

Approved – 28 March 2024

**Minutes of the ICB Audit Committee  
Held on Thursday, 25 January 2024  
in Lune Meeting Room 1, ICB Offices, County Hall, Preston**

<b><u>Members</u></b>		
Jim Birrell	Chair/Non-Executive Member	L&SC ICB
Sheena Cumiskey	Non-Executive Member	L&SC ICB
Roy Fisher (Left during Item 14)	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
Asim Patel	Chief Digital 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
Michael McCarthy	Principal Digital Risk Consultant	MIAA
Paul McGrath	Anti-fraud Manager	MIAA
Debra Chamberlain	Director	KPMG
Josh Parkinson	Audit Manager	KPMG
Alison Whitehead (Item 13)	Head of Emergency Preparedness, Resilience and Response (EPRR)	L&SC ICB
Louise Talbot	Board Secretary and Governance Manager	L&SC ICB

No	Item	Action
1.	<b><u>Welcome, Introductions and Chair's Remarks</u></b>  The Chair, Jim Birrell, welcomed everybody to the meeting.	
2.	<b><u>Apologies for Absence/Quoracy of Meeting</u></b>  Apologies for absence had been received from Tim Cutler. The meeting was quorate.	
3.	<b><u>Declarations of Interest</u></b>  <b>RESOLVED:</b> That there were no declarations made relating to the items on the agenda.  <b>(a) Audit Committee Register of Interests</b> – It was noted that a new declaration from R Fisher had been included in the register.	
4.	<b><u>Minutes of the Meeting Held on 23 November 2023</u></b>  <b>RESOLVED:</b> That the minutes of the meeting held on 23 November 2023 be approved as a correct record.	
5.	<b><u>Matters Arising and Action Log</u></b>  J Birrell advised that a number of actions on the log had been completed and were shaded as closed which members were in agreement with.	

