

Approved – 25 July 2024

**Minutes of an Extraordinary Meeting of the ICB Audit Committee  
(Annual Report and Accounts 2023/24)  
Held on Wednesday, 19 June 2024  
in the Rivington Room, ICB Offices, County Hall, Preston**

<u>Members</u>		
Jim Birrell	Chair/Non-Executive Member	L&SC ICB
Sheena Cumiskey	Non-Executive Member	L&SC ICB
<u>Co-opted Member</u>		
Ian Cherry	Co-opted Lay Member	L&SC ICB
<u>Attendees</u>		
Kevin Lavery	Chief Executive	L&SC ICB
Sam Proffitt	Chief Finance Officer	L&SC ICB
Debra Atkinson	Company Secretary/Director of Corporate Governance	L&SC ICB
Katherine Disley	Director of Operational Finance	L&SC ICB
Liz Bateman	Head of Financial Control	L&SC ICB
Louise Cobain	Executive Director of Assurance	MIAA
Lisa Warner	Senior Internal Audit Manager	MIAA
Paul McGrath	Anti-fraud Manager	MIAA
Tim Cutler	Partner	KPMG
Louise Talbot	Board Secretary and Governance Manager	L&SC ICB

No	Item	Action
AC/ 1/24	<p><b><u>Welcome, Introductions and Chair's Remarks</u></b></p> <p>The Chair, Jim Birrell, welcomed everybody to the meeting, in particular the Chief Executive, Kevin Lavery who had an annual invitation to attend the Audit Committee.</p>	
AC/ 2/24	<p><b><u>Apologies for Absence/Quoracy of Meeting</u></b></p> <p>Apologies for absence had been received from Josh Parkinson, KPMG. The meeting was quorate.</p>	
AC/ 3/24	<p><b><u>Declarations of Interest</u></b></p> <p><b>RESOLVED: That there were no declarations made relating to the items on the agenda.</b></p> <p><b>(a) Audit Committee Register of Interests – Noted.</b></p> <p>It was noted that any third-party links to sums of money are paid to the relevant organisation, not the individual representing the organisation.</p>	
AC/ 4/24	<p><b><u>Minutes of the Meeting Held on 28 March 2024</u></b></p> <p><b>RESOLVED: That the minutes of the meeting held on 28 March 2024 be approved as a correct record.</b></p>	

AC/ 5/24	<p><b><u>Matters Arising and Action Log</u></b></p> <p><b>Matters Arising:</b> There were no specific matters arising that were not covered in the action log.</p> <p><b>Action Log:</b></p> <p><b>Deep Dives</b> – Consideration would be given at the July meeting on focus topics.</p> <p><b>Assurance Mapping</b> – The work had been completed and a report would be submitted to the July meeting of the committee.</p> <p><b>Quality Surveillance Dashboard</b> – A Patel advised that optometry had been evidenced and provided within the dashboard and developed. A report had been provided by the Director of Primary Care and I Cherry advised that monitoring was a standing item on the Primary Care Commissioning Committee agenda. <b>Agreed that the action could be closed.</b></p> <p><b>Audit Insights – Data Quality</b> – A Patel advised that a report would be submitted to the next meeting of the Finance and Performance Committee. J Birrell made reference to the internal audit report which identified that there wasn't a Data Quality Policy so the matter will be mentioned in the triple A report to the Board. <b>Agreed that the action could be closed.</b></p> <p><b>Health Inequalities Statement</b> – Reference to the statement was included via a link in the ICB Annual Report to the ICB's website. <b>Agreed that the action could be closed.</b></p> <p><b>Health Technical Update – Empowering analysts to unlock the potential of NHS data for integrated care</b> – A Patel advised that the approaches referred to in the KPMG report had featured in a Board seminar on population health. He added that the ICB's analytical service is largely provided by performance managers. <b>Agreed that the action could be closed.</b></p> <p><b>HR/Payroll Audit</b> – K Disley advised that work had taken place with payroll following which, a report was produced which identified some duplicate payments. She was liaising with payroll colleagues on the next steps and also advised the committee that there may potentially be further overpayments. An update would be provided at the next meeting of the Audit Committee.</p> <p><b>Budget Virement Policy</b> – It was anticipated that the updated policy would be submitted to the next meeting of the Audit Committee.</p> <p><b>Single Tender Waivers:</b></p> <ul style="list-style-type: none"> <li>- <b>Personalised Care Workforce Delivery Programme</b> – K Disley advised that the team was currently being developed and work was taking place in respect of the investment business case. She advised that they do not have the capabilities presently to widen the training however, all relevant in-house staff had received training.</li> <li>- <b>Special Care Dentistry and Unscheduled Dental Care Special Care Services</b> – K Disley advised that it was the final single tender waiver and the process had been superseded by the new Provider Selection Regime. <b>Agreed that the action could be closed.</b></li> </ul> <p><b>Draft ICB Accounts</b> - Thanks were conveyed to I Cherry for reviewing the accounts and to K Disley and the team for the work undertaken in finalising the accounts. <b>Agreed that the action could be closed.</b></p>	<p>LJT</p> <p>DA</p> <p>LJT (√)</p> <p>LJT (√)</p> <p>LJT (√)</p> <p>LJT (√)</p> <p>KD</p> <p>KD</p> <p>LJT (√)</p> <p>LJT (√)</p>
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**Internal Audit**

