



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

**TUESDAY 23 SEPTEMBER 2025  
VIA DIGITAL MEETINGS SYSTEM**

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**Committee Members Present:**

Councillor S Akhtar  
Dr P Cantley  
Ms E Gordon (Chair)  
Mr D Binnie

**Officers Present:**

Mr D Hood  
Mr M Porteous  
Mr D Stainbank

**Other Attendees:**

Mr J Boyd, Audit Scotland  
Ms R Crichton

**Clerk:**

Ms F Currie

**Apologies:**

None

**Declarations of Interest:**

None

The clerk advised that the meeting was being recorded; and that it would be made available, as a webcast, via the Council's website, in order to allow public access to the democratic process in East Lothian. She noted that East Lothian Council and NHS Lothian are data controllers under the Data Protection Act 2018; that data collected as part of the recording would be retained in accordance with the Council's and NHS Lothian's policies on record retention; and that the webcast of the meeting would be publicly available for five years from the date of the meeting.

The clerk recorded the attendance of Committee members by roll call.

Members agreed to appoint a temporary Chair for this meeting. Patricia Cantley proposed Elizabeth Gordon for the role; this was seconded by Cllr Akhtar and agreed by the members.

## **1. APPOINTMENT OF A CHAIR**

Ms Gordon noted that it had not been possible to appoint a permanent Chair at this meeting. This decision would be postponed to the next Committee meeting, or the next IJB business meeting, as the appointment could also be made by the IJB.

## **2. MINUTES OF THE EAST Lothian IJB AUDIT AND RISK COMMITTEE MEETING OF 3 JUNE 2025 (FOR APPROVAL) AND MATTERS ARISING**

The minutes of the East Lothian IJB Audit and Risk Committee meeting held on 3 June 2025 were approved.

The following matters arising were discussed:

Councillor Akhtar asked about the possibility of introducing a rolling action log for the Committee; similar to that used at the IJB. The Chair supported this suggestion, and the clerk agreed to prepare one for the next meeting.

Councillor Akhtar asked for an update on progress with areas of improvement highlighted in the Annual Governance Statement. Duncan Stainbank confirmed that all of the actions would be followed up and updates would be brought to the Committee during the year.

## **3. INDEPENDENT AUDITOR'S REVIEW OF THE ANNUAL ACCOUNTS:**

- a. AUDIT SCOTLAND ISA 580 LETTER**
- b. 2024/25 EL IJB DRAFT ANNUAL AUDIT REPORT**

Audit Scotland presented their annual audit report for 2024/25 and audit opinion letter for inclusion in the IJB's annual accounts.

John Boyd, Audit Director, presented the documents confirming that an unmodified audit opinion had been issued following conclusion of the 2024/25 audit work. He outlined some of the key findings contained in the audit report relating to the financial statements, wider aspects of financial management and best value, and areas of audit risk. He also highlighted the continuing pressures faced by the IJB and the challenging financial outlook, as well as the need for the IJB to work with its partners to ensure future financial sustainability.

Mr Boyd responded to questions from Councillor Akhtar and the Chair on the timing and content of performance reports and providing additional information to supplement the national performance indicators. He supported comments made by Mike Porteous on the

importance of striking a balance between strategic and operational information and ensuring that IJB members had sufficient understanding to make informed decisions, while not overloading them with an unnecessary level of operational detail.

Councillor Akhtar acknowledged this point and suggested that some Council finance reports might be a helpful guide for members. She also asked Mr Boyd to share any examples of good practice from other IJBs.

### **Decision**

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

## **4. EL IJB AUDITED ANNUAL ACCOUNTS 2024/25**

A report was submitted by the Chief Finance Officer presenting the IJB's Annual Accounts for 2024/25.

Mr Porteous presented the report highlighting some minor changes as a result of the audit. He thanked his colleagues in both partner organisations for their help and support and acknowledged the productive relationship with Audit Scotland. He said he had accepted the one recommendation made by the auditors and would work to deliver this by the end of the current financial year.