<p><b>A Review of Current Risks by ICB Executives</b> – S Proffitt and D Atkinson were currently working on a risk universe horizon scanning approach with the Executives and the Place Directors to undertake a full review of risks and the Board Assurance Framework (BAF) which would be held in February. Discussions would then be held on how best to take the findings forward.</p> <p>Whilst J Birrell noted that further work had been undertaken on assurance mapping, (also see minute 11(b)), he felt there were still some gaps in the document. It was agreed that the latest version will be sense checked by the Executives. D Atkinson commented that from March, the format of Board meetings would change, holding the Part 2 meeting prior to the Part 1 meeting, therefore, there may be an opportunity to have a discussion around this at the Part 2 meeting.</p> <p><b>HR Provision – Controls and Processes</b> – Based on previous comments at the committee, it was regarded as important that the planned audit be included in Q1 of the 2024/25 internal audit plan. S Proffitt commented that due to the level of changes within the HR function and the outsource of the function over the last six months, there was a requirement to undertake checks on basic controls and processes.</p> <p><b>Freedom to Speak Up</b> – It was noted that MIAA would audit the arrangements in place from the perspective of the committee’s responsibility. Once completed, they would advise the committee in order that feedback could be provided to the Board. J Birrell asked that this be undertaken fairly promptly.</p> <p><b>CHC Adam System - Critical Application Review Audit</b> - Clarification had been sought at the previous meeting as to whether feedback would be received in sufficient time to make any amendments prior to year-end. L Warner advised that the terms of reference for the audit had been issued. Any issues arising out of the audit would be fed back during the audit and the audit team was mindful of the potential impact on year end. A Patel commented that the audit related to system controls as the system had migrated from the CSU to the ICB. There was also an additional audit in respect of finance and population elements. It was acknowledged that the continuing healthcare team was under extreme pressure currently and the data migration was not yet complete. A request was made for the audit to be deferred and undertaken in the next financial year 2024/25. Whilst understanding the current pressures, S Proffitt commented that it needed to remain in the plan for 2023/24 as it was one of the ICB’s biggest spend and greatest pressure. There was also potential for fraud and there needed to be assurance that there were controls in place.</p> <p>The Audit Committee was also mindful that as it was a key financial control, assurance was required around assumptions underpinning the process. It was further commented that data migration was critical to the calculation of the year-end figures. S Proffitt, K Disley and L Cobain would discuss outside of the meeting. S Proffitt advised that further information would be submitted to the committee with key controls in place and Audit Committee members were comfortable with the Chair, J Birrell linking in with S Proffitt outside of the meeting. Further dialogue would also take place with S Proffitt, A Patel, L Cobain and linking in with S O’Brien to determine the way forward.</p> <p>D Chamberlain advised that it would also inform KPMG’s risk assessment.</p> <p><b>Legacy Items on Primary Care</b> – Superseded with a new review on primary care. Action to be closed.</p> <p><b>Internal Audit Provision</b> – Clarification was sought as to whether there were any issues with the procurement arrangements. The Audit Committee was advised that the same process would be followed as previously undertaken via a 12-month direct award following</p>	<p>SP/KD/ LC</p> <p>JB/SP</p> <p>SP/AP/ LC</p> <p>LJT (✓)</p>
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	<p>which, work would be taken forward bringing together a system-wide audit approach. The Audit Committee was advised that under delegated arrangements, the direct award could be signed off by S Proffitt which was also in line with the approach across the system.</p> <p><b>Deep Dives</b> – J Birrell had raised with Audit Committee Chairs their approach in respect of deep dives. Convention was that they address items raised in internal audit or external audit reports where there are issues and J Birrell asked if it was appropriate to accept convention in this way, being reactive rather than proactive. I Cherry preferred a proactive approach as controls can be identified. S Cumiskey referred to a criteria matrix (a valuable decision-making tool used to assess and rank a list of options based on specific criteria) which would also pick up reactive deep dives. It had been acknowledged that the ICB has a scarce resource and clarification was required as to how much time would be used looking into a deep dive areas. J Birrell commented that a fully completed assurance mapping exercise would effectively become the matrix however, further work was required which would hopefully be undertaken by Executives in February. He added that he was of the opinion that both reactive and proactive approaches should be undertaken. It was agreed to defer this until further discussion had taken place during February.</p>	JB/LJT
6.	<p><b><u>ICB Board Assurance Framework and Risk Management Report including the Risk Management Policy</u></b></p> <p>The Audit Committee received a report which provided assurance on the risk management arrangements that support the ICB’s systems and processes for corporate risk management since the previous report to the committee on 28 September 2023. The report provided a summary of the activity undertaken during the reporting period in the management of risks held on the Board Assurance Framework (BAF) and Corporate Risk Register (CRR) as reported through the Executive Management Team (EMT), the Board and its committees.</p> <p>It was noted that the ICB’s revised Risk Management Policy was also provided for review and approval and included the approved Board risk appetite statements and risk tolerance, which would be used to inform the management of strategic risks and incorporated into the BAF prior to its next review by the Board in March 2024.</p> <p>J Birrell commented that the summary of risk management activity for Q3 was very helpful, particularly in terms of what is ‘live’ and the actions being taken.</p> <p>Discussion ensued regarding the draft risk management policy and reference was made to the discussion held at a Board Development Session regarding the risk appetite for the organisation. It was commented that as the draft policy set out the risk appetite, it could assist the committees and the Board in circumstances when there is uncertainty regarding the acceptable level of risk.</p> <p>D Atkinson advised that there was a distinction in the policy between strategic risk management, operational risk management and then functional risk management. It was proposed that any risks scoring 15 and above be taken through the Board, the associated committees and through the Executives. D Atkinson asked if the committee members were comfortable with this approach and would amend the policy accordingly. J Birrell asked whether there should just be strategic and operational risks and also questioned the purpose of separate risk logs. D Atkinson would review both points.</p> <p>S Proffitt advised that it had been noted by the Board that the BAF/strategic risks were now driving the Board agenda and whilst the weaknesses in the process and approach in the previous year were acknowledged, it is felt that those issues have since been addressed.</p>	DA