**(a) Progress Report** – L Warner spoke to a circulated report which provided an update on the work undertaken on the closure of the 2023/24 internal audit plan and progress being made with the 2024/25 internal audit plan.

It was noted that delivery of the 2023/24 audit plan was complete and the following final reports were presented:

- Continuing Healthcare – Limited assurance
- Healthcare Contract Management – Moderate assurance
- Fit and Proper Persons – Moderate assurance
- Single Oversight Framework review – Substantial assurance
- Primary Care – Review of annual declaration – assurance rating not applicable
- DSPT Phase 1 – Feedback provided to ICB Management

One report was at draft status in relation to the CHC Adam system but a draft improvement action plan was in place.

Work on delivery of the 2024/25 audit plan had commenced in line with the schedule of reviews.

An update on the follow-up of previous internal audit recommendations was also provided in the report. It was noted that there was a total of 106 recommendations made and of these, 55 had been actioned, 13 were in progress and 38 recommendations were in the process of being followed up or were not due for follow-up. There were six high priority recommendations outstanding in relation to the reviews of Board Reporting, QIPP, HR payroll, Healthcare Contract Management and Fit and Proper Persons which were either not due (two recommendations related to Healthcare Contract Management and Fit and Proper Persons) or were in the process of being followed up/update awaited/further evidence awaited from ICB (four recommendations related to QIPP, Board Reporting and Payroll/HR).

The Chair acknowledged the scope and depth of work undertaken in producing the 2023/24 internal audit reports produced.

I Cherry referred to the primary care annual review of declaration commenting that there had been a number of iterations produced and he conveyed his thanks to the team for the work undertaken.

Discussion ensued regarding the continuing healthcare audit, particularly as there had been an undertaking that the work relating to the CHC Adam system would be completed by the year-end. I Cherry expressed his disappointment that it had not been completed and sought clarification as to the reasons why. L Cobain advised that a number of discussions had been held around the timing of the audit which had initially been profiled to take place earlier in the year but was since moved back to Q4. Discussion had been held in respect of the focus of the review and that the audit on the Adam system related to the infrastructure not the finance aspect. She further advised that due to an unplanned staff absence there had been a delay in finalising the report so it could not be submitted to the committee in time. L Cobain advised that the draft report was currently with the lead officer and management responses had been sought. Two high risk recommendations had been made which indicated a limited assurance opinion and related to lack of business continuity and the impact if the Adam system went down.