The Chair asked about the change to wording in the annual governance statement which had been discussed at the previous meeting. Mr Porteous said this was an oversight and he would make the change previously agreed by members. Mr Boyd confirmed that there was still time to make minor changes to the statement up to the point the accounts were signed.

Following a further query from the Chair, Mr Stainbank said he would check that the agreed revision had been made to the rationale for the reserves policy.

Councillor Akhtar observed that, as new member of the Committee reading the accounts, she had not considered the phrase 'unusual decision' to be a criticism.

### **Decision**

The Committee agreed to:

- i. Note the Independent Auditors review of the IJB's Annual Accounts; and
- ii. Recommend to the IJB that the Board approves the 2024/25 Annual Accounts.

## **5. 2025/26 RISK REGISTER REVIEW**

A report was submitted by the Chief Finance Officer updating the Committee on the status of the current IJB Risk Register and inviting discussion on any proposed changes.

Mr Porteous presented the report noting that there had been no changes to the risk ratings since the last update. Members discussed each of the risks individually.

**3924 – financial resources** – it was noted that the Q1 forecast had not altered and there continued to be emerging pressures. The 5 year financial plan had still to be updated but

no material change to the outlook was expected. Members agreed that there should be no change to the risk rating.

**3925 – operational resources** – the strategic plan was currently under review and a new plan was to be agreed by the end of the year. The main drivers of risk remained unchanged and no change to the risk rating was recommended.

Members discussed the need to clearly communicate to the public the challenges facing services and how this could best be achieved. It was acknowledged that taking on board the views and priorities of the public should be an important part of budget setting. It was suggested that this was a matter for the wider IJB and might be included in a development session, perhaps as part of budget setting.

Members also discussed the impact which the new strategic plan might have in helping to reduce this risk and it was noted that, as set out in the CIPFA code, all plans and processes should be financially sustainable going forward. However, this must also be balanced with the need for ambition and transformation, minimising negative impacts on the lives of service users.

There was some debate on whether this risk was correctly rated as 'Very High' given that the IJB's strategic plan had never not been delivered but had instead been amended to take account of changing financial constraints. Mr Porteous pointed out that the risk was related to the availability of services and the ability to provide those services. Some of the key challenges were non-financial, such as staffing and infrastructure. David Hood added that continued to be a significant gap in the IJB's 1 year and 5 year financial plans and at present the ability to find financial balance and deliver the full strategic plan remained unclear. Mr Porteous indicated that the review of the 5 year financial plan may impact on the risk rating going forward, but for the moment he recommended no change.

Members agreed that the risk rating should remain unchanged.

**4018 – impact of partner decisions** – Mr Porteous reported improvements in collaboration and transparency with partners and advised that they were looking to align efficiencies and gain a better understanding of the potential impact of decisions. He noted that NHS Lothian did not currently have a balanced financial position, and members needed to consider what this might mean for IJB services. Members agreed on the importance of ensuring partners clearly understood their strategic role in supporting the work of the HSCP.

**5220 – demographic pressures** – Mr Porteous explained that East Lothian's position as the second highest area of population growth in Scotland, and the specific impact on services for the elderly, was part of the reason for maintaining this risk as 'High'. He recommended no change to the rating.

Members discussed whether the current risk level was appropriate and whether it would be possible to get a **better understanding of the main demographic pressures**. Mr Porteous advised that while the risk was not subsiding, it was also not getting any worse and, there was no indication that the IJB would not be able to deliver services for the current population. However, he agreed that it would be useful for forward planning to get a better understanding of the pressures and the level of unmet need.

David Hood said that there was work being done via the Programme Boards on the impact of demographics, with support from analytical services. He agreed that it was important to have a conversation about this, but they needed to consider where this should take place, e.g. as part of a development session or through the Strategic Planning Group with a link back to the strategic plan and programme board structure.

The Chair thanked Mr Hood and said it would be helpful if he could give this further consideration.