	<p>S Cumiskey was mindful of having a robust BAF and risk management policy in place and stressed the importance of them being used, applied and brought to life. She also welcomed the summary of risk management activity and referred to the discussion held at the Quality Committee the previous day regarding risk, including how issues are highlighted within the triple A committee escalation report to the Board.</p> <p>I Cherry expressed concern at the two high scoring risks, ie,</p> <ul style="list-style-type: none"> <li>• System financial risk; and</li> <li>• Achievement of national standards and performance targets</li> </ul> <p>He felt they should have escalated to 20 as a maximum and addressed accordingly in order to prevent them reaching the score of 25. In light of this, he asked if the Audit Committee was satisfied that there was a robust system of risk management in place. J Birrell advised that whilst the ICB and wider local NHS system were working very hard to address the underlying issues, the risk matrix left little scope for changing the assessed risk score.</p> <p>S Proffitt understood the points raised by I Cherry commenting that in terms of the financial position, the ICB will not breakeven. She advised that a revised plan had been agreed with NHS England and a recovery plan developed. Work was also taking place in respect of the strategy and commissioning plan. Overall, regular reviews were taking place to make improvements. J Birrell acknowledged the concerns expressed but also commented that the problems should not be understated.</p> <p>R Fisher advised that both risks were monitored by the Finance and Performance Committee (F&amp;PC) and was mindful of the comments made by I Cherry. Whilst it was an unusual situation, he assured I Cherry that robust discussion had been and continued to be held at the F&amp;PC. The ICB Chair had also raised concerns and long and detailed discussion has been held at Board meetings, particularly about the decision to move the score to 25 which was a huge concern. It highlighted to NHS England the difficult financial position the ICB faced as both a statutory body and a wider system.</p> <p>In respect of the documents presented to the Audit Committee, J Birrell acknowledged the quality of work undertaken and welcomed the suite of documents that collectively put the ICB in a good position. Thanks were conveyed to D Atkinson and the team.</p> <p><b>RESOLVED: That the Audit Committee:</b></p> <ul style="list-style-type: none"> <li>• <b>Note the report including the summary of risk management activity.</b></li> <li>• <b>Receive assurance of the operation of the systems and processes established to support effective risk management within the ICB.</b></li> <li>• <b>Approve, subject to minor wording changes provided by the Audit Committee Chair, the updated Risk Management Policy including the draft risk appetite statement for recommendation to the Board.</b></li> </ul>	
7.	<p><b><u>Managing Conflicts of Interest (including Gifts and Hospitality)</u></b></p> <p>The Audit Committee was provided with an update on the activity undertaken and developments in the management of the ICB's systems and processes for Managing Conflicts of Interest (including gifts and hospitality), since previously reported to the committee in September 2023. The report provided assurance on the annual review and refresh of published registers of interests, gifts, hospitality and commercial sponsorship and procurement decisions.</p> <p>It was noted that the report also recommended that the ICB adopted the recently published Conflict of Interest training (Module 1) for all ICB staff as a core mandatory training module,</p>	

	<p>and that following the publication of revised NHS England Guidance (expected in February 2024), a full review of the policy and guidance be undertaken in Quarter 1 of 2024/25.</p> <p>J Birrell sought clarification on the total number of declarations received and D Atkinson advised that they were all complete with a small number just outside of the 12-month review. She further advised that a new system had recently been put in place relating to annual reviews and regular reminders would be automatically issued once the 12-month period had passed.</p> <p><b>RESOLVED: That the Audit Committee:</b></p> <ul style="list-style-type: none"> <li>• <b>Note the report, the annual review and the significant work undertaken in the maintenance of the ICB’s registers of interest.</b></li> <li>• <b>Support the recommendation to roll out NHS England E:learning (Module 1) as mandatory for all staff.</b></li> </ul>	
8.	<p><b><u>Annual Governance Statement – Early Assessment</u></b></p> <p>The Audit Committee received a report which provided information in respect of an early assessment of the core requirements for the 2023/24 Annual Governance Statement, (AGS). The report also highlighted the process undertaken to submit the month 9 Governance Statement to NHS England in January 2024 and described national timescales and arrangements in place for the drafting, approval and submission of the ICB’s Annual Report and Accounts for 2023/24.</p> <p>D Atkinson advised that the document set out the AGS framework and provided a good starting point for further development.</p> <p>Reference was made to the Annual Report Working Group and that learning had been taken from the previous year in terms of the document content and requirements. It was noted that the communications and engagement team had responsibility for the first section of the document, D Atkinson was responsible for the Annual Governance Statement section and K Disley and the finance team have responsibility for the financial/accounts section. Whilst a similar approach would be undertaken, everybody was clear on the content and bringing the document together in a timely manner in order that there could be a full read across and built into working group timescales. J Birrell stressed the importance of ensuring the document was proof read and sense checked.</p> <p>J Birrell welcomed the early assessment suggesting that as the next meeting of the committee was scheduled to take place at the end of March, members should provide any comments they may have on the document outside of the meeting.</p> <p>D Atkinson advised that feedback had not yet been received from NHS England on the month 9 submission.</p> <p><b>RESOLVED: That the Audit Committee note the early assessment of the Annual Governance Statement.</b></p>	Committee members
9.	<p><b><u>ICB Mandatory Training Update</u></b></p> <p>The Audit Committee received a report which provided an update on the mandatory training provision within the ICB.</p> <p>It was noted that as a result of the organisational change within the ICB, the Electronic Staff Record (ESR) architecture needed to be completely rebuilt to reflect the new ICB directorate structure needed to enable mandatory training reporting to be carried out a directorate and team levels. The ESR infrastructure rebuild started in October 2023 and</p>	