J Birrell referred to the summary of the audit where it stated that good progress had been made in establishing an in-house team to deliver service turnaround, the

approach to which had been sound, including utilising external assistance which had delivered a significant return on investment. He felt it was important that the ICB Board in particular was aware of this and he would reference it in the triple A report to the Board. S Cumiskey would ensure that the comments are noted at the Quality Committee. L Cobain advised that a detailed improvement plan had been put in place and quarterly follow-ups would be undertaken. She also advised that the work in respect of data analysis had been completed for sharing with S Proffitt and Finance Director colleagues and would be included in the next progress report to the Audit Committee.

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J Birrell referred to the audit relating to the Single Oversight Framework (SOF) review and note reference to a possible delegation of authority to the System Recovery and Transformation Board, (SRTB). S Proffitt advised that discussion had been held at the SRTB the previous day and clarity was awaited on the governance arrangements however, she did not envisage a need for any delegated authority. K Lavery commented that the Transformation Board was held quarterly and was not a decision-making Board, only advisory. In going forward, he advised that consideration needed to be given as to how clinical configuration would be managed. He further advised that 'holding to account' was undertaken through the committees and the Improvement and Assurance Group (IAG) meetings (ICB/Trusts). Any matters emerging from the framework would be addressed. A Patel advised that the SOF was currently under review and may be superseded.

**RESOLVED: That the Audit Committee note the internal audit progress report.**

**(b) Final 2023/24 Head of Internal Audit Opinion (HoIAO) –** The draft HoIAO was provided to the ICB in April in line with NHSE timescales. The Audit Committee received the final 2023/24 HoIAO and Annual Report which provided an overall moderate level of assurance.

J Birrell asked how the ICB could improve on the assurance rating moving from moderate to substantial. L Cobain advised that testing was undertaken through embedding systems and processes commenting that much more was embedded during 2023/24. He asked if there was anything further that the Audit Committee could undertake and L Cobain acknowledged that the ICB had directed them into a risk based approach. She advised that the organisation's response to follow-up impacted on the judgements made. S Proffitt confirmed that a process was in place within the team to ensure follow-up work was undertaken.

D Atkinson referred to the work that had taken place on the Board Assurance Framework, building in the ICB's risk tolerance and the inclusion of a gateway of a risk being presented and the target risk. More detailed discussion would be held around this and it was recognised that MIAA would have sight of it much earlier in the current financial year which would demonstrate the embeddedness.

S Proffitt informed the Audit Committee that the team was driving for substantial assurance and the ICB was on the right trajectory and K Lavery commented that 2023/24 had been a productive year. A Patel asked if there was a way of separating the mandatory areas from those areas the ICB specifically identifies as there was a difference with core mandated areas. L Cobain would share the mandated areas, those they are directed to and the risk- based areas and would also reflect this in the narrative.

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I Cherry suggested that one area could be to mandate a level of assurance that the ICB would want to achieve and in the event it falls below expectations, an explanation be given as to how the gap would be addressed. This would then provide clear oversight in moving from limited to moderate then to substantial assurance. He suggested

