



REPORT TO: East Lothian IJB - Audit & Risk Committee

MEETING DATE: 3 June 2025

BY: Chief Internal Auditor

SUBJECT: Internal Audit Report – ELIJB Governance Arrangements

1 PURPOSE

- 1.1 To inform the Audit and Risk Committee of the recently issued audit report on the ELIJB Governance Arrangements.

2 RECOMMENDATIONS

- 2.1 The Audit & Risk Committee is asked to note the contents of the audit report.

3 BACKGROUND

- 3.1 An assurance review of the ELIJB Governance Arrangements has been undertaken as part of the Audit Plan for 2024/25.
- 3.2 The main objective of the audit was to review the adequacy and effectiveness of the arrangements in place for ELIJB Governance Arrangements.
- 3.3 The main findings from our audit work are outlined in the attached report which has been graded Reasonable Assurance.

4 ENGAGEMENT

- 4.1 The findings from the review have been discussed with Management, but do 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.

Appendix 1: Internal Audit Report – ELIJB Governance Arrangements

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DATE	26 May 2025



East Lothian Integration Joint Board
IJB Governance Arrangements
May 2025

Conclusion

Reasonable Assurance

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1 Executive Summary: IJB Governance Arrangements

Conclusion: Reasonable Assurance

The IJB governance arrangements in place are generally reliable and there is clear evidence of compliance with the Public Bodies (Joint Working) (Scotland) Act 2014. IJB Standing Orders and a Revised East Lothian Integration Scheme (May 2023) are in place, and the IJB has appropriate arrangements for strategic planning, performance management, workforce planning, Members Code of Conduct and Members Register of Interests. Some areas for further improvement have been highlighted, including the need to ensure that an IJB Local Code of Governance is prepared and presented to the IJB for formal approval, the provision of regular feedback to IJB members and staff on the IJB Participation and Engagement Strategy and ensuring that the IJB Risk Strategy and Risk Policy are approved by the IJB.

Background

The Public Bodies (Joint Working) (Scotland) Act 2014 sets out the framework for integrated adult health and social care services. The Act seeks to ensure co-ordinated services for adults through the integration of health and social services previously provided separately by local authorities and health boards. The East Lothian Integration Scheme was approved by Scottish Ministers and the Public Bodies (Joint Working) (Integration Joint Board Establishment) (Scotland) Amendment Order 2015 was laid before the Scottish Parliament on 29 May 2015, and came into force on 27 June 2015. The first meeting of the East Lothian IJB was held on 1 July 2015. The East Lothian IJB Integration Scheme sets out how the Integration Joint Board (IJB) will operate, including the scope of the services to be included within the IJB and the financial arrangements. An updated East Lothian IJB Revised Integration Scheme (version 3, May 2023) was approved by the Scottish Ministers, with an effective date of 15 May 2023. The next review of the Integration Scheme will be in 2028, unless otherwise directed by the Scottish Ministers.

Summary of findings & recommendations

The following key findings and recommendations are highlighted, which have all been **agreed by Management**:

- An IJB Local Code of Governance requires to be prepared and presented to the IJB for formal approval. *Management have confirmed that this will be done **by December 2025** following confirmation of the updated CIPFA/Solace guidance.*
- The IJB Risk Strategy and Risk Policy should be presented to the IJB for formal approval, as required by the IJB Standing Orders. *Management have confirmed that the IJB Risk Strategy and Risk Policy will be reviewed and updated and presented to the IJB for formal approval **by December 2025**.*
- Feedback on the IJB Participation and Engagement Strategy requires to be provided to IJB members and staff on a regular basis. *Management have confirmed that feedback will be on an annual basis with the updated strategy being in place **from December 2025**.*
- There is a need to ensure that the IJB Records Management Plan is reviewed on a regular basis. *Management have confirmed that there is no statutory requirement for an annual review and that in line with relevant guidance, the IJB will move to reviewing the Records Management Policy and Model Publication Scheme every two years **from June 2025**.*

Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	5	-	5
Prior Report (March 2016)	2	2	-	4

Materiality

The East Lothian Integration Joint Board has a projected financial outturn of £224.6 million for 2024/25. The East Lothian Integration Joint Board receives approximately two thirds of its funding from NHS Lothian and one third from East Lothian Council.

