

Approved 25 January 2024

**Minutes of the ICB Audit Committee
Held on Thursday, 23 November 2023
in Lune Meeting Room 1, 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
Roy Fisher	Non-Executive Member	L&SC ICB
<u>Co-opted Member</u>		
Ian Cherry	Co-opted Lay Member	L&SC ICB
<u>Attendees</u>		
Sam Proffitt	Chief Finance Officer	L&SC ICB
Asim Patel	Chief Digital Officer	L&SC ICB
Debra Atkinson	Company Secretary/Director of Corporate Governance	L&SC ICB
Joe McGuigan (Item 14)	Director of Digital Operations and Assurance	L&SC ICB
Elaine Collier (Up to Item 16)	Deputy Director of Operational Finance	L&SC ICB
Liz Bateman (Up to Item 16)	Head of Financial Control	L&SC ICB
Louise Cobain (Up to Item 16)	Executive Director of Assurance	MIAA
Lisa Warner (Up to Item 16)	Senior Internal Audit Manager	MIAA
Michael McCarthy (Up to Item 16)	Senior Technology Risk Manager	MIAA
Debra Chamberlain (Arrived during Item 4) (Up to Item 16)	Director	KPMG
Sarah Mattocks (Up to Item 9)	Head of Governance	L&SC ICB
Louise Talbot	Board Secretary and Governance Manager	L&SC ICB

No	Item	Action
1.	<p><u>Welcome, Introductions and Chair's Remarks</u></p> <p>The Chair, Jim Birrell, welcomed everybody to the meeting.</p> <p>It was recognised that currently there is a lack of capacity within the ICB to undertake deep dives so further discussion would be held at the next meeting to consider areas for review.</p> <p>Appointment of Vice Chair to the Audit Committee – It was proposed that both R Fisher and S Cumiskey be appointed Vice Chairs to provide greater flexibility regarding compliance with the committee's quoracy rules.</p> <p>RESOLVED: That the Audit Committee Chair appoint both R Fisher and S Cumiskey as the Vice Chairs of the Audit Committee.</p>	<p>JB (✓)</p>
2.	<p><u>Apologies for Absence/Quoracy of Meeting</u></p> <p>Apologies for absence had been received from Paul McGrath, Katherine Disley and Kirsty Hollis.</p>	
3.	<p><u>Declarations of Interest</u></p> <p>RESOLVED: That there were no declarations made relating to the items on the agenda.</p>	

	<p>in a better position in comparison to the previous year. She advised however, that the use of the checklist had since ceased. L Cobain advised that it had been raised at HfMA however, there were no plans for it to be mandated or used in the future. She commented that when undertaking financial systems work, they would carry out a reasonableness check.</p> <p>E Collier advised that they had found the checklist helpful when carrying out the assessment to see where improvements had been made. She advised that the areas where they had seen most improvement were around direct control and budget setting. There were also two areas that required further improvement in respect of cost improvement programmes (CIP) and training. The committee was advised that training is built into everybody's objectives for 2023/24.</p> <p>Whilst recognising that the checklist will not be mandatory, it would be helpful for the Committee to use it as a measure for assessing progress. L Cobain advised that a comparison of the revised assessment with the national position could be undertaken.</p> <p>RESOLVED: That the Audit Committee note the report and will aim to review the checklist again in 12 months.</p>	
7.	<p><u>Freedom to Speak Up</u></p> <p>S Mattocks spoke to a circulated report which provided an up-date on progress to date since the Freedom to Speak Up (FTSU) Guardians had been appointed. The report also provided assurance to the Audit Committee of the processes developed and embedded for FTSU.</p> <p>The Audit Committee welcomed the report acknowledging that there appear to be robust systems and processes in place. It was noted that there has been an increasing number of cases and work continues to raise staff understanding of FTSU, in particular that it is a safe way to raise concerns around the need to improve culture and patient care.</p> <p>It was noted that the ICB has received cases from primary care and guidance was anticipated from NHSE in March 2024 in respect of the ICB's responsibilities in this regard. Other ICBs were currently developing business cases for the expected growth in referrals of concerns. It was noted that discussion had taken place with the national NHSE FTSU team to understand their processes as it was important to ensure those raising concerns are supported. The national team took an action away to agree how anyone raising concerns from primary care are appropriately logged, even if the ICB was managing their concerns.</p> <p>It had been identified that the original time commitment for the role of two days per month for the three FTSU Guardians was being far exceeded to meet the requirements of the role and it also benchmarked as considerably less than other ICBs. This had been raised with Dr D Levy, ICB Executive Lead for FTSU and a review would be undertaken to assess the time commitment required and how it could be met.</p> <p>Committee members conveyed their thanks for the work undertaken and could see the move from process to practice. They were mindful however, that although effective systems could be put in place, people may not be confident in coming forward and it was important to ensure there was an open and transparent culture embedded across the ICB. Assurance in this respect would be the next stage.</p> <p>J Birrell drew attention to the specific role of the Audit Committee re FTSU, ie, to review the adequacy and security of the ICB's arrangements and ".....ensure that these arrangements allow proportionate and independent investigation of such matters...". To that end, it was agreed that MIAA be asked to audit the arrangements from the perspective of the Committee's responsibility.</p>	<p>LC/ LW</p>

