

Approved 24 April 2023

## Minutes of the ICB Audit Committee Held on Thursday, 16 March 2023 in Boardroom 1, Chorley House, Leyland

Name	Job Title	Organisation
<b><u>Members</u></b>		
Jim Birrell	Chair/Non-Executive Member	L&SC ICB
Sheena Cumiskey	Non-Executive Member	L&SC ICB
Roy Fisher	Non-Executive Member	L&SC ICB
<b><u>Co-opted Member</u></b>		
Ian Cherry	Co-opted Lay Member	L&SC ICB
<b><u>Attendees</u></b>		
Sam Proffitt	Chief Finance Officer	L&SC ICB
Katherine Disley	Director of Operational Finance	L&SC ICB
Kirsty Hollis	Place and Programme Finance Lead	L&SC ICB
Asim Patel (Left during Item 19)	Chief Digital Officer	L&SC ICB
Debra Atkinson	Company Secretary/Director of Corporate Governance	L&SC ICB
Chris Harrop	Managing Director	MIAA
Louise Cobain (Left after Item 9)	Executive Director of Assurance	MIAA
Paul McGrath	Anti-fraud Specialist	MIAA
Tim Cutler	Partner	KPMG
Debra Chamberlain	Director	KPMG
Matt Dean (For Item 8a)	Director	Grant Thornton
Louise Talbot	Corporate Governance Manager	L&SC ICB

Item No	Item	Action
1.	<p><b><u>Welcome, Introductions and Chair's Remarks</u></b></p> <p>The Chair welcomed everybody to the meeting.</p>	
2.	<p><b><u>Apologies for Absence</u></b></p> <p>Apologies for absence had been received from L Warner.</p>	
3.	<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>	
4.	<p><b><u>Minutes of the Previous Meeting Held on 15 December 2022</u></b></p> <p><b>RESOLVED: That the minutes of the meeting held on 15 December 2022 be approved as a correct record.</b></p>	

5.	<p><b><u>Matters Arising and Action Log</u></b></p> <p><b>Freedom to Speak Up (FTSU)</b> – Whilst committee members had had prior sight of the completed questionnaire/checklist, they continued to express concern that the ICB's FTSU system was not yet fully operational and asked for the outstanding aspects to be completed as soon as possible. It was suggested that it could be referred to the People Board in respect of FTSU assurance and plans in place to action and take forward.</p> <p><b>Finance and Performance Terms of Reference</b> – A piece of work was being undertaken in respect of committees and effectiveness that would review any Audit Committee specific asks in relation to the Finance and Performance Committee. D Atkinson would provide a further update in due course.</p> <p><b>Sources of Assurance from the ICB Committees of the Board</b> – Clarification had been sought as to where the Audit Committee had a line of sight in relation to the Primary Care Contracting Group (PCCG), in particular how it managed conflicts of interest. D Atkinson advised that the PCCG was aligned to the Managing Conflicts of Interest Policy and that declarations of interest was a standing item on the meeting agenda. A review of the minutes had been undertaken and conflicts captured in a committee conflicts log. D Atkinson advised that a wider review of the governance arrangements of the PCCG was being undertaken. Members were mindful of the vested interests of GPs and D Atkinson advised that a learning report arising from a particular GP practice was being drawn up with some areas yet to be concluded. The PCCG was being reformatted to include lay membership and would be Chaired by a Lay Member in going forward. A report and proposed terms of reference would be reviewed by the Executives then submitted to the Board for agreement.</p> <p><b>Sources of Assurance – External Documents</b> – K Hollis advised that an update report would be submitted to the Audit Committee in order that members were aware of the documents issued and actions undertaken.</p>	<p>LJT (✓)</p> <p>DA</p> <p>DA</p> <p>KH</p>
<b><i>The agenda was taken out of order.</i></b>		
8.	<p><b><u>External Audit – KPMG</u></b></p> <p><b>(a) Grant Thornton – 2022/23 Q1 CCGs' Audit Plan</b> – M Dean provided an overview of the external audit plans for the LSC CCGs relating to 2022/23 Q1 reporting period for Blackburn with Darwen CCG, Greater Preston CCG, Chorley and South Ribble CCG, West Lancashire CCG and East Lancashire CCG.</p> <p>The report included key matters and significant risks identified for the CCGs. Other key areas in the report included materiality, value for money arrangements, IT audit strategy and introduction to the audit logistics and team with a timeframe for the audit plan for 2022/23 and audit fees for 2022/23.</p> <p>I Cherry and K Hollis had reviewed all legacy CCG accounts and were reasonably comfortable that the audit plans would deliver. It was recognised that the timetable was tight and concern was expressed at the sign-off date at the end of April. It was commented that there could be a potential delay and the work undertaken in respect of eight sets of accounts for three months should not be underestimated. K Hollis advised that there had been good liaison with Grant Thornton and KPMG, commenting that further meetings were planned in order to have a triangulated view and should there be any slippage, for it to be managed as best they can.</p> <p>Good progress was being made on the closure of the CCGs' accounts and whilst there was still work to undertake, no material concerns had been identified to date. The committee was pleased to note that the two external audit companies undertaking the work were liaising well together.</p>	