2 Headlines

Objectives	Conclusion	Comments
1. The IJB has appropriate arrangements in place to ensure compliance with the Public Bodies (Joint Working) (Scotland) Act 2014.	Substantial	An East Lothian Integration Scheme is in place, which sets out how the Integration Joint Board (IJB) will operate, including the scope of the services to be included within the IJB and the financial arrangements. The initial Integration Scheme was approved by Scottish Ministers in 2015. A review of the scheme commenced in 2021 (delayed from 2020 due to the Covid pandemic) and a Revised East Lothian Integration Scheme 2023 was approved by Scottish Ministers, effective from 15 May 2023.
2. Membership of the IJB complies with the Revised Integration Scheme.	Substantial	Voting membership of the IJB (4 from East Lothian Council and 4 from NHS Lothian), is in accordance with the Revised Integration Scheme and East Lothian IJB Standing Orders, and Non-voting Members are as per The Public Bodies (Joint Working) (Integration Joint Boards) (Scotland) Order 2014 (No 285).
3. The IJB has Standing Orders and a Local Code of Governance in place.	Reasonable	Standing Orders are in place to regulate the conduct and proceedings of the East Lothian Integration Joint Board (IJB) and were last updated and approved in March 2020 to reflect the emergency recess provisions. An IJB Local Code of Governance has not yet been formally approved by the IJB.
4. The Strategic Plan sets out the vision, values and strategic priorities for the IJB and is prepared in accordance with the Public Bodies (Joint Working) (Scotland) Act 2014.	Reasonable	The current East Lothian IJB Strategic Plan 2022-25 was approved by the Strategic Planning Group (SPG) on 6 September 2022 and the East Lothian IJB subsequently accepted the Plan at its meeting of 15 September 2022. The Strategic Plan identifies the IJB's seven strategic objectives for 2022-25, together with related delivery priorities. On 20 February 2025, the East Lothian IJB agreed the planned approach and timescales for carrying out a review of the current IJB Strategic Plan and developing a new Strategic Plan to cover an extended period of five years from 2025 to 2030.
5. Appropriate arrangements are in place for the effective oversight of Performance Management.	Reasonable	The East Lothian HSCP Performance Framework was approved by the East Lothian IJB at its meeting of 23 May 2024 and identifies four levels of Performance Management – Strategic, Assurance and Accountability, Operational and Tactical, and the East Lothian IJB Annual Performance Report (APR) 2023-24 was approved by the IJB at its meeting of 27 June 2024.
6. Effective scrutiny and risk management arrangements are in place for the IJB.	Reasonable	An ELIJB Audit and Risk Committee is in place, which meets four times a year. The IJB Risk Register is reported to each meeting of the Committee and is presented to the IJB on an annual basis. The IJB has a Risk Strategy and Risk Policy in place, which were approved by the IJB's Audit and Risk Committee in December 2022, although the IJB Standing Orders state that approval of the Risk Management Policy, together with defining risk appetite and risk tolerance levels, are matters reserved for the IJB itself.
7. Adequate arrangements are in place to ensure compliance with the Integration Scheme.	Reasonable	Appropriate arrangements are in place to ensure compliance with the Revised East Lothian Integration Scheme including a Strategic Workforce Development Plan 2022-25, IJB Participation and Engagement Strategy 2023-25, IJB Records Management Plan and Code of Conduct for Members of the IJB being in place, however there is a need to ensure that feedback on the Participation and Engagement Strategy is provided to the IJB on a regular basis and that there is appropriate review of the Records Management Plan. Completed IJB Members' Register of Interests are published on the Council's website for all current members of the IJB (voting and non-voting).