**5279** – impact of the NCS proposals – the Committee had agreed at its last meeting to change the title of this risk to 'Legislation' and to specify 3 key elements: NCS, changes to employer NICs and immigration. Mr Porteous apologised for not having made these changes but said he would do so after the meeting. He then provided a summary of each risk element and recommended no change to their risk ratings.

Members discussed the level of risk for each element and the possibility of increasing the rating on Immigration. They noted that currently there were uncertainties over the potential impact of the forthcoming UK and Scottish government budgets. They agreed that the rating should remain unchanged for the present but that the 3 strands of this risk should be more clearly outlined.

**5486 – financial forecasting** – Mr Porteous reported that both partner finance teams were now up to full strength and working together well. Quarterly reporting to the IJB continued, although it could sometimes be challenging to produce timely financial information, particularly as they neared the end of the financial year. He indicated that while there was no difficulty getting information from partners, it was the timing of IJB meetings meant that the information presented there was not as up to date as perhaps it could be. The IJB may have to review the timing of its meetings, particularly towards the end of the financial year. He recommended that this risk rating remain unchanged, and members agreed.

The Chair thanked everyone for their contributions to the discussion.

## **Decision**

The Committee agreed to:

- i. Note the updates to the risk register since the last meeting.
- ii. Consider if any further risks should be added to the register.

## **6. INTERNAL AUDIT REPORT – FINANCIAL PLANNING**

A report was submitted by the Chief Internal Auditor informing the Committee of the recently issued audit report on EL IJB Financial Planning.

Mr Stainbank presented the report highlighting the areas where controls were met and the areas with scope for improvement. He also drew attention to the work on the 5-year financial plan.

In response to a question from Councillor Akhtar, Mr Stainbank and Mr Porteous provided further information on proposed completion dates for actions, and work taking place on short and longer term financial planning.

## **Decision**

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

Signed: .....

Elizabeth Gordon  
Chair (temp.) of the East Lothian IJB Audit and Risk Committee

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## EAST LOTHIAN IJB AUDIT & RISK COMMITTEE - ROLLING ACTIONS LOG

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Meeting Date: 2 December 2025

Action No.	Agenda Item	Meeting Date	Source & Action	Action Owner	Expected Completion Date	Comments
1/25	2. Minutes and Matters Arising	23.09.25	<b>Additional Question:</b> To create a rolling action log for the committee.	Fiona Currie	02.12.25	Completed on 19.11.25  Recommended for closure
2/25	4. Audited Annual Accounts 24/25	23.09.25	<b>Additional Question:</b> To make the previously agreed changes to the wording of the Annual Governance Statement	Mike Porteous	Before accounts signed off	Changes made.  Recommended for closure
3/25	5. 2025/26 Risk Register Review	23.09.25	<b>Additional Question:</b> To add to the development session on budget setting the following: Consider how best to take on board the views and priorities of the public as part of budget setting; and how to clearly communicate to the public the challenges facing services.	Mike Porteous	None stated	
4/25	5. 2025/26 Risk Register Review	23.09.25	<b>Additional Question:</b> To consider & arrange an appropriate setting (e.g. development session or SPG meeting) for a detailed discussion on understanding demographic pressures and levels of unmet need.	David Hood/Mike Porteous	None stated	
5/25	5. 2025/26 Risk Register Review	23.09.25	<b>Additional Question:</b> To make the agreed changes to Risk 5279 (change of title and more clearly define the 3 key elements)	Mike Porteous	By next meeting	Changes made.  Recommended for closure





**REPORT TO:** East Lothian IJB Audit & Risk Committee

**MEETING DATE:** 2 December 2025

**BY:** Chief Finance Officer

**SUBJECT:** 2025/26 Risk Register Review

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## **1 PURPOSE**

- 1.1 The purpose of the report is to update the Audit & Risk Committee on the status of the current IJB Risk Register and discuss any proposed changes.

## **2 RECOMMENDATIONS**

- 2.1 The IJB is asked to:
- i. Note the updates to the risk register since the last meeting.
  - ii. Consider if any further risks should be added to the register.