**RESOLVED: That the Audit Committee approve the audit plan.**

**(b) KPMG – 2022/23 Q2-Q4 L&SC ICB Audit Plan** – T Cutler spoke to a circulated report commenting that there was nothing significant to report since the previous meeting.

In terms of other audit risks relating to opening balances, T Cutler advised that they had agreed with Grant Thornton that they can look at the work on their files and review at a high-level sense in order that they can sign off the opinion however, they could not rely on that work. The time limiting factor would be the sampling of work. The Chair welcomed the co-operative approach taken by both Grant Thornton and KPMG.

T Cutler advised that there had been positive work undertaken in respect of remuneration and they would look to avoiding modification of the opinion. Under the Group Accounting Manual FAQs based on a qualitative basis was deemed immaterial. He would ask the ICB to include a disclosure note stating that it was undertaken on the basis of better information. K Hollis would ensure a consistent note would be included in all eight CCG Q1 submissions. It was acknowledged however, that it was subject to receiving the final note on business services.

In respect of materiality, whilst high numbers, it was proportionate to the eight CCGs. Anything above £300,000 they would bring to the ICB's attention in order that there was full transparency.

T Cutler referred to value for money and advised that work was taking place and iterative conversations being held. The current plan was to produce populated information in respect of risk assessments for submission to the April Audit Committee meeting. In terms of the AGS, it was important that a transparent approach was being undertaken to draw attention to and acknowledge any gaps in governance and to put in mitigations following which, KPMG may not need to be as critical in their assessment. The Chair welcomed an honest and transparent approach and stressed the importance of the AGS. S Proffitt reminded the committee that the ICB had not had a Board Assurance Framework in place throughout the year and whilst the ICB was in a different position, she acknowledged the difficulties over the past few months but was also mindful of an honest and transparent approach. The Chair asked for these comments to be passed to the Executive Team and S Proffitt would raise both regionally and nationally should the opportunity arise following which she would liaise with KPMG colleagues.

**RESOLVED: That the Audit Committee approve the audit plan.**

**(c) KPMG Progress Report – 2022/23 Q1 CCGs / Q2-Q4 L&SC ICB** – D Chamberlain advised that whilst there had initially been some delays in obtaining information due to resource issues, they had since been addressed, meetings were planned at the end of March and file reviews would be held in April in order to obtain assurance. Work was also taking place around value for money which would be by exception basis. She did not envisage any major issues.

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

**KPMG Technical Update** – Noted for information. A Patel advised that a piece of work was being undertaken in relation to population health and system health intelligence.