	<p>S Cumiskey commented that the Quality Committee has a role around assurance to ensure FTSU is effective within the organisations the ICB commissions services from. The Lucy Letby inquiry has highlighted the need to ensure processes are in place to allow people the freedom to speak up.</p> <p>D Atkinson advised that a report on FTSU was taken through the People Board the previous day and she would speak to Dr D Levy re primary care as the ICB had taken on the functions of the CCGs. D Atkinson was not aware that NHSE had any FTSU arrangement for primary care.</p> <p>I Cherry sought clarification on how we can ensure arrangements in place are proportionate in terms of investigation matters - which are taken forward and which are not, also differentiating between vexatious concerns/complaints and genuine concerns that may require an independent perspective. S Mattocks advised that across the three FTSU Guardians, two work within the same function area whilst the other Guardian works across another function area of the ICB. She went on to say that although the role was in addition to their job role, it had not presented as an issue to date. Issues raised are taken forward, supportive conversations are held and individuals are signposted accordingly. The Guardians are sign posters rather than investigators.</p> <p>RESOLVED: That the Audit Committee note the update and whilst concern was raised regarding the ICB’s capacity to expand the service into primary care, the committee was pleased to note progress made in recent months. MIAA will review the effectiveness of the arrangements and once completed, the committee would provide feedback to the ICB Board.</p>	<p>LC/ LW</p>
<p>8.</p>	<p><u>Committee Effectiveness: Key Decisions and Escalation of Business April 2023-September 2023</u></p> <p>D Atkinson spoke to a circulated report which provided the Audit Committee with an overview of key decisions made by committees of the Board, and referral or escalation of items to other committees or the Board over the reporting period April 2023 to September 2023.</p> <p>The report illustrated that a number of actions had been referred between committees and from Board to committees, demonstrating that the committees are remaining within their agreed terms of reference and interacting within the governance structure.</p> <p>The Chair welcomed the report which demonstrated that the committees were working effectively. Areas of good practice highlighted included compliance with and discharge of the committee’s terms of reference, appropriate interaction between committees and prompt follow-up of actions agreed at meetings.</p> <p>D Atkinson commented that she intends to liaise with the committee Chairs regarding the report. She advised that the information will also feed into the Annual Governance Statement which is submitted to the Board as part of the Annual Report and Accounts.</p> <p>It was noted that there has been a suggestion that committees produce annual reports. Whilst there is a requirement for the Audit Committee to produce such a document, there is no equivalent requirement for the other Committees. Furthermore, information relating to committee business/meeting their terms of reference is included in the Annual Governance Statement. Therefore, at this time it is not felt essential for individual annual reports to be produced.</p>	<p>DA (✓)</p>

