



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

**TUESDAY 19 SEPTEMBER 2023
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 Flanagan
Mr D Stainbank
Ms F Wilson

Other Attendees:

Mr J Boyd, Audit Scotland

Clerk:

Ms F Currie

Apologies:

Councillor L Bruce

Declarations of Interest:

None

1. MINUTES OF THE EAST Lothian IJB Audit and Risk Committee Meeting of 6 June 2023

The minutes of the East Lothian IJB Audit and Risk Committee meeting held on 6 June 2023 were approved.

2. MATTERS ARISING FROM THE MINUTES OF THE MEETING OF 6 JUNE

The following matters arising were discussed:

Annual Accounts 2022/23 (Item 6) – Claire Flanagan informed the members that she had intended to present the audited annual accounts for 2022/23 at this meeting, prior to formal sign off at the IJB on 21st September. However, it would not be possible to conclude the accounts due to issues within Audit Scotland. These related to staff resourcing and a desire to conclude testing within East Lothian Council before finalising the IJB's accounts. She hoped that the process would instead be concluded by late October/early November, and the accounts would be presented to a meeting of IJB shortly thereafter. To avoid delaying the finalisation of the accounts any further, on this occasion, the audited annual accounts would not be presented to the Committee before going forward to the IJB.

John Boyd advised that Audit Scotland's new appointment had resulted in their audit cycle beginning 3 months later than normal. This had led to deferrals and delays in order to fit all of their audit work into the current calendar year. Going forward, they hoped to begin planning for the 2023/24 audit in January 2024, in order to meet the statutory target for the finalisation of this audit. He stressed that Audit Scotland had no underlying concerns regarding the IJB's audit, following an initial review of the accounts. He added that the testing work was undertaken within the Council and Health Board in order to give auditors assurance that the figures reported in the financial statement were accurate. He reiterated that the delay was no reflection on the IJB accounts or resources, and that the audit work would be back to a normal timetable next year.

Ms Flanagan responded to questions from the Chair. She confirmed that a letter of assurance had been received from the Council but that, following advice from Audit Scotland, it had not been possible to conclude the accounts on that basis. She advised that, in terms of the IJB's Standing Orders, the accounts did not need to be presented to the Committee before final sign off by the IJB, and there had been a previous occasion where this approach had been adopted. Regarding the statutory timeframe for finalisation of the accounts, she was unsure of the deadline and deferred to Mr Boyd.

Mr Boyd assured members that the East Lothian IJB was not alone regarding delays in sign off of its accounts. He confirmed that the statutory deadline was 30 September, however, there was recognition that due to COVID, etc, many IJBs would not meet this target. Although Audit Scotland was required to report where there was a delay beyond the statutory deadline, it would be made clear in the annual audit report that the delay was due to resourcing issues within Audit Scotland.

Ms Flanagan confirmed that she would update the IJB at its meeting on 21st September, as part of her finance report.

Questionnaire for Members of the Audit & Risk Committee – David Binnie asked for an update on the undertaking to do an audit of the experience and competencies of the Committee members, to shape how the Committee might be taken forward.

Duncan Stainbank apologised for the delay but confirmed that a questionnaire on skills and experience would be issued to members, hopefully, next month. The results would be presented to the Committee at its December meeting.

3. RISK REGISTER UPDATE

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

Ms Flanagan presented the quarterly update report reminding members that only risks rated '12' or above were reported to the Committee. She highlighted changes to individual risks since last meeting:

- 5220 – Demographic Pressures – no change to the rating at present and actions were ongoing.
- 5486 - Council Finance Department in business continuity measures – this risk remained at a rating of '12' but officers had noted the successful recruitment of a Principal Accountant to the Council's Finance Team. As a result, they hoped to see this risk rating reduce at future meetings.
- 3924 – Financial resources may be insufficient to deliver the Strategic Plan – this risk had been increased to a rating of '20'; the highest risk in the IJB's risk register. Actions included ongoing financial monitoring with particular reference to the Q1 forecast. Financial information had been received from both partners and would be presented to IJB this week. The forecast was a significant projected overspend for the IJB at Q1, and this was one reason why the risk rating had increased. Discussions were underway with the Council around the passporting across to the IJB of any additional funding local authorities might receive to support the local authority pay settlement.
- 5279 – National Care Service – no change in the rating but the detail had been updated to note the recent announcement from the Scottish Government around partnership working. This risk would continue to be monitored.
- 3925 – Operational resources may be insufficient to deliver the Strategic Plan - this risk had increased to a rating of '12'. The mitigations included actions in relation to GP sustainability and this issue had been covered at the recent development session on primary care and prescribing. This risk would continue to be monitored.