	<p>carrying out a review in six months' time as to whether the level of assurance provided within independent audit reports was moving in the right direction. He also asked whether the relevant Director be asked to attend the Audit Committee for internal audits assessed as 'Moderate Assurance' as well as 'Limited Assurance'. J Birrell reminded the Audit Committee that Executives are already invited to attend Audit Committee meetings for the latter but that it would be helpful to consider Ian's suggestion more fully at the next meeting.</p> <p><b>RESOLVED: That the final 2023/24 Head of Internal Audit Opinion be recommended to the Board.</b></p> <p><b>(c) The Internal Audit Network Insight Report –</b> Noted for information.</p> <p><b>RESOLVED: That the Audit Committee note the report.</b></p>	
<p><b>AC/7/24</b></p>	<p><b><u>ICB and External Audit</u></b></p> <p>The Audit Committee received the following reports along with an overview of KMPG's findings for the audit of the financial statements of the ICB as at and for the year ending 31 March 2024.</p> <p><b>(a) ICB Annual Report and Audited Accounts 2023/24 –</b> J Birrell conveyed his thanks to I Cherry for the external scrutiny on the audited accounts. J Birrell also confirmed that the accounts reconciled back to the financial statements that had been submitted to the ICB Board and that there were no issues to raise. S Proffitt also confirmed that the position reflected the forecast position throughout the year and landed where the risk was clearly reported to the ICB Board.</p> <p>In respect of the ICB Annual Report, J Birrell confirmed that it met all statutory requirements. He had forwarded some relatively minor changes to D Atkinson since issued with the committee papers.</p> <p>It was suggested that some of the achievements and highlights contained within the Annual Report be brought to life and that there should be a celebration of those achievements. J Birrell commented that some sections did not appear to reflect some of the work undertaken during the year. S Cumiskey was mindful of the statutory requirements in terms of content suggesting that it may be that there need to be two versions, ie a statutory version and a version that included the highlights of the year and was a more public facing document. She would not however, want additional burden to be placed on staff. S Proffitt noted the comments made and whilst there appeared to be much improvement from the previous year, she suggested that time be built in to determine what good looks like. There would be an opportunity at the ICB's Annual General Meeting (AGM) that would bring the highlights and achievements to life. Consideration would be given to this when producing the presentation for the AGM.</p> <p>I Cherry welcomed the Annual Report and found it interesting and informative, particularly from a user perspective as he is not a Board Member. The hard work in producing the document was acknowledged.</p> <p><b>RESOLVED: That the Audit Committee recommend the ICB Annual Report and Audited Accounts 2023/24 to the ICB Board.</b></p> <p>J Birrell advised that there remained some areas that required final sign-off and in this context, he wondered if the scheduling of the Extraordinary Board meeting was too early in the month and whether it would need to be held towards the end of June in 2024/25. This would then enable the external auditors to have completed their exercise. S Proffitt advised that there needed to be time built in after the Board meeting to enable the</p>	<p><b>SP/KD</b></p>

drawing the work together in readiness for submission.

**(b) ISA 260 Report/Auditor's Annual Report 2023/24** – The Audit Committee received the ISA 260 Report and Auditor's Annual Report 2023/24. T Cutler advised that all outstanding matters had been completed and no issues had been found at the end of May. He outlined the testing work that had been undertaken and suggested that the accounts as presented be recommended to the ICB Board for approval. He pointed out that the only issue could be if there was a material unadjusted audit difference which would need to be appended to the management representation letter however, it was unlikely. He further advised that there needed to be sufficient time built in working back from the submission date to enable both teams to undertake the final checks.

T Cutler advised that there was a requirement to select a sample of cut off items and bank payments after year end which required validation. Whilst the supporting documentation was awaited, it would not change the accounts.

The Audit Committee was comfortable in recommending approval of the accounts with a delegation to S Proffitt to include any unadjusted audit difference to be appended to the management letter if required. There would be a requirement to seek approval for S Proffitt to have delegated authority from the Board should there be any issues between the Board meeting and submission of the accounts on 28 June 2024.

T Cutler advised the Audit Committee that the ISA 260 was submitted to advise the committee of KPMG's findings. The Annual Auditor's Report 2023/24 was a public facing document that contained the conclusions of the value for money audit and should be published alongside the ICB's Annual Report and Accounts 2024/24.

The Audit Committee noted the outcomes from KPMG's procedures against each of the domains of value for money which were:

Domain	Risk assessment	Summary of arrangements
Financial sustainability	Significant risk identified	One significant weakness identified
Governance	No significant risks identified	No significant weaknesses identified
Improving economy, efficiency and effectiveness	Significant risk identified	No significant weaknesses identified

Discussion ensued regarding the area of significant weakness relating to financial sustainability. T Cutler commented that if the ICB had approved a financial plan where levels of risk were lower, the value for money outcome may have been different. In response it was said that the Board was sighted on the risk and always reported against the agreed plan. S Proffitt had had discussions with T Cutler advising that the Board signed off a high-risk plan but unfortunately, the Board minutes do not fully reflect the depth of the discussion. She commented that there was a real attempt to deliver the plan but the in-year movements were well over the plan, particularly in respect of inflation and continuing healthcare. In respect of the Trusts, only two were significantly away from the plan submitted. S Proffitt advised that she would not ask the Board to sign up to a plan that could not be delivered but recognised that it was high-risk. J Birrell advised that work had taken place to develop alternative ways of making savings however, not all could be delivered. T Cutler acknowledged that the ICB had faith in achieving a breakeven position however, the value for money conclusion has to be based upon the actual events of the 12 months audit period.