	<p>was completed at the end of December 2023. In addition, the ICB's Mandatory Training Policy was no longer compliant with the National Core Skills Framework for Mandatory Training which was the national standard used by CQC to inspect all NHS organisations. It required a new policy to be developed and to include the necessary mandatory training requirements of new CHC clinical staff joining the ICB in October.</p> <p>The Audit Committee noted that the new mandatory training policy was approved in January 2024 by the Executive Team. A manual check and challenge process was being implemented to identify each individual patient-facing clinical and medical member of staff, over 200, is correctly identified so that new mandatory training competencies can be applied to the new ESR infrastructure to enable accurate reporting. The process should be completed at the end of February 2024.</p> <p>Currently the overall organisational compliance of mandatory training, on the previous policy, was 81% at December 2023. The benchmark level set in the new mandatory training policy was 92% compliance, which allowed for variations in workforce sickness/absence levels and was in line with most NHS organisations. It was anticipated that strengthened mandatory training performance reporting through the new re-built ESR system would help to increase organisational level compliance to the required levels by Q3.</p> <p>As the system was undergoing review, it was noted that a request had been made to defer the audit of mandatory training until Q1 of 2024/25. Given the work taking place, the Audit Committee members were in agreement to this request.</p> <p><b>RESOLVED: That the Audit Committee note the report, agree to the audit being deferred to Q1 of 2024/25 and would monitor progress of the new arrangements.</b></p>	
<p><b>10.</b></p>	<p><b><u>External Audit</u></b></p> <p><b>(a) Audit Plan Overview including Technical Update on the Health Sector</b> - The Audit Committee received a report which provided an overview of KPMG's plan for the audit of the financial statements of the ICB as at and for the year ending 31 March 2024 along with a technical update on the health sector.</p> <p>D Chamberlain advised that they would need to complete their planning and risk assessment work and monitor the financial position before they could finalise their materiality levels and crystallise the significant risks.</p> <p>In respect of progress on value for money, it was being undertaken from two angles; obtain the base information followed by a review of areas of significant risk. The base information had been received and significant meetings held to draw it together in respect of risk management and financial sustainability. She advised that the risk management work was moving in a positive direction however, the financial picture was different. S Proffitt had met with T Cutler and D Chamberlain and the Audit Committee was advised that KPMG had a legal duty to inform the Secretary of State for Health when an ICB breaches its breakeven duty. Given that Lancashire and South Cumbria had revised its 2023/24 plan to an agreed £49m deficit, a referral would be made. It was commented that this would mean the ICB would receive a qualified regulatory opinion as part of the accounts submission. S Proffitt had liaised with the Regional Director of Finance to ensure he was aware of the position and she had also checked with 42 Chief Finance Officers, some of which were in a similar position.</p> <p>J Birrell advised that the ICB Board would be made fully aware via the committee escalation and assurance report (triple A) that there had been a referral to the Secretary of State for Health.</p>	

	<p>S Proffitt further commented that the majority of systems across the country will have a deficit and that some ICBs were likely to merge at the end of the year. There would also be some that will not have a deficit.</p> <p>J Birrell referred to the health inequalities section within the technical report and sought clarification as to what needs to be undertaken to comply with the requirements. D Atkinson advised that NHS England had published a statement in respect of health inequalities which set out what they expect ICBs to put statements against. The ICB Executives were aware of this requirement which related to population health and sat under the remit of D Levy, Medical Director. Further clarification was required as to how it would feed in. A Patel also commented that a report had been taken through the ICB Executives in respect of the statement and the proposed response further advising that the statement would be taken through the Finance and Performance Committee as there would be performance reporting requirements on the back of the statement. A Patel advised that the relevant information would be included in the ICB Annual Report and Accounts.</p> <p>J Birrell referred to the introduction of IFRS 17 which brings in a number of changes to accounting in comparison to IFRS 4. He asked if it would result in an impact to the ICB and D Chamberlain advised that it was unlikely it would have a material impact but further guidance from NHSE will be provided in due course.</p> <p>Reference was made to the provider selection regime and K Disley advised that internal mechanisms were being put in place along with bespoke training for Boards overseen by C Harris. A copy of a presentation would be circulated to the Audit Committee. It was acknowledged that a process still needed to be followed however, it was not as straightforward as assumed with a lot of work still to be undertaken looking at the criteria.</p> <p><b>RESOLVED: That the Audit Committee note the update and the legal duty for KPMG to inform the Secretary of State for Health that the ICB will breach its breakeven duty. The Board would be made fully aware via the committee escalation and assurance report (triple A) of this referral.</b></p>	<p>LJT (✓)</p>
<p>11.</p>	<p><b><u>Internal Audit</u></b></p> <p><b>(a) Progress Report</b> - 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> <ul style="list-style-type: none"> <li>• The following reviews had been finalised: <ul style="list-style-type: none"> <li>• <b>QIPP/Cost Improvement Programme</b> – Limited assurance</li> <li>• <b>Primary Care Contracts</b> – Moderate assurance</li> <li>• <b>Cyber Security</b> – Moderate assurance</li> </ul> </li> <li>• The reviews below were currently in progress: <ul style="list-style-type: none"> <li>• <b>Key Financial Systems</b> (fieldwork)</li> <li>• <b>HR/Payroll</b> (fieldwork)</li> <li>• <b>Healthcare Contract Management</b> (fieldwork)</li> <li>• <b>Fit and Proper Persons</b> (fieldwork)</li> <li>• <b>Freedom to Speak Up</b> (fieldwork)</li> <li>• <b>Assurance Framework phase 2</b> (fieldwork)</li> <li>• <b>Continuing Healthcare</b> (draft ToR issued)</li> <li>• <b>SOF Exit Criteria review</b> (planning)</li> <li>• <b>Delegated Primary Care Functions – review of annual declaration</b> (planning)</li> <li>• <b>IT Critical application review – CHC Adam system</b> (draft ToR issued)</li> </ul> </li> </ul>	