3 Areas where expected controls are met/good practice

No	Areas of Positive Assurance
1.	<p>The East Lothian IJB Strategic Plan 2022-25 was approved by the Strategic Planning Group (SPG) on 6 September 2022 and the SPG agreed to recommend it to the East Lothian IJB, who subsequently accepted the Plan at its meeting of 15 September 2022. The Strategic Plan identifies the IJB's seven strategic objectives for 2022-25, along with a range of strategic delivery priorities linked to each objective. The seven IJB strategic objectives for 2022-25 are:</p> <ol style="list-style-type: none"> 1. Develop services that are sustainable and proportionate to need. 2. Deliver new models of community provision, working collaboratively with communities. 3. Focus on prevention and early intervention. 4. Enable people to have more choice and control and provide care closer to home. 5. Further develop/embed integrated approaches and services. 6. Keep people safe from harm. 7. Address health inequalities.
2.	<p>The East Lothian HSCP Performance Framework in place recognises that effective performance management arrangements are needed to:</p> <ul style="list-style-type: none"> • Support East Lothian IJB in its governance role, ensuring that it has the information needed to maintain oversight and scrutiny of HSCP activity in relation to the delivery of IJB strategic objectives and delivery priorities; • Allow the effectiveness of transformation/change programmes and activities to be evaluated; • Provide accountability and assurance to delivery partners (ELC and NHS Lothian) in relation to the management of HSCP services; and • Inform tactical and operational planning, management and decision making by HSCP management and guide and support improvement activity at a service level.
3.	<p>Scrutiny and risk management arrangements are in place for the IJB. The Financial Regulations of the IJB were adopted on 29 October 2015. The Financial Regulations state that the Chief Finance Officer shall make arrangements for the proper administration of the IJB's financial affairs, and will discharge this duty by:</p> <ul style="list-style-type: none"> • establishing financial governance systems for the proper use of the delegated resources; • ensuring that the Strategic Plan meets the requirement for best value in the use of the IJB's resources; • ensuring that the directions to NHS Lothian and ELC require that the financial resources are spent according to the allocations in the Strategic Plan. <p>An IJB Audit and Risk Committee is in place to ensure effective scrutiny. The Terms of Reference of the Committee were agreed at the IJB meeting of 29 October 2015 and include review of the IJB's governance, risk and control; internal audit; external audit; financial reporting and accountability arrangements.</p>

4 Detailed Recommendations

Standing Orders and Local Code of Governance

Objective 3	Findings & Risk 1	Grade	Recommendation
	<p>Standing Orders are in place to regulate the conduct and proceedings of the East Lothian Integration Joint Board (IJB). The Standing Orders were initially approved by the IJB at its meeting on 1 July 2015 and were subsequently updated and approved in March 2020 to reflect the emergency recess provisions.</p> <p>Under the 2016 Governance Framework, CIPFA/Solace recommends that all local government bodies develop a Local Code of Governance, which should set out how the body's governance arrangements work towards meeting the seven principles of good governance, as set out in the Framework. However, it is recognised that many bodies do not have a local code and instead rely on their Annual Governance Statement to describe their governance arrangements.</p> <p>The East Lothian IJB Annual Governance Statement 2023-24 was presented to, and approved by, the IJB Audit and Risk Committee for inclusion in the IJB Annual Accounts for 2023-24. The Annual Governance Statement outlines the IJB's governance arrangements and system of internal control and reports on their effectiveness for the year ended 31 March 2024. The Annual Governance Statement covers the main features of the governance framework and internal control associated with each of the seven principles of good governance, as set out in the Framework, however there was no evidence to confirm that an IJB Local Code of Corporate Governance had been formally approved by the IJB.</p> <p>It is noted that CIPFA/Solace recently undertook a consultation exercise (which closed on 10 March 2025) on updating their guidance on completion of the Annual Governance Statement. The aims of the updated guidance are to support good governance, reflect the changes affecting local government bodies since 2016, encourage robust reviews of governance arrangements and improve accountability to stakeholders, including local communities.</p>	Medium	3.1 Management should ensure that an IJB Local Code of Governance is prepared and presented to the IJB for formal approval.

