



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

**TUESDAY 6 DECEMBER 2022  
VIA DIGITAL MEETINGS SYSTEM**

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**Committee Members Present:**

Councillor L Bruce (Item 3 – 4)  
Ms E Gordon  
Ms F Ireland (Chair)  
Mr D Binnie (NV)

**Officers Present:**

Ms C Flanagan  
Mr I Gorman  
Mr D Stainbank

**Clerk:**

Ms F Currie

**Apologies:**

Councillor L Jardine

**Declarations of Interest:**

None

## **1. MINUTES OF THE EAST Lothian IJB Audit and Risk Committee Meeting of 13 September 2022 and Matters Arising**

The minutes of the East Lothian IJB Audit and Risk Committee meeting held on 13<sup>th</sup> September 2022 were approved.

The following matters arising from the minutes were discussed:

**Item 5: CIPFA Position Statement** - Claire Flanagan reported on a meeting which had taken place recently, involving herself, the Chief Internal Auditor, Chief Officer and Chair of the Committee, to discuss the issue of appointing independent members to the Committee. It had been agreed that Duncan Stainbank would begin this work with a questionnaire to current Committee members to assess their skills and experience and identify any potential gaps. This would help inform decisions on whether any gaps could best be addressed by training or by expanding the membership of the Committee to include external appointees.

The Chair noted that the Committee's terms of reference already included the power to co-opt members onto the Committee to address a specific issue or need. She invited members to indicate if they were content with the proposed approach outlined by Ms Flanagan; the members agreed.

## **2. INTERNAL AUDIT REPORT – CIPFA FINANCIAL MANAGEMENT CODE**

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

Mr Stainbank presented the report. He outlined the background and key findings of the audit work which had resulted in an assessment of 'reasonable assurance'. He said the audit had looked at how well embedded the CIPFA Code was within the IJB's financial management processes and that the report outlined three recommendations. Two of these – relating to formal approval of the Code and preparation of a multi-year financial plan – would be addressed by reports to the IJB on 8<sup>th</sup> December. The third recommendation relating to a review of financial sustainability and resilience following approval of the multi-year financial plan, was due to be completed by April 2023.

In response to a question from the Chair, Mr Stainbank confirmed that the completion date of April 2023 was realistic but that there would be significant challenges to the IJB's longer term financial sustainability. Ms Flanagan informed members that a development session on financial matters would take place in January 2023 and this would include discussions on longer term financial planning.

### **Decision**

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

## **3. IJB RISK STRATEGY AND RISK POLICY, DECEMBER 2022**

A report was submitted by the Chief Finance Officer laying out the recently reviewed and updated IJB Risk Strategy and Risk Policy documents for approval by the Committee.

Ms Flanagan presented the report. She reminded members that both policy documents had been reviewed by the Committee in September, during an informal session, and

the updated versions were now being presented for approval. She advised that no significant changes had been made to the documents and that the updates related mainly to clarification of the roles and responsibilities of IJB members and officers. Referring to the final page of the risk management policy document, she informed members that the annual review of the full IJB risk register would be dealt with at agenda Item 4 and the presentation of the HSCP risk register would take place during an informal session following this meeting.

Responding to questions from the Chair both Ms Flanagan and Mr Stainbank confirmed their intention that the Committee's annual report to the IJB should be prepared and presented to the IJB in September 2023. The Clerk agreed to clarify whether the risk strategy and policy documents should be presented to the IJB, following their approval by the Committee.

David Binnie noted that the strategy and policy documents were to be reviewed every 3 years and asked if an earlier review would be possible, should circumstances merit this. Ms Flanagan confirmed that, in such circumstances, an earlier review would be possible. Mr Binnie proposed an amendment to the recommendations contained in the report to reflect this. His proposal was seconded by Elizabeth Gordon.

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

### **Decision**

The Committee agreed:

- i. To approve the IJB's Risk Strategy; and
- ii. To approve the IJB's Risk Policy; and
- iii. To note that it could review either of these documents at any time, if required, but that both documents must be reviewed no later than 3 years after the date of their approval.

## **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 outlined a new risk which had been added to the register regarding the finance function within East Lothian Council being in business continuity measures. This new risk has been given a rating of 12 on the register.

At the request of the Chair, Ms Flanagan provided further detail on this new risk; explaining that it related to staffing issues and the level of service being provided by the IJB's partner, rather than a risk to funding. While it was not expected that this would compromise financial reporting to the IJB, it should be acknowledged that additional staff resource may be required to assist in providing the necessary updates from the Council. Ms Flanagan outlined some of the actions being taken by the Council to address these staffing issues and confirmed that, while her role as Chief Finance Officer was unaffected, she did rely on the partners undertaking appropriate scrutiny and analysis of their financial ledgers. She also confirmed that this risk would be notified to the IJB later this week as part of her regular finance report.

Iain Gorman proposed that risk 3926 (the potential for instability resulting from elections) should be removed. The next local government election was some way off and there was unlikely to be such a significant change to the voting membership in the meantime. The members agreed that risk 3926 could be removed from the register.

Ms Gordon raised questions regarding risks 3924 (financial resources) and 3925 (operational resources). Ms Flanagan explained why risk 3924 remained at 'medium' but added that this could potentially increase following the budget offers from the partners for 2023/24, as there were likely to be significant financial challenges ahead. For risk 3925, she confirmed that this related to both the workforce and financial resources needed to support the delivery of the IJB's Strategic Plan and the work of the Change Boards.

Mr Gorman updated members on risk 5045 (COVID) and advised that subject to developments over the winter and further advice from the Scottish Government, this risk could be downgraded or subsumed into other risks as services moved on from responding to the pandemic.

Mr Binnie queried the rating of risk 5279 (impact of National Care Service proposals) as 'high'. Mr Gorman explained that this was a high risk due to its potential impact on existing care services and structures delivered by the Council, which were a function of the IJB. Both Mr Gorman and Ms Flanagan referred to the lack of clarity within the proposals and their wider impact and Ms Flanagan added that there could be significant financial challenges and risk from any future funding requirements.

Mr Stainbank referred to a recent Audit Scotland report to the Scottish Parliament and agreed that the current lack of clarity over funding for the National Care Service proposals did merit this risk being rated as 'high'.

Councillor Lachlan Bruce concurred; particularly in relation to the potential impact on the Council and longer term investment in care services. Also of concern was the potential impact on the relationship between the IJB and its partners and this should be looked at in more detail in future.

The Chair agreed that the situation was worrying and that this risk should be closely monitored and updated as and when information became available.

## **Decision**

The Committee agreed to:

- i. Note the risks on the current risk register;
- ii. Note that this was the annual reporting of the full IJB risk register;
- iii. Note the new risk added regarding East Lothian Council Finance Department being in business continuity; and
- iv. Consider if any further risks should be added to the register.

Signed .....

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