## **3 BACKGROUND**

- 3.1 The Risk Register is a key part of the governance processes underpinning the work of the IJB. It records risks that impact on the business of the IJB and the controls in place to manage and mitigate the impact of each risk.

- 3.2 The risk register was reviewed and reported on to this committee in September 2025. The register reported 6 risks, with 2 set at Very High, 2 set at High and 2 with a Medium risk rating. Updates on these risks are provided below.

### Very High risk rating

- 3.3 Risk 3924 Financial resources may be insufficient to sustain the Strategic Plan – The Q2 Finance Report to the IJB highlighted the significant increase in the adverse year to date and forecast financial position. The updated Medium Term FP continued to project a significant overspend for 2026/27. It is recommended this risk remains Very High.

- 3.4 Risk 3925 Operational resources may be insufficient to deliver the Strategic Plan – work continues to finalise a plan for the decant of Tynebank which can be shared with service users and implemented from April 2026. Multiple locations are required to support the decant. The drivers of this risk remain unchanged, and services are operating under pressure.

High Risk rating

- 3.5 Risk 4018 Impact of Partner's Decisions – IJB officers meet regularly with Partner senior management and financial and operational issues and plans are discussed to ensure clarity and openness. No change to this risk.
- 3.6 Risk 5220 Demographic pressures – the rapid growth in the East Lothian population continues. A new Care at Home Strategy was presented to the IJB in September 2025 with agreement by the Strategic Planning Group that an Implementation Plan will be developed, led by General Managers.

Medium Risk rating

- 3.7 Risk 5279 Impact of Legislation
- eNIC – the IJB is working with Scotland Excel and monitoring supplier positions to identify potential pressures.
  - National Care Service – Scottish Government have indicated they intend to change the membership of the IJB to include representatives with lived experience. IJB is monitoring the situation and awaiting confirmation of how and when this will come into effect.
  - Immigration – working with Partners to identify and address the impact of immigration policy on the workforce. No evidence of adverse impact at this point in time.
- 3.8 Risk 5486 Accurate financial forecasting – the finance functions of both partners continue to refine and improve their monitoring and reporting processes to ensure the IJB receives accurate timely financial information.

## **4 ENGAGEMENT**

- 4.1 The IJB holds its meetings in public and makes its papers publicly available.

## **5 POLICY IMPLICATIONS**

- 5.1 There are no policy implications in this report.

## **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 There are no new directions nor amendments to then current directions required by this report.

## **8 RESOURCE IMPLICATIONS**

- 8.1 Financial – None  
8.2 Personnel – None  
8.3 Other – None

## **9 BACKGROUND PAPERS**

- 9.1 None

### **Appendix: Extract of Risk Register – TO FOLLOW**

<b>AUTHOR'S NAME</b>	Michael Porteous
<b>DESIGNATION</b>	Chief Finance Officer
<b>CONTACT INFO</b>	<a href="mailto:Mike.porteous@nhslothian.scot.nhs.uk">Mike.porteous@nhslothian.scot.nhs.uk</a>
<b>DATE</b>	December 2025



**REPORT TO:** East Lothian IJB – Audit and Risk Committee

**MEETING DATE:** 2 December 2025

**BY:** Chief Internal Auditor

**SUBJECT:** Internal Audit Update of East Lothian Council Internal Audit Reports

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## **1 PURPOSE**

- 1.1 To inform the Audit and Risk Committee of the recently issued audit reports relevant to IJB Governance, Internal Control and Risk Management processes submitted to the East Lothian Council Audit & Governance Committee.

## **2 RECOMMENDATION**

- 2.1 That the Audit and Risk Committee note the contents of the audit report and consider any governance, risk management and control implications for the East Lothian IJB.

