

Subject to approval at the next meeting

**Minutes of the Extraordinary Integrated Care Board Meeting Held on
Wednesday, 21 June 2023 at 10.45am in the
Boardroom, Chorley House, Leyland**

	Name	Job Title
Members	David Flory	Chair
	Professor Ebrahim Adia	Non-Executive Member
	Jim Birrell	Non-Executive Member
	Debbie Corcoran	Non-Executive Member
	Sheena Cumiskey	Non-Executive Member
	Roy Fisher	Non-Executive Member
	Profession Jane O'Brien	Non-Executive Member
	Dr Geoff Jolliffe	Partner Member – Primary Medical Services
	Kevin Lavery (arrived during Item 59/23)	Chief Executive
	Dr David Levy	Medical Director
	Kevin McGee	Partner Member – Trust/Foundation Trust - Acute and Community Services
	Professor Sarah O'Brien	Chief Nurse
	Samantha Proffitt	Chief Finance Officer
		Angie Ridgwell
Participants	Maggie Oldham	Chief Planning, Performance and Strategy Officer/Deputy Chief Executive
	James Fleet	Chief People Officer
	Asim Patel	Chief Digital Officer
	Professor Craig Harris	Chief of Health and Care Integration
In attendance	Ian Cherry	Co-opted Lay Member, Audit Committee
	Louise Talbot	Board Secretary and Governance Manager

Item	Note
55/23	<u>Welcome and Introductions</u> The Chair, David Flory, welcomed everyone to the Extraordinary meeting of the Integrated Care Board (ICB) to consider the associated financial reports for the year ended 31 March 2023.

	<p>A particular welcome was extended to Ian Cherry, Co-opted Lay Member on the ICB Audit Committee who had provided oversight and support in respect of the former eight Clinical Commissioning Groups (CCGs) Annual Reports and Accounts for the Quarter 1 period, 1 April 2022 to 30 June 2023.</p> <p>The Chair advised that Kevin Lavery was taking a national call and would join the meeting as soon as possible.</p>
56/23	<p><u>Apologies for Absence</u></p> <p>Apologies for absence had been received from Chris Oliver.</p>
57/23	<p><u>Declarations of Interest</u></p> <p>RESOLVED: That there were no declarations of interest relating to items on the agenda. Members were asked that if at any point during the meeting a conflict arose to declare at that time.</p>
<p><i>The agenda was taken out of order</i></p>	
58/23	<p><u>Annual Report of the Audit Committee for the Period 1 July 2022 to 30 June 2023</u></p> <p>The Chair asked Jim Birrell, Chair of the Audit Committee to provide an overview of the business of the Audit Committee for the period 1 July 2022 to 30 June 2023.</p> <p>Jim Birrell spoke to a circulated report which provided an overview of Audit Committee activity during the year and made particular reference to a relatively small number of items that had been and remained ongoing concerns for the Audit Committee across the year. It was felt that it was important that the Board was made aware of the issues and their current status.</p> <p>Risk Management - Standardising and consolidating the approach to risk management proved to be a complex and time-consuming process. The committee initially expressed concern at the delays in creating a single ICB Risk Register but it had since been undertaken part of a comprehensive, user-friendly approach to the subject. The extent to which it is functioning effectively will be closely assessed over coming months.</p> <p>Board Assurance Framework (BAF) - The committee was able to influence both the supporting processes and the content before the Board agreed the BAF at its December 2022 meeting. There had not as yet been a full cycle of quarterly reports and assessment by the Board and assurance committees so we are yet to consider the effectiveness of the system. The importance of this task has been underlined by both the external and internal auditors who welcomed the BAF but stressed the need to see evidence that it is embedded into the oversight of strategic objectives.</p> <p>Delays to the 2022/23 Internal Audit Plan - A number of planned internal audits were either not undertaken or not completed as planned in 2022/23. This had restricted the independent assurance available to the ICB on systems, controls and governance. A number of exercises had since been completed and agreement had been reached on ensuring that the 2023/24 programme was front ended. (No significant concerns were</p>