K Lavery echoed the comments made and whilst it was acknowledged the plan was high-risk, the intention was not to have a deficit. Line by line and thorough discussion had been held at the Part 2 Board meeting in March 2023. He further commented that

	<p>from day one, the ICB was forecasting the risks around the plan. There had been challenging discussions with NHSE but the outturn position wasn't a surprise. T Cutler commented that KPMG's role was to provide the public with assurance. It was suggested that consideration be given about there being more detailed discussion in the public domain in respect of finance and risk and/or a short summary of the closed (private) discussions could be covered in the Chief Executive's report.</p> <p>T Cutler referred to the achievement on the financial statements audit which was a credit to the team and he conveyed his thanks to them for their co-operation.</p> <p>It was noted that the report identified that the ICB lacked a formalised business case process or documentation to support decision-making on future investments. This would be taken forward by S Proffitt.</p> <p><b>RESOLVED: That the Audit Committee recommend the ISA 260 and Annual Auditor's Report 2023/24 to the ICB Board.</b></p> <p><b>(c) Management Representation Letter</b> – The Audit Committee received the draft management representation letter for recommendation to the ICB Board. K Lavery confirmed his acceptance of the contents of the letter.</p> <p>J Birrell sought clarification as to whether reference to the value for money audit on financial sustainability should be included in the Annual Governance Statement (AGS). D Atkinson advised that the AGS was more prescriptive in terms of the requirements of describing the activities of the Board and committees along with the work undertaken in respect of committee effectiveness. However, D Atkinson will look at referencing the value for money statement on financial sustainability.</p> <p><b>RESOLVED: That the Audit Committee recommend the Management Representation Letter to the ICB Board.</b></p>	<p>SP</p> <p>DA</p>
<p>AC/ 8/24</p>	<p><b><u>Draft Annual Report of the Audit Committee 2023/24</u></b></p> <p>The Chair spoke to a circulated report which was the draft Annual Report of the Audit Committee 2023/24 and summarised the work undertaken between 1 April 2023 and 31 March 2024.</p> <p>It was noted that whilst there was an overlap with the previous report which covered the year ending 30 June 2023, the draft report covered the same period as the ICB Board's 2023/24 Annual Report and Accounts. The draft report was structured along the lines of the format recommended in the NHS Audit Committee Handbook. It was noted that the draft report contained elements of advise, assure and alert and the ICB Board would be asked to consider the contents of the report as part of the review of the 2023/24 Annual Report and Accounts of the ICB.</p> <p>It was commented that it was a positive report and was a good reflection of the work undertaken across KPMG, MIAA and the ICB teams.</p> <p><b>RESOLVED: That the Annual Report of the Audit Committee 2023/24 be recommended to the Board for noting.</b></p>	