The report highlighted that a request has been made to defer the audit of mandatory training until Q1 2024/25 as the system is undergoing review, (see also minute 9).

L Warner advised that good progress was being made with the plan. The outcome of limited assurance relating to the audit in respect of QIPP/Cost Improvement Programme was around the systems and process in place to support QIPP delivery rather than achievement of the QIPP. S Proffitt advised that it was not appropriate for her to be the Executive sponsor on QIPP. She commented that the issues were around processes and controls and the outcome of the audit highlighted that it should not be finance determining the QIPP plans as it was an organisational process. S Proffitt advised that the senior leadership meets weekly via a business and sustainability meeting co-chaired by herself and S O'Brien which is also supported by A Wells, PMO Lead to support QIPP. C Harris, Chief Operating Officer leads on the programmes. She commented that there had been a significant programme during 2023/24. Whilst continuing healthcare, prescribing and running costs were all determined by the finance team, actions were being taken however, it needed driving further. S Proffitt reassured the Audit Committee that the documentation process and PMO were being addressed.

Reference was made to the audit in respect of primary care contracts with an outcome of moderate assurance. I Cherry advised that there was an element of timing and that some of the actions had since been undertaken and would form part of the consideration at the Primary Care Commissioning Committee meeting in February. He further commented that there were a number of areas where quality was being addressed however, there was no formal system in place. It was acknowledged that primary care was operating on a skeleton staffing level and an item had been flagged that market intelligence was required in order to provide a better picture.

Reference was made to the quality surveillance dashboard and D Atkinson advised that it had been agreed through the Primary Care Commissioning Committee that A White, Chief Pharmacist, K Lord, Director of Quality Assurance and Safety and P Tinson, Director of Primary Care articulate the risk in respect of systems and processes and that work was taking place to define what it would look like. J Birrell asked that this be given a high priority and that an update be provided at the next meeting. D Atkinson advised that in addition to discussion held at the Primary Care Commissioning Committee and the Quality Committee, a closed discussion would be held at the Board regarding primary care concerns.

In respect of the audit relating to cyber security (moderate assurance), it was acknowledged that there had been a lot of work undertaken in a short time period and consideration be given as to whether the timescales were realistic. A Patel advised that there were a number of areas that related to the cyber strategy acknowledging that there was a lot of work taking place and that the audit outcome was a reflection of the current position.

J Birrell referred to Appendix B within the report relating to performance indicators and particularly highlighted the percentage of recommendations which are implemented. The summary stated that *'54% of those recommendations due have been actioned. The remaining 46% of recommendations (29) are in progress and have revised dates for action and/or we have requested an update from the ICB'*. He expressed concern at the percentage figure of 46%. L Cobain advised that a primary focus had been taken on the high priority areas however, she would review the position and provide an update at the next meeting. She further commented that a number of audits were currently in field work. The Audit Committee asked that there be a significant change in the position when reporting back. D Atkinson was mindful of the importance around this and she would also highlight the position with the Executives.