	<p>RESOLVED: That the Audit Committee note the report, note the sources of assurance relating to committees interacting and actively referring items to other committees. The committee also noted that regular updates would be submitted to future Audit Committee meetings and D Atkinson would liaise with the committee Chairs regarding the report.</p>	
<p>9.</p>	<p><u>Circulation and Distribution List of Internal Audit Terms of Reference</u></p> <p>D Atkinson spoke to a circulated report which asked the Audit Committee to consider implementing a process whereby committee Chairs are included in the distribution of all internal audit terms of reference (where relevant), and that it be undertaken in a consistent way. It would enable the committee Chairs to be sighted ahead of receiving the assurances and changes to practice identified on issue of the audit report, and to report on this to the committee where appropriate.</p> <p>It was noted that the Committee Chairs would not have a role in the terms of reference or scope but rather the opportunity to see the final terms of reference distribution and be included in the distribution of the final audit report.</p> <p>RESOLVED: That the Audit Committee approve that Committee Chairs be included in the distribution of internal audit terms of reference pertinent to their respective committee.</p>	
<p>10.</p>	<p><u>External Audit</u></p> <p>It was noted that the Mental Health Investment Standard update had been provided under Matters Arising and the Action Log (Item 5).</p> <p>D Chamberlain referred to the external audit plan scheduled to be submitted to the January meeting of the committee which would include the value for money risk assessment.</p> <p>RESOLVED: That the Audit Committee note the update.</p>	
<p>11.</p>	<p><u>Internal Audit</u></p> <p>(a) Progress Report - The Audit Committee was provided with an update on progress made against the internal audit plan for 2023/24. Since the previous meeting, there had been focus on the following areas:</p> <p>Reviews finalised:</p> <ul style="list-style-type: none"> • Patient, Carer and Resident Engagement – Moderate assurance • Committee effectiveness – Moderate assurance • Board Reporting – Moderate assurance • Conflicts of Interest – Substantial assurance <p>Reviews at draft report stage:</p> <ul style="list-style-type: none"> • Primary Care Contracts <p>Reviews currently in progress:</p> <ul style="list-style-type: none"> • Key Financial Systems (fieldwork) • Cost Improvement programme (fieldwork) • Cyber Security (Fieldwork) <p>There were two proposed audit plan changes:</p>	

<ul style="list-style-type: none"> • The Chief Finance Officer had requested that MIAA undertake a review of the ICB's processes for compliance with the Fit and Proper Persons Framework. It was proposed to incorporate this within the workforce element of the plan. The Director of Corporate Governance had requested that the audit commenced in Q4 as the ICB was still working on its action plan. (See also comment under Matters Arising and Action Log above). • The Chief Finance Officer had requested that a deep dive of month end financial processes be undertaken. The committee was advised that it would be undertaken by one of MIAA's specialist teams and it was proposed that the plan element relating to Place reviews be utilised to deliver the review. • During the meeting, it was also proposed to use the remaining workforce days in the audit plan to fund the review of FTSU. <p>The Chair referred to the outstanding legacy primary care recommendations. L Warner advised that she anticipated the need for this work being superseded by audit work currently underway. An update will be reported to the next meeting.</p> <p>The Chair reminded the Committee of the suggestion that the appropriate Executive attend the meeting should the outcome of any audits be moderate. It was agreed that this was not required and only those audits that received limited or no assurance would require Executive presence. L Cobain advised that any high priority recommendations that are not actioned within a timely manner will be highlighted to the next meeting, albeit critical risks require immediate action.</p> <p>S Proffitt referred to the committee effectiveness audit and following MIAA's observations which highlighted that there were gaps in assurance as there was no one present at the meeting to answer some questions. S Proffitt wanted to be clear that these related to the links to quality not finance. It was suggested that there may need to be a refresh/review of the membership of the committees. R Fisher advised that he would be asking S O'Brien, Chief Nursing Officer to attend the Finance and Performance Committee in order to provide assurance from a quality and performance perspective.</p> <p>The Chair referred to the planned "Assurance Framework Opinion Phase 2" audit within Appendix A and asked whether the outcome will be available in this financial year so it can be a considered when compiling the AGS. L Cobain advised that it would be completed by the end of March.</p> <p>Audit Committee members confirmed that whilst they are pleased to receive full audit reports, Committee meetings will focus on the audit report summaries contained within MIAA's Progress Report.</p> <p>Reference was made to the recently circulated audit insights report, "Technology Risk Update", with a suggestion that it could be disseminated across the ICB.</p> <p>With regard to the "Board Reporting" audit, A Patel referred to a high priority action around data quality. He advised that this related to data flows and understanding around them which would be taken through the Finance and Performance Committee. He advised that there was very little data that is created by the ICB other than in respect of continuing healthcare. He also advised that he is challenging some of the audit recommendations which he would raise with L Cobain outside of the meeting.</p> <p>The substantial assurance given to the "Conflicts of Interest" audit was welcomed and it was noted that refreshed NHSE guidance is awaited.</p> <p>I Cherry referred to the critical application review audit in respect of the CHC Adam system noting that whilst it was at the planning stage, he sought clarification as to whether</p>	<p>LC/LW</p> <p>RF (✓)</p> <p>LC/LW</p>
--	---