AC/ 9/24	<p><b><u>Anti-fraud Annual Report 2023/24</u></b></p> <p>P McGrath spoke to a circulated Anti-fraud Annual Report 2023/24 which provided the Audit Committee with details of the anti-fraud work undertaken within the financial year and provided the scoring against the self-assessment for the Counter Fraud Standard Return.</p> <p>The Audit Committee noted that 11 out of 12 of the self-assessment scorings were RAG (red, amber, green) rated as Green with one rated amber in relation to access to and completion of training. It was noted that 76% of staff had completed fraud awareness training via the Electronic Staff Record during 2023/24. P McGrath would work with the ICB to ensure a higher percentage of staff complete the training to achieve a green rating. S Proffitt advised that there was a focus being overseen by L Radford, Acting Chief People Officer in respect of mandatory training. P McGrath commented that there was an improvement in comparison to the previous year and work would continue to ensure staff complete their mandatory training. D Atkinson reminded the Audit Committee that over 200 staff had transferred into the ICB during the year.</p> <p><b>RESOLVED: That the Audit Committee approve the Anti-fraud Annual Report 2023/24.</b></p>	
AC/ 10/ 24	<p><b><u>Information Governance</u></b></p> <p>A Patel spoke to a circulated report which provided an update on the status of the ICB's 2023/24 Data Security and Protection Toolkit (DSPT). He advised that the current position in relation to the evidence criteria submitted was 106 out of 108. The two remaining required sign-off by the Information Governance Oversight Group following which, he would be able to report that all standards had been met and compliance with the toolkit. A post-meeting update would be provided in the minutes.</p> <p><b>RESOLVED: That the Audit Committee note the report and the verbal update.</b></p> <p><i>Post meeting note:</i> The ICB had since completed 108 out of the 108 requirements and the DSPT will be submitted as 'Standards Met' before 30 June 2024.</p>	AP/LJT (√)
AC/ 11/ 24	<p><b><u>Committee Escalation and Assurance Report to the Board</u></b></p> <p>J Birrell provided a verbal summary of the items for inclusion on the committee escalation and assurance report to the Board and would liaise with the Board Secretary to finalise the report for submission to the Board.</p> <p><b>RESOLVED: That the Audit Committee note the verbal summary provided.</b></p>	JB/LJT (√)
AC/ 12/ 24	<p><b><u>Items Referred to Other Committees</u></b></p> <p><b>RESOLVED: That the positive comments expressed in the MIAA report on the work being undertaken by the Continuing Healthcare Team be brought to the attention of the Quality Committee.</b></p>	SC (√)
AC/ 13/ 24	<p><b><u>Any Other Business</u></b></p> <p>There were no matters raised.</p>	



<p>AC/ 14/ 24</p>	<p><b><u>Items for the Risk Register</u></b></p> <p>It was commented that there may be a requirement for a discussion to be held at the Finance and Performance Committee in respect of financial sustainability with a view to adding it to the Risk Register. S Proffitt advised that it was included in the Board Assurance Framework.</p> <p><b>RESOLVED: That whilst there was nothing specific to add to the Risk Register, there may be a requirement to explore other angles of financial sustainability which may need to be included on the Risk Register.</b></p>	
<p>AC/ 15/ 24</p>	<p><b><u>Reflections from the Meeting</u></b></p> <p>Consideration would be given in respect of internal audit reports and how to increase the level of assurance bringing in colleagues to future meetings of the Audit Committee as required.</p> <p>K Lavery reflected on the position the previous year when he last attended the Audit Committee which considered nine sets of accounts, different auditors and an additional three-month period to report on. He commented that 2023/24 had been a much smoother process and he congratulated everybody for the work undertaken particularly as it had been a difficult, albeit productive year. He was proud of the achievements made which were reflected in the Annual Report and Accounts.</p> <p>K Lavery was comfortable that there was a sound system of control, governance and assurance. He fully understood the auditor’s outcome on the value for money audit relating to financial sustainability however, he confirmed that the Board had always been sighted on the figures and level of risk. He went on to say that the biggest risk area was continuing healthcare, however, was mindful of not placing more burden on the relevant staff involved. The team was making good progress, had achieved clearing a backlog and the position would continue to be monitored nationally.</p> <p>S Proffitt expressed her thanks and gratitude to the finance team for the work undertaken throughout the year. She conveyed her personal thanks to K Disley and E Bateman for their unstinting support. She also thanked audit colleagues for their support.</p> <p>J Birrell conveyed his thanks to every member of staff for their continued support and ensuring the ICB has controls in place in respect of governance, anti-fraud, training and many more areas.</p>	
<p>AC/ 16/ 24</p>	<p><b><u>Date, Time and Venue of Next Meeting</u></b></p> <p>The next meeting would be held on Thursday, 25 July 2024 at 10.00m-12noon, Coniston Room, ICB Offices, County Hall, Preston.</p>	