**RESOLVED: That the Audit Committee receive the report.**

*The agenda reverted to its order.*



	<p>avoid placing excessive demand on a small number of managers. It was acknowledged that financial systems were being pressure tested more than other areas.</p> <p>S Proffitt was mindful that the finance function largely comprises members from eight merged CCG teams and that she anticipated having a final staffing structure in place over the coming weeks. She also advised that core financial controls were being embedded and she sought perspective from KPMG colleagues in relation to the Head of Internal Audit Opinion. T Cutler referred to the Annual Governance Statement (AGS) commenting that internal audit was a key area to inform the AGS. He further commented that through the value for money risk assessment work, they would be better able to assess where there were gaps that should be disclosed within the AGS, but they will not be solely relying on the work of MIAA.</p> <p>R Fisher referred to the CIP processes and the efficacy of timing around those processes. S Proffitt would review the timescales with the Executives.</p> <p>R Fisher also commented that if some audits were undertaken later in the year, explanations would need to be provided as to the reason why, eg, CHC implementation.</p> <p><b>RESOLVED: That the Audit Committee agree the broad outline of the internal audit plan for 2023/24 plan, with the understanding that audits take place in the early part of the year to enhance the assurance database and prevent slippage of planned work into 2024/25. The Audit Committee was mindful that meeting the timescales would, in part, be dependent upon ICB staff participating in a timely and supportive way with planned audits.</b></p> <p><b>(d) Internal Audit Charter –</b> C Harrop spoke to a circulated report which provided members with information relating to internal audit’s activity purpose, authority and responsibility. He advised that a further slide would be issued in terms of separate pieces of work requested and the boundaries they work to. It was acknowledged that there could be areas of work where they audit themselves, therefore, it was important for the committee to be aware and how MIAA manage their own conflicts of interest.</p> <p><b>RESOLVED: That the Audit Committee approve the Internal Audit Charter.</b></p> <p><b>(a) The Internal Audit Network Update February 2023</b></p> <p><b>RESOLVED: That the Audit Committee receive the update.</b></p>	SP
7.	<p><b><u>Anti-fraud</u></b></p> <p><b>(a) Anti-Fraud Progress Report -</b> P McGrath spoke to a circulated report which provided an update on progress of anti-fraud work undertaken during the period 1 December 2022 to 28 February 2023.</p> <p>P McGrath highlighted one investigation which had transferred from a former CCG which had since closed and no fraud established. He had kept S Proffitt informed of progress throughout the process.</p> <p>In respect of conflicts of interest submissions, it was commented that 35 had not been completed and that six were due to maternity leave. D Atkinson advised that whilst there was a true oversight position, the ICB was currently working across three IT providers, one new payroll provider and the ESR system required streamlining. Work was taking place with HR and payroll to address any issues and support from P McGrath was</p>	

	<p>welcomed.</p> <p><b>RESOLVED: That the Audit Committee receive the anti-fraud progress report.</b></p> <p><b>(b) Draft Anti-fraud Plan 2023/24</b> – P McGrath spoke to a circulated report which provided details of anti-fraud work to be undertaken during 2023/24. He advised that the majority of areas were mandatory and the fraud risk assessment to be completed would determine fraud risks which would inform the majority of the plan work. There was flexibility within the plan.</p> <p>The recent presentation to the Board in respect of fraud awareness was welcomed and importance stressed in terms of raising fraud awareness across the ICB.</p> <p><b>RESOLVED: That the Audit Committee approved the Anti-fraud Plan 2023/24.</b></p>	
<p>9.</p>	<p><b><u>Preparation and Approval of Q1 CCGs and Q2-Q4 ICB Report and Accounts 2022/23</u></b></p> <p>D Atkinson spoke to a circulated report which set out the process undertaken to submit the month 9 governance statement to NHS England in January 2023. It also described the timeline and approval process ahead of the finalisation of the Q1 CCG reports and accounts and submission of the draft Q2-4 ICB reports and accounts in April 2023 and final Q2-4 ICB report and accounts in June 2023. She commented that whilst the CCGs were reporting for one quarter, they had to meet all requirements of the reports and accounts process.</p> <p>K Hollis advised that the report also sought approval to establish a time limited advisory group of the Audit Committee, Chaired by I Cherry and including a Non-Executive Member, to receive the external audit reports and make recommendations relating to the sign-off of the CCG Q1 reports and accounts (for approximately two days). Both KPMG and Grant Thornton were comfortable with the proposed approach. Audit Committee members were advised that former CCG Chief Finance Officers would also provide support to the process. I Cherry commented that there may not be a requirement to co-opt another member of the Audit Committee and was comfortable to oversee. Audit Committee members welcomed and appreciated I Cherry’s support around the process.</p> <p>Consideration would need to be given as soon as possible in confirming the date of the ICB Annual General Meeting.</p> <p>T Cutler advised that following a recent National Audit Office meeting, any amendments coming out of the three-month CCG audits, NHSE would be required to amend the CCG revenue resource limits but would only carry it out once. Consideration would need to be given, therefore, relating to KPMG’s time window. He also advised that one of the publication requirements was the annual auditor’s report for the three-month period and a timeline would also need to be factored in, in respect of publication.</p> <p>The Chair welcomed the progress made and stressed the importance of the process being conveyed to the Executive Team. D Atkinson advised that a report on the next steps would be submitted to the next Executive Team meeting.</p> <p>The Chair conveyed his thanks to I Cherry for his significant support to the Q1 CCGs’ process.</p> <p><b>RESOLVED: That the Audit Committee agree that a working group be formed,</b></p>	<p>DA/ LJT</p>