	<p>raised in the completed internal audit exercises.)</p> <p>Legacy issues - The list of outstanding legacy issues was longer than expected, therefore, had taken more time to complete than originally estimated. However, the work was nearing completion and all major concerns had been dealt with. The exercise on understanding the ICB's inherited financial position was ongoing and whilst it would not impact upon the ICB's opening balances, it should help to explain why the initial deficit was higher than anticipated.</p> <p>Freedom To Speak Up (FTSU) - In February, the committee expressed concern that the Board's FTSU arrangements were still not fully operational. It was understood that appointments were being made, therefore, the committee would seek confirmation that the ICB has an effective FTSU set-up at its next meeting</p> <p>Commissioning/Contract Management - At its March meeting, the committee noted that most 2022/23 healthcare contracts had been rolled forward into 2023/24. Whilst accepting that there was no real alternative, the committee was keen to stress the need for much greater scrutiny in the future.</p> <p>Governance Arrangements for Places and Integrated Neighbourhood Teams - On a few occasions the committee had commented on the need to ensure that the governance arrangements for Places and Integrated Neighbourhood Teams were effective and fit for purpose. The committee anticipated being in a position to be able review detailed plans in the near future.</p> <p>RESOLVED: That the Board note the Annual Report of the ICB Audit Committee for the period 1 July 2022 to 30 June 2023.</p>
59/23	<p><u>Recommendation from the Audit Committee</u></p> <p>(a) Internal Audit Final 2022/23 Head of Internal Audit Opinion (HoIAO) – Jim Birrell advised that the Audit Committee had received the 2022/23 Head of Internal Audit Opinion for the ICB:</p> <p>The overall opinion for the period 1 July 2022 to 31 March 2023 provides <i>Limited Assurance: there is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls impacts on the overall system of internal control and puts the achievement of the organisation's objectives at risk.</i> The opinion is not limited in scope but is provided in the context of the maturity of the organisation during the time of reporting.</p> <p>The final HoIAO was in line with the draft version that had been reviewed and accepted by the Audit Committee in April. The limited assurance opinion was a reflection of the fact that some key systems were not fully embedded at the time the assessment was undertaken. It was noted that action was required to ensure systems were embedded in 2023/24.</p> <p><i>Kevin Lavery arrived at the meeting.</i></p>

Sam Proffitt commented that there was recognition from the auditors that the ICB had only been operating for nine months, work had taken place in reducing eight CCG ledgers to one new ICB ledger and when looking at the audit reports that led to the opinion, whilst substantial assurance had been given in respect of financial audits, the overall opinion of limited assurance related to insufficient time during the period to embed wider governance systems and processes.

Sam Proffitt advised that some ICBs across the country had not experienced the same level of complexity having transitioned from one-to-one ICB with system and processes carried forward from existing the previous CCG arrangements. Across Lancashire and South Cumbria, eight Clinical Commissioning Groups (CCGs) had transitioned to one ICB bringing with them their own BAF and risk management strategies together with the added pressures of the ICB only operating for a nine-month period.

Jim Birrell anticipated being able to demonstrate at the July meeting of the Board that progress had been made and systems would start to be embedded across the ICB.

Debbie Corcoran sought clarification as to whether there were any implications in receiving limited assurance and as systems are embedded over the coming months, whether a report could be submitted to the Board on the distance travelled. Jim Birrell advised that the auditors are often reluctant to provide an opinion other than at year end and he was of the opinion that it did not greatly affect the ICB's reputation. He also commented that the External Auditor's Report would be published into the public domain which will state a similar outcome. Jim Birrell recognised the good progress made to date recognising that further work was required.

Angie Ridgwell noted the overall opinion provided recognising the issues around systems and processes being embedded. She sought clarification however, around management oversight of system and controls and how robust they were. She presumed they remained in place subject to improvement and would continue to be monitored as a second line of defence. Whilst we strive for a good opinion overall, she stressed the importance of listening to the auditor's opinion at the current time as it reflects where the system is at the current time. By testing through the Audit Committee and the Board receiving regular updates on assurances relating to audits and external validations via the committee Chair, she anticipated the Board seeing the incremental progress. She further commented that where there are concerns, we ensure there is group management oversight.

Jim Birrell advised that an assurance mapping exercise was currently being progressed which looks at three levels of control and assurance and links to the Board Assurance Framework, looking at key risks. It was anticipated that it would be completed by September at the latest.

RESOLVED: That the Audit Committee note the final Head of Internal Audit Opinion 2022/23.

(b) Annual Report and Accounts 2022/23

Q1 CCGs (KPMG and Grant Thornton)

- (i) Annual Reports and Audited Accounts
- (ii) ISA 260 Report/Annual Audit Report

- (iii) Management Representation Letter
- Q2-Q4 ICB (KPMG)**
- (iv) ICB Annual Report and Audited Accounts
- (v) ISA 260 Report/Annual Audit Report
- (vi) Management Representation Letter

Jim Birrell and Sam Proffitt spoke to a number of circulated reports as listed above.