	<p>feedback would be received in sufficient time to make any amendments prior to year-end. He was mindful that this system generated key information to inform the CHC Accrual at the year-end. He was advised that issues arising would be fed back during the audit but the audit team is mindful of the potential impact on year end.</p> <p>(b) The Internal Audit Network Insight Report and Technology Risk Briefing – Noted.</p> <p>(c) Data Security and Protection Toolkit 2022/23 Update - At the September meeting of the Audit Committee, the outcome of the 2022/23 DSPT review was reported. Given the number of recommendations/findings, the Audit Committee questioned the overall outcome of the audit as moderate assurance, (See also comment under Matters Arising and Action Log above). MIAA provided an update to the meeting. Reference was made to the completion of the data security and protection toolkit by general practices (DSPT). It was noted that some general practices across Lancashire and South Cumbria had not submitted their DSPT in 2022/23. Following a more in depth review it was identified that some practices had not completed the DSPT since 2020/21. The IG oversight group recommended this be picked up with the Director of Primary Care so that his team could cross reference against any information on practice mergers and closures, and then agree a plan for this issue so that actions could be undertaken to address the gaps in assurance.</p> <p>The Chair referred to a report received outside of the meeting from MIAA colleagues relating to digital systems fraud prevention through transactional monitoring. There was an action to raise awareness across the organisation and A Patel advised that a cyber security update would be provided at the next meeting addressing the points raised in the report.</p> <p>RESOLVED: That the Audit Committee note the report and approve the three proposed changes to the internal audit plan.</p>	<p>AP (✓)</p>
<p>12.</p>	<p><u>Anti-fraud</u></p> <p>(a) ICB Anti-fraud, Bribery and Corruption Policy - L Cobain advised that the ICB’s Anti-Fraud, Bribery and Corruption policy had been updated (page 5) to reflect the NHS Counter Fraud Authority (NHSCFA) publishing a new Strategy (2023-2026) and Business Plan (2023-2026) which sets out how the NHSCFA intends to work collaboratively with the health sector to understand, find and prevent fraud in the NHS.</p> <p>The following comments were also made and the policy would be updated to reflect the discussion where appropriate:</p> <ul style="list-style-type: none"> • the General introduction could reference the Fraud Champion. • the draft policy states ‘Where a Fraud Champion has been appointed’ – the policy could be definitive given that the ICB has one. • External specialist – Policy could state that the Anti-fraud Specialist role can be undertaken by an external specialist/expert. <p>RESOLVED: That subject to the amendments to be made, the policy was approved.</p>	<p>LC/PM LJT (✓)</p>
<p>13.</p>	<p><u>Financial Management Report</u></p> <p>E Collier spoke to a circulated report which provided an update on the following corporate registers for the ICB:</p> <p>(a) Losses, Write-offs and Special Payments Register - Nil (b) Tender Waivers Register - 3</p>	