chaired by I Cherry, to oversee the eight Quarter 1 CCG audits and annual reports and be staffed by K Hollis and the former CCG Chief Finance officers as required. The group to liaise with KPMG and Grant Thornton, and receive their ISA 260 reports as the body charged with governance. The group would formally report back its findings to the Audit Committee

That the Audit Committee note that the work in respect of the production of the Q1 CCGs reports and accounts and Q2-4 ICB reports and accounts was progressing well and the working group was optimistic of meeting the prescribed timetable for submission of the finalised and agreed documents.

That in respect of the Annual Governance Statement, the Audit Committee note that the ongoing paucity of assurance evidence would influence the tone and content of the AGS. The ICB would be advised to be open and candid in the wording of the document, partly because it could mitigate the wording of the External Auditor's Audit Letter.

*L Cobain left the meeting.*

**10. ICB Board Assurance Framework and Risk Management Report**

D Atkinson spoke to a circulated report which provided an update on the work undertaken to support the ICB's risk management systems and processes. She advised that further work was underway to develop a more streamlined approach using technology to support the risk management and reporting process. Significant progress had been made in developing a system to support 'live' dashboards and 'real time' updates and exception reporting which would provide access to up-to-date information relating to those risks impacting on the strategic objectives of the ICB. D Atkinson gave a demonstration of the various risks and Board Assurance Framework interactive dashboards and advised that consideration would need to be given in testing risk appetite.

The Chair welcomed the progress made since the previous meeting suggesting that whilst more work was required and a mapping exercise needed to be undertaken, the system would help committees to determine suitable areas for deep dives.

S Proffitt complimented the team on the work undertaken in establishing the process and whilst it was acknowledged that there was a gap in terms of aligning with the strategic objectives, she hoped overall that it gave greater assurance to the committee.

S Cumiskey welcomed the work undertaken to date which builds into the opportunities and the 'so what'? question. She suggested testing out where the assurances come from in terms of the work of the committees. The Chair commented that the information from the dashboards would feed into each of the committees and consideration would need to be given in respect of committees carrying out deep dives to test the process.

R Fisher sought clarification as to who determined the target risk score and was advised that conversations were held with the lead Executives.

I Cherry was unable to locate the links between the Joint Strategic Needs Assessment (JSNA) informing the strategic objectives. D Atkinson advised that the JSNA sits under the ICP and was reflected in the integrated care strategy and the joint forward plan, the latter of which is via the Health and Wellbeing Boards.