## **3 BACKGROUND**

- 3.1 The East Lothian Council Internal Audit team reports key audit findings, conclusions and recommendations to the East Lothian Council Audit & Governance Committee. Some of this internal audit work will provide assurances that should be considered by the East Lothian IJB, however recommendations have been agreed within the Council organisations and will be tracked within the Council Internal Audit arrangements.
- 3.2 All audit reports are available publicly for review on the East Lothian Council website.
- 3.3 The Executive Summary of the Direct Payments Internal Audit Review (Appendix1) highlights that, the internal controls in place for Direct Payments are generally reliable, however there are some improvements that can be made to provide a fully effective control process, including a review of the financial assessment processes to ensure that client contributions are being collected when appropriate, that the current

policy for self-directed support is reviewed and updated when appropriate and that the pre-paid card provider challenges are resolved.

#### **4 ENGAGEMENT**

- 4.1 Engagement with management will have been undertaken in accordance with the procedures in place for the relevant Internal Audit team.

#### **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

<b>AUTHOR'S NAME</b>	Duncan Stainbank
<b>DESIGNATION</b>	Chief Internal Auditor
<b>CONTACT INFO</b>	dstainbank@eastlothian.gov.uk
<b>DATE</b>	20 November 2025

# Appendix 1 Executive Summary: Direct Payments

## Conclusion: Reasonable Assurance

The internal controls in place for Direct Payments are generally reliable, however there are some improvements that can be made to provide a fully effective control process, including a review of the financial assessment processes to ensure that client contributions are being collected when appropriate, that the current policy for self-directed support is reviewed and updated when appropriate and that the pre-paid card provider challenges are resolved.

### Background

Direct Payments are an integral part of Self-Directed Support and are governed by legislation – the Community Care and Health (Scotland) Act 2002 introduced a range of provisions relating to Direct Payments and Local Authorities have a duty to offer Direct Payments to people eligible for social care. In 2007, the Scottish Government issued National Guidance on Self-Directed Support – the guidance sought to improve the take-up of self-directed support. In addition, we note that in March 2012 the Self-Directed Support (Scotland) Bill was published. The Social Care (Self-directed Support) (Scotland) Act 2013 places a specific duty on local authorities to allow individuals to choose how their social care is supported by giving them as much control over the individual budget spent on their care. We note that the Mosaic system is used for administering social care for Adult Wellbeing and Children’s Wellbeing, this is supported by the pre-paid card payment system used for Direct Payment processes.

### Summary of findings & recommendations

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

- The current Self-Directed Support Policy has been in place since 2018 and since then there have been changes in processes, in addition detailed clawback procedures are required. *Management already had this review in progress through the SDS Delivery Group and will deliver a draft policy and procedure to consult on by January 2026.*
- Audit testing identified one case where a financial assessment should have been completed and had not been and 3 cases when assessed financial contributions had not been informed to clients resulting in a lack of recovery. *Management have already reviewed all Direct Payment cases where a financial assessment is required and will follow the processes to ensure that when applicable contributions are requested and monitored for recovery by April 2026.*
- The pre-paid card provider used for direct payments has had issues with providing historical reporting impacting monitoring activity since July 2025, considerations are required of contract management processes moving forward, ensuring contingency plans are in place and when monitoring capability is restored that monitoring and fund recovery is undertaken in full. *Management is actively pursuing all of these activities and will ensure progress is in place by April 2026, although completion will be dependent on progress with the external provider.*

### Recommendation Summary

Recommendations Grade	High	Medium	Low	Total
Current Report	-	8	2	10
Prior Report	-	19	-	19

### Materiality

The Council has a 2025/26 Direct Payment budget of £4million and the expenditure recorded on ledger is £2.6million to period 6. The 2024/25 Budget was £3.1million with actual expenditure of £3.3 million.