**LJT**  
to follow up

**LC**  
**DA**



	<p><b>RESOLVED: That the Audit Committee note the report and the actions being taken forward particularly in respect of the high priority recommendations which were in process of implementation. The Audit Committee also approved the amendment to the internal audit plan as requested.</b></p> <p><b>(b) Assurance Mapping Update</b> – The Audit Committee had asked MIAA to undertake an assurance mapping exercise on the Board Assurance Framework (BAF), the outcomes of which were reported to the Audit Committee in July 2023. MIAA was subsequently requested to include the ICB’s ‘key deliverables’ within the assurance mapping exercise. The focus had been on the second line of assurance (Board and committee papers). A working draft was provided to the committee to demonstrate the progression of the work and further discussion would be held with D Atkinson. J Birrell found the report helpful and it was noted that it would be taken through the Executives for further discussion.</p> <p><b>RESOLVED: That the Audit Committee note the report.</b></p> <p><b>(c) Draft Outline Plan 2024/25</b> – The Audit Committee received the draft outline internal audit plan for 2024/25 which required approval at the March meeting of the committee. L Warner would be meeting with Executives over the coming weeks with a view to taking the draft plan to the Executives prior to the Audit Committee in March. L Cobain advised that the draft plan was an indicative outline and was more of a discussion point at the current time. She welcomed any comments or further discussion with Audit Committee members outside of the meeting if required.</p> <p>It was acknowledged that health inequalities needed to be built into the plan. L Cobain advised that a prioritisation process would need to be undertaken. S Proffitt commented that when drawing up the plan, they were mindful of whole system recovery and consideration needed to be given as to how to frame the plan and reshape the priorities. She had discussed single financial leadership across the system with the Chief Finance Officer at UHMBT and suggested looking at key risks across the system.</p> <p><b>RESOLVED: That the Audit Committee note the initial draft plan pending the final plan to the March meeting.</b></p> <p><b>(d) The Internal Audit Network Insight Report</b> – Noted.</p> <p><b>(e) Interim Head of Internal Audit Opinion (HoIA)</b> – A request had been made by the Audit Committee to have sight of an interim HoIA. It was noted that the opinion would be updated in line with NHS England year end timetable which would require the ICB to submit its interim opinion by 3 March 2024. Due to the timing of the interim HoIA, an indicative overall assurance opinion of moderate assurance had been provided however, it was noted that the indicative opinion only related to the work that had been completed as at 15 January 2024 and may change subject to the outcome of the remaining work.</p> <p><b>RESOLVED: That the Audit Committee note the indicative overall assurance opinion of moderate assurance noting that it may be subject to change pending the outcome of the remaining work to be undertaken.</b></p>	
12.	<p><b><u>Anti-fraud</u></b></p> <p><b>(a) Progress Report</b> – P McGrath spoke to a circulated report which provided the Audit Committee with an update on anti-fraud work undertaken during the period 1 September 2023 to 21 December 2023.</p> <p>P McGrath advised a number of different fraud alerts had been issued and a lot of fraud queries received. He also referred to the current level of compliance against the 12</p>	