Management Response	Responsible Officer & Target Date
3.1 Agreed – following confirmation of the updated guidance, an IJB Local Code of Governance will be prepared and presented to the IJB for formal approval.	3.1 Chief Internal Auditor December 2025

4 Detailed Recommendations

Strategic Plan

Objective 4	Findings & Risk 1	Grade	Recommendation
	<p>Section 29 of The Public Bodies (Joint Working) (Scotland) Act 2014 places a duty on Integration Joint Boards to develop a Strategic Plan setting out the arrangements for the carrying out of the integration functions; setting out how those arrangements are intended to achieve, or contribute to achieving, the national health and wellbeing outcomes; and including such other material as the integration authority thinks fit. The IJB's Standing Orders state that the:</p> <ul style="list-style-type: none"> The Integration Joint Board shall establish a Strategic Planning Group and appoint its membership (except for the members nominated by each constituent party); and The Integration Joint Board shall approve its Strategic Plan and any other strategies that it may need to develop for all the function that have been delegated to it. The Integration Joint Board will also review the effectiveness of its Strategic Plan. <p>A Strategic Planning Group (SPG) is in place and the East Lothian IJB Strategic Plan 2022-25 was approved by the SPG on 6 September 2022 and recommend it to the East Lothian IJB, who subsequently accepted the Plan on 15 September 2022. The new Strategic Plan identifies the IJB's seven strategic objectives for 2022-25, along with a range of strategic delivery priorities. The seven IJB strategic objectives for 2022-25 are:</p> <ol style="list-style-type: none"> 1. Develop services that are sustainable and proportionate to need. 2. Deliver new models of community provision, working collaboratively with communities. 3. Focus on prevention and early intervention. 4. Enable people to have more choice and control and provide care closer to home. 5. Further develop/embed integrated approaches and services. 6. Keep people safe from harm. 7. Address health inequalities. <p>On 27 June 2024, an Annual Delivery Plan 2024/25 was presented to the IJB outlining planned activity across East Lothian HSCP services to support delivery of the IJB's strategic objectives as per the 2022-25 Strategic Plan. It is noted that the financial climate has changed significantly since the Strategic Plan was approved in September 2022 and there may be a need to review the strategic objectives given the financial challenges. On 20 February 2025, the East Lothian IJB agreed the planned approach and timescales for carrying out a review of the current IJB Strategic Plan and developing a new Strategic Plan to cover an extended period of five years from 2025 to 2030, with a review taking place in year three as required by the statutory guidance.</p>	Medium	4.1 In developing the 2025 - 2030 Strategic Plan, the IJB should give due consideration to including appropriate flexibility to manage the plan over a five-year period in the light of a changing risk environment.
Management Response		Responsible Officer & Target Date	
4.1 Agreed – the Strategic Plan is developed over 2025 with the final version to be agreed in January 2026. The plan will be reviewed after 3 years to ensure relevance and if significant change is required as a result of the financial context.		4.1 Chief Officer, East Lothian IJB January 2026	

4 Detailed Recommendations

Scrutiny and Risk Management

Objective 6	Findings & Risk 1	Grade	Recommendation
	<p>We sought to ensure that effective scrutiny and risk management arrangements are in place for the IJB.</p> <p>The Financial Regulations of the IJB were adopted on 29 October 2015. The Financial Regulations state that the Chief Finance Officer shall make arrangements for the proper administration of the IJB's financial affairs, and will discharge this duty by:</p> <ul style="list-style-type: none"> establishing financial governance systems for the proper use of the delegated resources; ensuring that the Strategic Plan meets the requirement for best value in the use of the IJB's resources; <p>An IJB Audit and Risk Committee is in place to ensure effective scrutiny. The Terms of Reference of the Committee were agreed at the IJB meeting of 29 October 2015 and include review of the IJB's governance, risk and control; internal audit; external audit; financial reporting and accountability arrangements.</p> <p>The responsibilities of the IJB and its Committees in relation to the conduct of the IJB's financial affairs are defined in the IJB's Standing Orders and Integration Scheme. We note that the IJB's Standing Orders state (Section 12 Matters Reserved for the Integration Joint Board):</p> <ul style="list-style-type: none"> The Integration Joint Board shall approve its Risk Management Policy; and The Integration Joint Board shall define its risk appetite and associated risk tolerance levels. <p>We note that the IJB Audit and Risk Committee meets four times a year. The IJB Risk Register is reported to each meeting of the committee and is presented to the IJB on an annual basis. The IJB has a Risk Strategy and Risk Policy in place, and the Risk Strategy outlines the IJB's risk appetite and risk tolerance levels. The Risk Strategy and Risk Policy were first agreed by the Audit and Risk Committee in March 2018 and then approved by the IJB itself in June 2018. They were subsequently updated and approved by the Audit and Risk Committee in December 2022, with some changes to both documents, however there is no evidence of the updated Risk Strategy or Risk Policy being submitted to the IJB for approval. It is noted that the covering report to the December 2022 Audit and Risk Committee report states that these documents will be reviewed again in three years' time.</p>	Medium	6.1 Management should ensure that the IJB Risk Strategy and Risk Policy are presented to the IJB for formal approval.
Management Response		Responsible Officer & Target Date	
6.1 Agreed – the IJB Risk Strategy and Risk Policy will be reviewed and updated during this calendar year and presented to the IJB for formal approval.		6.1 IJB Chief Finance Officer December 2025	