Continuing Health Care, (CHC), Creditor assessment in 2022/23 Accounts – The Board was advised that the CHC accrual adjustment removed £24.5m expenditure and allocation from the CCG Quarter 1 account. The impact increased expenditure and allocation by £24.5m in the ICB accounts. The basis for assessing the year-end CHC creditor, which was agreed with the external auditors, had resulted in a need to modify the initial approach adopted in the Quarter 1 2022/23 CCG accounts. This had a net zero impact on the ICB's financial position.

Completion of Eight CCG Audits – Three audits had been completed and signed off by KPMG (three CCG former auditors). The remaining five audits had not yet been completed and signed off by Grant Thornton (CCG former auditors) which was resulting in significant delays to the accounts closedown process and implications for the ICB accounts for the nine-month period which were awaiting sign off. The Board was advised that the figures within the ICB accounts were consistent as previously reported to the Board.

There was a request, therefore, from the Audit Committee to seek the Board's agreement to delegate authority of the final authorisation to sign off of the accounts to the Audit Committee Chair. Clarification was sought on the size of the risk relating to the audit work if the figures changed and if Grant Thornton did not sign off for the CCGs, what the risk would be to the ICB. Jim Birrell advised that there would be no risk to the ICB. The balances may change if Grant Thornton deemed it necessary however, it was anticipated as they were testing financial data which had already been tested by KPMG. Escalation was in place to ensure Grant Thornton agree a deadline which would need to be undertaken during the present week to sign off the five CCGs following which, KPMG would require one day to undertake their work and to agree that the opening balances were correct. Sam Proffitt anticipated that there should not be any changes or risks and supported the recommendation to give delegated authority to the Audit Committee Chair as outlined above.

Ian Cherry was mindful of the difficult situation being faced advising that the ICB had undertaken a review of costs at month 10 hence the adjustment to be made. He commented that the numbers were not material to the ICB and would not be material to full year CCGs however, they were material to seven CCGs due to the three months, therefore, a margin of error.

Kevin Lavery was mindful of the complexities of completing nine sets of accounts and supported the recommendation of delegated authority to the Audit Committee Chair.

Angie Ridgwell sought clarification as to whether the ICB's Constitution allowed for the proposed delegated arrangements and Jim Birrell confirmed that the ICB Company Secretary had advised that it could be undertaken in this way.

	<p>The Chair was comfortable in supporting the proposed delegated arrangement to confirm the opening balances however, if there were fundamental changes to the figures, consideration would need to be given in reconvening a further Extraordinary Board meeting via MS Teams.</p> <p>Annual Report of the ICB 2022/23 – Jim Birrell advised that whilst the annual report contained all of the requisite information, the content needed to be reviewed with the aim of producing a more polished and easier to read document.</p> <p>Sam Proffitt provided an overall summary of the annual report and accounts process, advising that the accounts were in line with what had previously been reported to the Board and that the ICB had met all of its statutory duties. There were some areas of weakness which were being addressed in respect of embedding the Board Assurance Framework, the risk management process and governance structures and the journey would continue in respect of the significant financial recovery piece around sustainability, working with partners to embed. Whilst risk on financial sustainability was high, weakness identified in the external audit report predominantly related to the ICB’s responsibility for oversight of system-wide performance however, the ICB has very little control on provider cost improvement programmes. It was recognized, therefore, that the ICB required more overall control.</p> <p>Kevin McGee commented that the ICB’s position was wholly consistent with provider accounts and the ongoing concerns about deficits which will read the same across the system.</p> <p>RESOLVED: That the Board note the reports relating to the annual reports and accounts for both the Q1 CCGs 2022/23 and Q2-4 ICB 2022/23 and give delegated authority for the Audit Committee Chair to approve the accounts, subject to there being no material changes from the previously notified position.</p>
60/23	<p><u>Any Other Business</u></p> <p>There was no further business.</p>
61/23	<p><u>Date, Time and Venue of Next Meeting</u></p> <p>Wednesday, 5 July 2023 at 9.30am to 12 noon, Innovation Lab, Health Innovation Campus, Health Innovation One, Sir John Fisher Drive, Lancaster University, Lancaster LA1 4AT.</p>