Ms Flanagan responded to questions from Elizabeth Gordon. She said she was hopeful that the appointment of the Principal Accountant, who would have health and social care within their portfolio, would result in a return to monthly financial reporting from the Council. However, this had yet to be confirmed.

Ms Flanagan advised that she was not aware of any specific intervention by the Scottish Government around the passporting across of funding from local authorities to IJBs. However, there continued to be dialogue on this issue through various networks, including Local Authority Directors of Finance, CoSLA and the IJB Chief Finance Officer (CFO)/Section 95 Officer meetings. She added that discussions with East Lothian Council had been much more positive this year. There seemed to be a growing recognition that not passporting across funding to support all budgets (including budgets delegated to the IJB) was only increasing the level of projected overspend, the responsibility for which would default back to the IJB's partners.

Fiona Wilson responded to a question from the Chair around the arrangements for a replacement CFO, following Ms Flanagan's departure at the end of September. She confirmed that David King (a previous CFO) would take over the role on an interim basis while arrangements were put in place for the recruitment of a permanent replacement. However, there were some issues to resolve around the future of the post as the role might no longer be shared between Midlothian and East Lothian IJBs. Confirmation of Midlothian IJB's plans was awaited. In the meantime, officers from NHS Lothian and East Lothian Council would provide support to Mr King.

Responding to questions from the Chair on risk 3925, Ms Flanagan confirmed that the rating had been increased to '12' due to concerns around resource issues and their impact on the running of services. She acknowledged that this risk was quite volatile, given the nature of some of the services, and should there be a significant risk to the delivery of the Strategic Plan the issue would be brought to the earliest meeting of the Committee for further discussion. She reminded members that the Health & Social Care Partnership (HSCP) operational risk register would be presented to the Committee at its December meeting, which would allow for a review of operational risks and their associated mitigation measures.

Ms Gordon asked about the plans for the CFO role going forward, if it no longer involved Midlothian IJB. Ms Wilson confirmed that she would be considering what additional work could be added to the CFO role to make it a full-time position, as she was concerned that it might be difficult to recruit to a part-time post.

Ms Flanagan advised that the risk portfolio was not currently part of the CFO role, although these two portfolios had been combined by other IJBs. This would be something for future consideration. Ms Gordon acknowledged that it could increase the role, but it would also be necessary to consider the potential for conflict of interest.

Ms Flanagan replied to questions from Mr Binnie. She confirmed that the shortfall in funding from the Council was £250,000. She also advised that the risk associated with insufficient funds to cover pending pay awards was part of the wider financial sustainability risk within the IJB's risk register. Referring to the recent pay increase on the health side, following the 'Agenda for Change', she advised that extra funding had been provided by the Scottish Government to support the cost of this deal. In respect of the local authority pay deal in 2022/23, the additional funding provided had originally been passed to the IJB from East Lothian Council but this decision was later reversed, resulting in an additional financial challenge for the IJB. Negotiations on the local authority pay deal for 2023/24 had yet to conclude and the implications of any award would need to be kept under review. For the moment, dialogue was continuing with the Council to ensure that the IJB would get a share of any additional funding from Scottish Government to cover this pay deal.

The Chair asked Mr Binnie if he was content that this issue had been adequately covered at a strategic level and that more details would be included in the HSCP operational risk register. He said he was content with this approach.

Decision

The Committee:

- i. Noted the risks on the current risk register; and
- ii. Considered if any further risks should be added to the register.

The Chair reminded members that this was Ms Flanagan's last Committee meeting before she moved onto her new role within NHS Lothian. She thanked her for all of her help and support and wished her well in her new post.

Signed

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