	<p>components of which 10 were green and two were amber. Of the two amber levels:</p> <ul style="list-style-type: none"> <li>• <b>Fraud bribery and corruption risk assessment</b> - Completed by the Anti-Fraud Lead and liaison with the ICB was ongoing to ensure fraud risks ere scored in line with Risk Management Strategy and then added to risks registers (where necessary). Once finalised, this component would be re-assessed/re-rated.</li> <li>• <b>Access to and completion of training</b> - In 2022/23 only 68% of staff had completed fraud awareness training via ESR. The anti-fraud specialist would work with the ICB to ensure a higher percentage of staff complete the training to achieve a green rating.</li> </ul> <p>The Audit Committee was mindful that the position in respect of completion of training needed to improve.</p> <p>Reference was made to the National Fraud Initiative and the current status of creditor matches outstanding which was 9,115 (nil cleared). P McGrath advised that they were very low level but had to be cleared by 31 March 2024. He was currently liaising with finance colleagues within the ICB around this further commenting that most organisations only clear them in the final month. He anticipated that they will be cleared however, due to the timing of the next Audit Committee meeting (28 March 2024), should they not be cleared, he would escalate via S Proffitt or K Disley prior to the next meeting if required.</p> <p><b>RESOLVED: That the Audit Committee note the report, the level of awareness and vigilance being maintained and the action to be monitored in terms of creditor matches.</b></p>	<b>PM</b>
13.	<p><b><u>Business Continuity – Critical Information Systems</u></b></p> <p>J Birrell welcomed Alison Whitehead, Head of Emergency Preparedness, Resilience and Response (EPRR) to the meeting. The Audit Committee received a report which outlined the existing arrangements for business continuity within the ICB and provided advice and assurance regarding the current arrangements for responding to business continuity incidents, and to the prolonged unavailability of critical information systems.</p> <p>It was noted that the existing ICB Business Continuity Plan was due for review. It was acknowledged that there were currently some gaps in respect of information systems however, these were being addressed and tested prior to a formal review due to be undertaken before July 2024.</p> <p>J Birrell welcomed the report and noted the update. He asked if A Whitehead anticipated any other areas that would need to be addressed as part of the review. A Whitehead was mindful that further work would need to be undertaken to address any key gaps and once reviewed, they would be tested. She advised that there would be an exercise relating to disaster recovery across the three IT providers over the next three months. She had no concerns at the current time.</p> <p>J Birrell referred to Appendix 2 within the plan, particularly around the roles and responsibilities and the role of the Chair in terms of the key actions and responses - Chair of incident management team or designated person. He suggested that it could be the responsibility of the senior responsible officer rather than the Chair and this was noted.</p> <p>A Patel commented that the key area to reflect on from a business perspective in the event that the Adam system for continuing healthcare was compromised would be how to respond, similar for the SBS finance system. Work would take place with individual teams around this to address the detail in the coming months.</p> <p><b>RESOLVED: That the Audit Committee note the report and receive an update in due course.</b></p>	

	<p><i>A Whitehead left the meeting.</i></p>	
<p>14.</p>	<p><b><u>Annual Cyber Security Update</u></b></p> <p>A Patel spoke to a circulated which provided the Audit Committee with an update on cyber security and it was noted that the cyber service provided within the ICB is currently procured through Midlands and Lancashire Commissioning Support Unit.</p> <p>It was noted that during the period up to end of December, the ICB, with support from integrated care system (ICS) partners has:</p> <ul style="list-style-type: none"> <li>• Developed the cyber security draft strategy to a point where it is ready for approval.</li> <li>• Successfully bid and obtained funding of £450,000 from NHS England to invest in cyber resilience and prevention.</li> <li>• Mersey Internal Audit Agency (MIAA) undertook a of review cyber security as part of the 2023/24 audit plan, assessing the effectiveness of current cyber controls that are in place.</li> <li>• Discussions commenced on planning of a cyber resilience exercise for the ICB led by the ICB Head of Emergency Preparedness, Resilience and Response (EPRR).</li> </ul> <p>The Audit Committee was alerted to the challenges of collaboration across the system to enable strategic investment in cyber.</p> <p>A Patel advised that cyber currently sits on the national risk register as an impact of 3 likelihood of 4 however, the aggregated national data across the whole economy needed to be considered in light of 13 attempted attacks per day against NHS organisations.</p> <p>The Audit Committee was assured through the ICB governance structures, that cyber risk was being managed by both its service providers and its NHS Trusts across the ICS in an appropriate manner.</p> <p>It was acknowledged that from an integrated care system, there were some key risks. A Patel advised that there had not been any audits undertaken across the system.</p> <p>A Patel commented that in terms of the system, all NHS provider organisations’ networks were interconnected and also some of the top layer organisations and local authorities which were the areas the strategy focusses on.</p> <p><i>R Fisher left the meeting (the meeting remained quorate).</i></p> <p>S Cumiskey referred to the challenges of collaboration across the system and sought an understanding at to what the barriers were to collaboration. They could start to be negated in order to have a more collaborative approach which was crucial to the strategy in making it effective. A Patel referred to cyber defence advising that the first area to be looked at was how cyber resources are brought together and how to set up a team that is truly a Lancashire and South Cumbria cyber team.</p> <p>J Birrell challenged the ICB’s risk score of 15 for “cyber security and business continuity - overall physical and digital infrastructure”, which is presumably based on 5 for consequence and 3 for likelihood. As the former seems high, it was suggested that the Consequences score be reviewed.</p> <p><b>RESOLVED: That the Audit Committee note the report and progress being made.</b></p>	