## 2 Headlines

Objectives	Conclusion	Comments
1. To ensure that appropriate policies and procedures are in place within the council that meet legislative requirements.	<b>Reasonable</b>	A Detailed Policy and procedures are in place in accordance with the Self-directed (Direct Payments) (Scotland) Legislation and have been communicated to Social Work Staff responsible for administering Direct Payments. The current Self-Directed Support Policy has been in place since 2018 and since then there have been changes in processes such as the introduction of pre-paid bank cards. There are also no clear, detailed procedures in place for the recovery of funds specifying which Staff are responsible for reclaiming funds from clients who have failed to pay their assessed contributions or clients who are holding excessive amounts above the contingencies set. A revision of the policy and procedures are required to include these elements.
2.To ensure that all clients have had a strength based assessment completed prior to direct payments being made.	<b>Reasonable</b>	From the sample of 15 clients selected 10 have not had their annual review started by the target timescale. Adult Social Work Management have a performance framework in place that monitors against completion of these reviews on a regular basis having for the first time completed all the reviews due in the 2024/25 financial year. The Framework allows the reporting that as at 3/10/2025 there are 118 clients reviews on the waiting list; 76 reviews are overdue (from March 2025 – September 2025) and 42 reviews are due (from October 2025 – October 2026). Recruitment is being put in place to ensure delivery in 2024/5 that will require appropriate training and quality assurance reviews to be put in place.
3. To ensure that there is an adequate Authorisation processes in place to ensure that clients have payments made for their assessed needs in accordance with procedures and legislation	<b>Reasonable</b>	For Every Direct payment client reviewed as part of the audit their package of care had been authorised in line with the authorisation process at the time of the review. However as noted in objective 2 not all clients have had their current strength-based assessments yet reviewed in 2025/26 however this is being resolved by additional team recruitment and there are adequate monitoring controls to ensure that this will be progressed to conclusion. Option 1 - Direct Payments training is required for all CCWS and Social Workers across the ASW team and review team
4. To ensure that each client has an appropriate financial assessment in place and any assessed contribution is being deducted from the correctly calculated direct payment.	<b>Limited</b>	From the testing of 15 cases only 5 required a financial assessment to be undertaken and in 1 case this had not been undertaken as they transferred from Direct payments to a different type of support. However, in 3 other cases where a financial assessment had been undertaken the clients failed to top up their bank accounts with the assessed contributions. A review of the contribution processes in relation to Direct payments is now required to ensure they are being assessed and recovered as appropriate.
5. That there are adequate monitoring procedures in place to ensure that the direct payments being made are being utilised for the appropriately authorised care package.	<b>Reasonable</b>	Due to disruptions in the system, the Council has been unable to access historical bank statement data prior to July 2025. This has resulted operational challenges for the Council. There is no contingency plan in place for a lack of systems access. Ensuing that monitoring is fully undertaken and amounts recovered/paid when systems capabilities are restored is required.



# Areas where expected controls are met/good practice

No.	Areas of Positive Assurance
1.	For Every Direct payment client reviewed as part of the audit their package of care had been authorised in line with the authorisation process at the time of the review.
2.	All clients had been reviewed during the 2024/25 financial year and a performance monitoring process is place that ensures that Adult Social Work Management are aware of the status of case reviews and if further resources are required to ensure that required reviews are completed within the year.
3.	Following reviews undertaken in 2024 in excess of £170k of funding was reported as having been recovered from direct payment accounts.
4.	Management have already proactively reviewed the payments made to the pre-paid card provider and recovered funds when appropriate and sought to apply discounts when full services have not been available.
5.	East Lothian Health & Social Care Partnership has a Self-Directed Support Delivery Group in place with a drafted action plan across all self-directed support which already included ensuring a review of the policy and procedures in place across the Council which will include a review of the linkages in place for the process with Children's services who are not part of the partnership.

# Recommendation Grading/Overall Opinion Definitions

Recommendation	Definition
<b>High</b>	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.
<b>Medium</b>	Recommendations which will improve the efficiency and effectiveness of the existing controls.
<b>Low</b>	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.
Levels of Assurance	Definition
<b>Substantial Assurance</b>	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.
<b>Reasonable Assurance</b>	There is a generally sound system of governance, risk management and control in place. Some issues, noncompliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Limited Assurance</b>	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.
<b>No Assurance</b>	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.