	<p>(c) Procurement Decisions Register - 3 (d) NHSE Protocol Breaches - Nil</p> <p>The Chair referred to the tender waivers suggesting that the estimated cost should be included in future reports. E Collier would ensure the information is included in future summary reports.</p> <p>RESOLVED: That the Audit Committee note the report.</p>	<p>EC (✓)</p>
<p>14.</p>	<p><u>Update from Information Governance Oversight Group</u></p> <p>J McGuigan spoke to a circulated report which provided the Audit Committee with oversight and assurance on information governance risks together with an understanding of the actions to date and plan for remainder for 2023/24.</p> <p>The Chair welcomed the report. An issue of note and as referenced earlier in the meeting was that further work was required regarding the general practices who had not completed the data security and protection toolkit which would be picked up with the Director of Primary Care. This would also be conveyed to the Primary Care Commissioning Committee via I Cherry (Vice Chair of PCCC). J McGuigan advised that it was not mandatory for the GP practices to complete the DSPT and clarity was required as to who holds the contract from NHSE to the ICB. J McGuigan advised that work was taking place in establishing a framework in order that all assertions into the DSPT would then highlight areas where practices are doing well and which practices are not doing so well. The risk around this was recognised and updates would be submitted to the committee.</p> <p>RESOLVED: That the Audit Committee note the report and the actions being taken forward.</p>	<p>IC (✓)</p>
<p>15.</p>	<p><u>Committee Escalation and Assurance Report to the Board</u></p> <p>The Chair provided a verbal summary of the items for inclusion on the committee escalation report to the Board and would liaise with the Board Secretary to finalise the report for submission to the Board.</p> <ul style="list-style-type: none"> • Alert – DSPT • Advise – Financial Sustainability Checklist Update, Freedom to Speak Up and Completed Internal Audits, review of Anti-fraud, Bribery and Corruption Policy was undertaken, comments made and subsequently approved. • Assure – Committee Effectiveness <p>RESOLVED: That the Audit Committee note the verbal summary provided by the Chair.</p>	<p>JB/LJT (✓)</p>
<p>16.</p>	<p><u>Items Referred to Other Committees</u></p> <p>RESOLVED: That the following item would be referred to the Primary Care Commissioning Committee:</p> <ul style="list-style-type: none"> • Completion of the data security and protection toolkit by general practices (DSPT) as referred to at minute 11. 	<p>IC/LJT (✓)</p>
<p>17.</p>	<p><u>Any Other Business</u></p> <p>A Matter for the Conflicts of Interest Guardian - The Chair reminded the committee of his role as the ICB's Conflicts of Interest Guardian and advised that one item had recently been referred to him in respect of a primary care related tender and whether a specific individual could be involved in the process. He informed the committee that he had advised against this. The Chair would liaise with I Cherry so that he can bring the confidential</p>	<p>JB/IC (✓)</p>

	<p>matter to the attention of D Corcoran, Chair of the Primary Care Commissioning Committee. (Note: actioned following the Committee).</p> <p>RESOLVED: That the information would be recorded in the Board and committee log of interests.</p> <p><i>Colleagues from KPMG, MIAA and the ICB finance team left the meeting. The committee members remained along with the Chief Finance Officer, Chief Digital Officer, Company Secretary/Director of Corporate Governance and the Board Secretary and Governance Manager.</i></p> <p>Internal Audit Provision – The Chair advised the Committee that there was a requirement to review the internal audit provision as the contract with MIAA was due to expire on 31 March 2024. Discussion ensued regarding the proposed arrangements. It was proposed that the contract be extended and that if possible, a Memorandum of Understanding be developed across the Lancashire and South Cumbria area. It was noted that all Partner Trusts have contracts with MIAA for their internal audit provision and it was felt that a collective contract would provide more cohesion and fit with one Lancashire and South Cumbria vision. It would also ease the ICB’s ability to undertake audits across the area and have shared learning. It was noted that external validation of MIAA’s quality had been received (awarded by CIPFA); further external validation would be sought. The ICB/Audit Committee was happy with the service provided by MIAA.</p> <p>I Cherry was comfortable with the proposal provided there was no breach of competition rules, which could leave the ICB open to challenge. S Proffitt would discuss further with procurement colleagues to check against the framework and was also mindful of the value for money aspects and quality standards. Also, consideration would need to be given as to the key performance indicators to be built in.</p> <p>RESOLVED: That subject to the above clarifications, the Audit Committee recommended the roll forward of the current internal audit contract with MIAA for twelve months. They also supported the development of a Memorandum of Understanding, (MOU), that would encompass all L&SC NHS organisations in a collective contract with MIAA. Consideration would be given to the length of the MOU, with the likelihood that it would be for approximately five years.</p>	<p>LJT (✓)</p> <p>SP/KD</p>
18.	<p><u>Items for the Risk Register</u></p> <p>RESOLVED: That there were no new items identified.</p>	
19.	<p><u>Reflections from the Meeting</u></p> <p>No further comments were made.</p>	
20.	<p><u>Date, Time and Venue of Next Meeting</u></p> <p>The next meeting would be held on Thursday, 25 January 2024 at 10.00am-12noon in Lune Meeting Room 1, ICB offices, County Hall, Preston.</p>	