15.	<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>(a) <b>Losses, Write-offs and Special Payments Register - Nil</b>  (b) <b>Tender Waivers Register - 2</b>  (c) <b>Procurement Decisions Register - 4</b>  (d) <b>NHSE Protocol Breaches – Nil</b>  (e) <b>Other - Legal Challenges</b></p> <p><b>Tender waiver - Extension of 13 Intermediate Minor Oral Surgery Personal Dental Services (PDS) Agreements in Lancashire and South Cumbria</b> - For a period of 24 months to extend contracts from 31 August 2024 to 31 August 2026 with a total value of £5,351,952 for all 13 contracts for 24 months. I Cherry sought clarification as to why the extended period was for 24 months rather than 12 months with a view to extending further as the ICB could open itself up to challenge and particularly in light of the provider selection regime. K Disley advised that it had been managed with NHS England as a standard recommendation from them and was undertaken prior to 31 December 2023, ie, the previous regime. She would check that the process undertaken met the requirements and would report back to the committee.</p> <p><b>Tender waiver register to the Audit Committee</b> – K Disley would provide the committee with any new single tender waivers rather than the full register. She advised that from 2024/25, there would be a requirement to have two separate registers – clinical and non-clinical.</p> <p><b>Legal challenge</b> – It was noted that the ICB had received a challenge from a bidder during the standstill period of the Ophthalmology procurement. K Disley provided the detail of the legal challenge and advised that it was currently being managed by the ICB’s Head of Procurement and Contracting. The ICB had instructed a solicitor to support them in reaching a resolution with the bidder. Senior finance and commissioning colleagues were receiving regular updates relating to the matter. Alongside this, the ICB and CSU were working together to ensure appropriate senior review of the evaluation process to mitigate the risk going forward. The Audit Committee would be kept updated.</p> <p><b>RESOLVED: That the Audit Committee note the report.</b></p>	KD
16.	<p><b><u>Audit Insights Update</u></b></p> <p>The Audit Committee received an update report on the insights, publications and learning opportunities that are brought to the attention of the ICB’s Executive leadership team each month. It was acknowledged that there was a lot of consistency with the Internal Audit Network document and the progress report which provided assurance to the committee that those areas were being addressed.</p> <p><b>RESOLVED: That the Audit Committee note the update report.</b></p>	
17.	<p><b><u>Draft Minutes of the L&amp;SC Audit Chairs’ Group – 12 January 2024</u></b></p> <p>J Birrell highlighted the following from the meeting of the L&amp;SC Audit Chairs’ Group held on 12 January 2024:</p> <ul style="list-style-type: none"> <li>• System-wide audits – MIAA to discuss with providers the feasibility of including system-</li> </ul>	

	<p>wide audits in the 2024/25 internal audit plans.</p> <ul style="list-style-type: none"> <li>• Anti-fraud services – the possibility of sharing intelligence/experience on anti-fraud work and activity across Lancashire and South Cumbria will be explored further.</li> <li>• Audit Committee role in oversight of financial performance - Audit Chairs will have a role in signing-off deficit protocol submissions. The general view was that the prime purposes of this is to have the Audit Committee's confirmation that all possible steps had been taken to control the finances and that reported figures were accurate.</li> </ul> <p><b>RESOLVED: That the Audit Committee note the draft minutes.</b></p>	
18.	<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
19.	<p><b><u>Items Referred to Other Committees</u></b></p> <p><b>RESOLVED: It was noted that the Internal Audit report on primary care contracts (moderate assurance) had already been referred to the Primary Care Commissioning Committee.</b></p>	
20.	<p><b><u>Any Other Business</u></b></p> <p><b>Reports to the Audit Committee –</b> S Cumiskey congratulated the teams on the quality of the reports submitted to the Audit Committee in terms of the content and summary on the covering report. She further commented that they enabled her to be able to undertake preparation for the meeting in an informative yet summarised way. She suggested that the sharing of this skill be standardised throughout the other committees. J Birrell welcomed the comment made and asked that further attempts be made in reducing the meeting pack further.</p> <p><b>Care Quality Commission Inspection Readiness –</b> S Cumiskey advised that a report was presented to the Quality Committee the previous day regarding the new CQC system assessment and that consideration needed to be given in going forward around the role of the Audit Committee. She further commented that it was being piloted in two places across the country around a whole system framework. She suggested that the Audit Committee considered this during the second half of 2024/25. The report would be circulated to the Audit Committee.</p>	LJT (✓)
21.	<p><b><u>Items for the Risk Register</u></b></p> <p><b>RESOLVED: That there were no new items identified.</b></p>	
22.	<p><b><u>Reflections from the Meeting</u></b></p> <p>No further comments were made.</p>	
23.	<p><b><u>Date, Time and Venue of Next Meeting</u></b></p> <p>The next meeting would be held on Thursday, 28 March 2024 at 10.00am-12noon in Lune Meeting Room 1, ICB offices, County Hall, Preston.</p>	