	<p>T Cutler sought clarification as to whether a piece of work would need to be undertaken relating to what the mitigating actions were to lower the score. The Chair advised that it would include key mitigations but was keen to avoid the report becoming so heavy that the Board and committees do not have sufficient time to fully consider the contents.</p> <p><b>RESOLVED: That the Audit Committee receive the report and presentation noting that both processes were taking shape, although each required additional work including further consideration of the key risks associated with each of the strategic objectives.</b></p>	
11.	<p><b><u>Managing Conflicts of Interest (including Gifts and Hospitality)</u></b></p> <p>D Atkinson spoke to a circulated report which was an update on progress to date to support the ongoing implementation of the ICB's arrangements for managing conflicts of interest including gifts and hospitality.</p> <p>I Cherry made reference to a sum of money to be donated to a charity. D Atkinson would check the wording in the register to ensure that the ICB suggested donating the money to a charity rather than the ICB received and donated.</p> <p><b>RESOLVED: That the Audit Committee receive the report and note the updates.</b></p>	DA
12.	<p><b><u>Provision for and Write Off of Bad Debts Policy</u></b></p> <p>K Hollis spoke to a circulated report seeking ratification of the provision for and write off of bad debts policy and noting the reporting mechanisms described within the policy.</p> <p>The Chair pointed out a correction as there was reference to CCG Income rather than ICB Income. K Hollis would amend accordingly.</p> <p><b>RESOLVED: That subject to the amendment being made, the Audit Committee approve the policy.</b></p>	KH (✓)
13.	<p><b><u>Financial Management Report</u></b></p> <p>K Disley spoke to a circulated report which provided an update on the following corporate registers for the ICB:</p> <p><b>(a) Losses, Write-offs and Special Payments Register – Nil.</b></p> <p><b>(b) Single Tender Waivers –</b> Four new tender waivers approved. The committee noted that in monetary value terms, some significant tender waivers had been approved, mainly because of the capabilities of the current procurement process. The process had still allowed in-year review of contracts to be undertaken however, the committee was assured that the changes taking place would ensure that the situation does not recur next year.</p> <p>There was a single tender waiver that supported the extension of all identified ICB healthcare contracts ending in March 2023 or within the 2023/24 financial year. It was noted that a detailed overview had been presented to the recent Finance and Performance Committee that stated that full oversight of the review process would be provided by the Commissioning Resource Group.</p> <p>I Cherry sought clarification in respect of authorisation limits and was advised that under the scheme of delegation, S Proffitt was the authorised officer.</p> <p><b>(c) Procurement Decisions Register –</b> Seven new entries on the register.</p>	



	<p><b>(d) NHSE Protocol Breaches</b> – New addition to the report and full details would be included in the report to the next Audit Committee meeting.</p> <p><b>RESOLVED: That the Audit Committee receive the report.</b></p>	
14.	<p><b><u>Information Governance Assurance</u></b></p> <p>The Chair welcomed the reports which clarified the position around information governance and future reporting to the committee.</p> <p><b>(a) Governance Arrangements</b> – A Patel gave a presentation on the governance arrangements relating to information governance along with suggested items for the ICB Board, and committees. Committee members were comfortable with the report and working arrangements for information governance including both oversight and reporting.</p> <p>S Proffitt referred to IG training and the wider issue of the reporting route. A Patel advised that the report would contain a people section which would include information relating to training compliance however, reference would be included in the performance report to the Finance and Performance Committee. D Atkinson advised that all mandatory training should sit under the People Board with oversight from the Finance and Performance Committee.</p> <p><b>(b) Minutes of the Inaugural IG Oversight Group Held on 1 March 2023</b> – Received for information. The Chair referred to the Data Security and Protection Toolkit baseline submission which required organisations to confirm compliance with 113 statements however, at the beginning of March, the ICB could only make 17 positive assertions. A Patel advised that the IG team was confident that the organisation would be fully compliant by the 30 June 2023 deadline date for submission of the toolkit.</p> <p><b>RESOLVED: That the Audit Committee receive the updates relating to the governance arrangements and reporting of information governance.</b></p>	
15.	<p><b><u>Business Escalated from Other Committees/Sources of Assurance</u></b></p> <p><b>Freedom to Speak Up</b> – As referenced earlier in the meeting, to be escalated to the People Board and take to the Executive Team.</p> <p><b>ICB Projected Deficit</b> – The Audit Committee Chair had been asked by the ICB Chair to commission a piece of work to understand the ICB’s projected deficit for 2023/24 and the reasons behind it. There needed to be an understanding in respect of the issues within each CCG that fed forward into the deficit position. The work would be undertaken by MIAA’s non-internal audit arm as soon as possible and it was proposed that the report would be submitted to the next but one Audit Committee meeting. S Cumiskey sought clarification as to whether it should be taken through the Finance and Performance Committee to review in detail and to the Audit Committee for noting. This process route was agreed however, T Cutler asked to have sight of the report.</p> <p>S Proffitt advised that they were aware of the underlying risk and that some work had taken place with MIAA which mitigated that risk. In terms of what had driven the risk, she advised that it was partly due to risks within the CCGs and inflationary risk, further commenting that it would be beneficial in understanding the drivers around those risks.</p> <p><b>RESOLVED: That Audit Committee note the business escalated/sources of assurance from other committees.</b></p>	<p>LJT (✓)</p> <p>LJT for TC</p>
16.	<p><b><u>L&amp;SC Audit Chairs Group – 27 January 2023 – Feedback on points of interest</u></b></p> <p>The Chair spoke to a circulated report from a recent meeting of the L&amp;SC Audit Chairs’ Group which was provided for information. He advised that the group continued to</p>	