4 Detailed Recommendations

Compliance with the Integration Scheme

Objective 7	Findings & Risk 1	Grade	Recommendations
	<p>The Revised East Lothian Integration Scheme, effective from 15 May 2023, outlines requirements for the IJB in a number of areas including Workforce Development, Participation and Engagement, Records Management, Register of Interests and Code of Conduct for Members. The following points are noted:</p> <ul style="list-style-type: none"> On 23 June 2022, the IJB adopted a new Code of Conduct for Members of the IJB (based on the Model Code for Members of Devolved Public Bodies). Further update and annual reminders was provided to the IJB on 26 October 2023 and 24 October 2024. It was confirmed that all current IJB members have signed the Code of Conduct; Completed IJB Members' Register of Interests are published on the Council's website for all current members of the IJB (voting and non-voting); On 25 August 2022, the IJB approved the IJB Records Management Plan and associated Memorandum of Understanding. The covering report advised that review of the RMP will be carried out annually on behalf of the IJB, although there was a lack of evidence to confirm if the annual reviews had been undertaken; On 23 February 2023, the IJB endorsed the ELHSCP Strategic Workforce Development Plan 2022-25, and the first annual update on the Workforce Plan was presented to the IJB on 23 May 2024; On 25 May 2023, the IJB approved the IJB Participation and Engagement Strategy 2023-25. The strategy commits to six-monthly feedback being provided to IJB members and staff, however although there was a lack of evidence to confirm if this feedback had been provided; On 20 March 2025, the IJB agreed to nominate the Council's Head of Corporate Support, Hayley Barnett as Standards Officer to the IJB (as a replacement to the IJB Chief Officer). 	Medium	<p>7.1 Management should ensure that there is appropriate review of the IJB Records Management Plan on a regular basis.</p> <p>7.2 Management should ensure that feedback on the IJB Participation and Engagement Strategy is provided to IJB members and staff on a regular basis.</p>

Management Response	Responsible Officer & Target Date
7.1 Agreed – there is no statutory requirement for an annual review and in line with relevant guidance, the IJB will move to reviewing the Records Management Policy and Model Publication Scheme every two years from June 2025.	7.1 Project Support Manager June 2025
7.2 Agreed – feedback will be provided on an annual basis with the updated strategy being in place from December 2025.	7.2 General Manager – Planning and Performance December 2025

A Recommendation Grading/Overall Opinion Definitions

Recommendation	Definition
High	Recommendations relating to factors fundamental to the success of the control objectives of the system. The weaknesses may give rise to significant financial loss/misstatement or failure of business processes.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.

Levels of Assurance	Definition
Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

B Resource, acknowledgements & distribution list

Internal Audit	
Chief Internal Auditor: Duncan Stainbank	Senior Auditor: Stuart Allan
Review Dates	Completed By Date
Internal Audit Draft Report Submission	31 March 2025
Management Review Completion	15 May 2025
Final Report Issue	21 May 2025
Report Distribution	
Chief Officer, East Lothian IJB	General Manager – Planning and Performance
Interim General Manager – Strategic Integration	Chief Finance Officer, East Lothian IJB

Acknowledgements:

The weaknesses identified during the course of our audit have been brought to the attention of Management. The weaknesses outlined are those, which have come to our attention during the course of our normal audit work and are not necessarily all of the weaknesses, which may exist.

Although we include a number of specific recommendations, it is the responsibility of Management to ensure that adequate arrangements are in place for IJB Governance Arrangements.

The content of this report has been discussed with relevant members of staff to confirm factual accuracy. The assistance and cooperation received during the course of our audit is gratefully acknowledged.

