and the Chief Finance Officer.

3. INDEPENDENT AUDITOR'S REVIEW OF THE ANNUAL ACCOUNTS

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

A letter was submitted by Ms Woolman confirming that Audit Scotland's audit work was complete and that there were no unadjusted misstatements to draw to their attention. She highlighted the opinion of the auditors, which was that the statements provided a true and fair view in respect of the financial position at year end and outlined other information contained within the Appendix relating to the process of the audit and confirmed that there were no areas to report by exception. She referred again to the recent communication from the Scottish Government and the requirement for further discussion and clarification, as well as the addition of a sentence to the narrative within the accounts but no change to the figures.

In response to a question from Mr Murray regarding the recent Scottish Government letter, Ms Woolman stated that she would not expect the Government to contact or advise directly those undertaking external audit work.

3b. EAST LoTHIAN IJB 2021/22 ANNUAL AUDIT REPORT

The East Lothian IJB Annual Audit Report was also submitted by Ms Woolman. Before summarising the report she advised members that this was the last of her 6 year appointment as external auditor and that a new team from within Audit Scotland would take over from 2022/23.

Ms Woolman outlined the main findings of the audit report, drawing attention to the unmodified audit opinion and confirming that COVID had not impacted upon the audit process or the preparation of the annual accounts. She provided a detailed summary of

the various sections of the report including the audit of the financial statements, financial management and sustainability, and governance arrangements. She noted that implementation of previous year audit recommendations had been delayed due to the continuing impacts of the pandemic but that this was not unusual across IJBs. She reflected on some of the risks to financial sustainability, the restrictions on the Partners' ability to fully engage with the planning process and the fact that some plans still required updating following the impact of COVID. However, she pointed to the positive assurances drawn from the performance reporting and that East Lothian's performance in all areas was in line with, or above, the national average. She concluded by referring members to the report's appendices which included an action plan for the two recommendations carried forward from the 2020/21 report. There were no new recommendations arising from the 2021/22 audit.

The Chair welcomed this year's report asked that the recommendations from the prior year's audit report be brought to the next meeting of the Committee to ensure that progress was being tracked going forward.

The Chair also thanked Ms Woolman and Esther Scoburgh for their work as external auditors during this and previous years.

Decision

The Committee agreed to note the contents of the letter and annual audit report.

4. RISK REGISTER UPDATE

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

Ms Flanagan presented the report. She reminded members that following agreement at the Committee's meeting in June, only those risks within the register rated 12 or above would be reported to Committee. She summarised the recent updates made to the register during the first quarter of 2022/23, as set out in the report and invited members to consider the risks and whether any further risks should be added to the register.

Ms Flanagan responded to comments from members and agreed to take these on board.

Fiona Wilson also thanked members for their input. She advised that in relation to risk 4018 reviews had taken place but that the date in the progress column had not been updated. Regarding risk 5279, she suggested including a note to ensure that any problems or challenges potentially impacting care should be immediately flagged.

The Chair thanked Ms Wilson and Ms Flanagan and said the Committee would review the updated version of the register at its next meeting.

Decision

The Committee agreed to:

- i. Note the risks on the current risk register with a risk rating of 12 and above
- ii. Consider if any further risks should be added to the register

5. CIPFA'S POSITION STATEMENT: AUDIT COMMITTEES IN LOCAL AUTHORITIES AND POLICE 2022

A report was submitted by the Chief Internal Auditor informing the Audit and Risk Committee of the recently published CIPFA Position Statement: Audit Committees in Local Authorities and Police 2022 (Position Statement); and seeking approval of actions to more closely align the Audit and Risk Committee with the Position Statement.

Duncan Stainbank presented the report. He summarised the background to the creation of CIPFA's position statement and pointed out that the Committee was already operating in a way that met a substantial majority of the position statement's requirements. The two main areas identified for the Committee to consider related to the introduction of co-opted independent members and annual performance reporting and he set out the actions recommended to the Committee.

The Committee discussed some of the issues around the appointment of independent members including the skills and experience required, remuneration, whether these members would have voting rights or be considered members of the wider IJB. Mr Stainbank and Ms Flanagan indicated that it would be for the Committee to determine these and other matters.

Ms Woolman reflected on the difficulties of recruitment when both local authority audit committees and IJB audit committees could potentially be competing for same individuals with the necessary skills and experience. There would be a need to manage expectations given the likely requirement to prioritise local authority appointments.

The Chair suggested setting up a small group to discuss how best to proceed and to bring proposals to the next meeting of the Committee.

The Committee agreed recommendation i and a vote was taken by roll call on recommendation ii which was unanimously approved.

Decision

The Committee agreed to:

- i. note the attached Position Statement
- ii. approve the actions to consider maintenance of compliance with the Position Statement

Ms Flanagan thanked Ms Woolman and Ms Scoburgh and their colleagues for their hard work and support over the past 6 years; it had been a pleasure working with them.

The Chair echoed these comments, adding that she looked forward to working with the new Audit Scotland team.

Signed

Fiona Ireland
Chair of the East Lothian IJB Audit and Risk Committee