	<p>develop and although it had no formal role, system-wide assessments would be taking place in the future and the group will be able to provide input into such exercises.</p> <p>The report highlighted that there appeared to be mixed messages from external auditors on the extent to which the 2022/23 VFM audit would differ from previous years. T Cutler was not aware of any mixed messages nor any changes in scope unless it related to methods of delivery.</p> <p><b>RESOLVED: That the Audit Committee receive the update.</b></p>	
17.	<p><b><u>Items for the Risk Register</u></b></p> <p><b>RESOLVED: That there were no items to raise.</b></p>	
18.	<p><b><u>Committee Highlights Report to the Board</u></b></p> <p>The Chair provided a verbal summary of the items for inclusion in the committee highlights report to the Board relating to 'Advise, Assure and Alert'.</p>	
19.	<p><b><u>Review of the Meeting</u></b></p> <p>The Chair reflected on the meeting:</p> <ul style="list-style-type: none"> <li>• Consideration should perhaps be given to other Executives attending future Audit Committee meetings as currently only the Chief Finance Officer attends. Whilst there would need to be a clear reason for attendance, it would provide an opportunity for highlighting the work of the Committee to the other executive functions. It was suggested that meetings be included in everybody's diary with a view to firming up invitations as the agenda takes shape.</li> <li>• Deep dives should be linked to the assurance mapping exercise and/or the Risk Register.</li> <li>• S Proffitt would raise the above suggestions with Executives.</li> <li>• Chief Digital Officer – In order to protect A Patel's time, he could attend for the information governance items only.</li> <li>• Committee effectiveness – To be undertaken when a full cycle of committee meetings has been held.</li> </ul> <p><i>A Patel left the meeting.</i></p> <p><b>RESOLVED: That the Audit Committee note the areas to be taken forward.</b></p>	<p>LJT</p> <p>SP</p> <p>AP</p> <p>LJT</p>
20.	<p><b><u>Any Other Business</u></b></p> <p><b>Frequency of Meetings</b> - The Chair suggested that there be six meetings of the Audit Committee annually. The secretary would action.</p> <p><b>Audit Committee Workplan 2023/24</b> – The current committee workplan had been circulated and the secretary would draw up an updated workplan for 2023/24.</p>	<p>LJT</p> <p>LJT</p>
21.	<p><b><u>Date, Time and Venue of Next Meeting</u></b></p> <p>The next meeting was scheduled to be held on Monday, 24 April 2023 commencing at 9.30am-12noon in Boardroom 1, Chorley House.</p>	