Lancashire and South Cumbria Integrated Care Board

Approved at the meeting held on 23 July 2025

Minutes of a Meeting of the Extraordinary ICB Audit Committee Held on Monday 16 June 2025 at 9.00am – 10.30am in the Lune Meeting Room, ICB Offices, County Hall, Preston and MS Teams

Members		
Jim Birrell	Chair/Non-Executive Member	L&SC ICB
Roy Fisher	Non-Executive Member	L&SC ICB
Attendees		
Sam Proffitt	Acting Chief Executive	L&SC ICB
Asim Patel	Chief Digital Officer	L&SC ICB
Stephen Downs	Acting Chief Finance Officer	L&SC ICB
Liz Bateman	Head of Financial Control	L&SC ICB
Emma Woollett (via MS Teams)	ICB Chair	L&SC ICB
Steve Spill (via MS Teams)	Associate Non-Executive	L&SC ICB
Debra Atkinson	Company Secretary / Director of Governance	L&SC ICB
Jo Leeming	Committee and Governance Officer	L&SC ICB
Lisa Warner	Engagement Manager	MIAA
Kevin Howells	Anti-fraud Manager	MIAA
Josh Parkinson	Audit Manager	KPMG
Tim Cutler	Partner	KPMG

No	Item	Action
1/ 2526	**Welcome, Introductions and Chair's Remarks** The Chair welcomed everyone to the extraordinary meeting to review the accounts and annual report. The ICB Chair, Emma Woolett and ICB Acting Chief Executive, Sam Profitt, were in attendance at the invite of the Committee Chair. Stephen Downs was welcomed to his first Audit Committee meeting as Acting Chief Finance Officer, as was Steve Spill, new associate NEM attending Audit Committee (via Teams), and Kevin Howells from MIAA who has taken over the role of nominated Anti-Fraud Specialist for the ICB from Paul McGrath. Chris Keenan will be joining the meeting if required to present item 10 – Mental Health Investment Standard. The Chair noted that the meeting was only 90 minutes so to optimise time for discussion, papers should be taken as read. The aim of the committee is to agree the recommendations that can be presented to the Board meeting that follows at 10.45am.	
2/25 26	**Apologies for Absence/Quoracy of Meeting** Apologies for absence had been received from Sheena Cumiskey, Debbie Corcoran and Louise Cobain. The meeting was quorate.	
2/25 26	**Declarations of Interest** **RESOLVED: That there were no declarations made relating to the items on the agenda.** **(a) Audit Committee Register of Interests.** Noted.	
3/25 26	**Minutes of the Meeting Held on 27 March 2025** **RESOLVED: That the minutes of the meeting held on 27 March 2025 be approved as a correct record.**	

	The Chair noted that all except representatives from MIAA had also received a confidential file note from the last meeting and requested that any comments be emailed to Jo Leeming.	
4/25 26	**<u>Matters Arising and Action Log</u>** The action log was reviewed and would be updated accordingly.	
5/25 26	**<u>Integrated Care Board's Annual Report and Audited Accounts for the period 1 April 2024 – 31 March 2025</u>** All NHS bodies are required to prepare their annual report and accounts in accordance with the Group Accounting Manual (GAM) issued by the Department of Health and Social Care (DHSC) and are responsible for submitting their annual report and audited accounts to NHS England by 9am 23 June 2025. The Audit Committee was assured that the draft annual report was prepared in line with the GAM and that the submission of the draft by 25 April 2025 had been met. The committee is required to review the final annual report and audited accounts before they are submitted to the Board for formal approval. This report therefore presented the ICB's final Annual Report and Audited Accounts for the period 1 April 2024 – 31 March 2025 (subject to final review by external auditors) for review and a recommendation to the Board. It was agreed that approval of any post-meeting technical or minor additions will be delegated to the Acting Chief Finance Officer but more significant issues may necessitate a recall of the Committee. **a) HFMA briefing** The Chair felt that the information provided in the completed questionnaire was a good analysis of the technicalities underpinning the final accounts. Reference was made to item 8, materiality, and it was explained that the ICB's materiality figure for accounting errors is £100m so whilst items below this amount represent significant sums, from a technical perspective they do not necessitate accounting adjustments. **b) Responses to external feedback on annual report** The Chair asked if there had been any further feedback from NHSE on the draft Annual Report and it was confirmed that no additional comments have been received. However, the latest version of the document has been reviewed and quality assured by the executive team. Executives are confident that all questions raised by NHSE have been resolved although the Chair felt some answers were vague. E Woollett noted that the external auditor's questions were fairly substantive and helpful. S Proffitt noted that in response to the feedback, executives had provided some additional information in respect of performance and context. **c) Annual report** The Chair noted that the Audit Committee was primarily interested in and concerned about the things that were subject to audit. To that end, reference was made to page 288 of the pack and the comments made by KPMG on the annual report, which were considered to be very helpful in terms of confirming compliance with guidelines and consistency with financial statements. T Cutler advised their duty was to check that the document was accurate and contained all the requisite information and he felt there was nothing that conflicted with these criteria. The Chair stated that improvements could be made to the content and presentation of the report but as the document meets all the national requirements and there is only a short period before it has to be submitted, changes need to be minimal. Having said that, the following specific points of note were made: - • the deadline for the Data Security and Protection Toolkit (DSPT) submission is 30 June 2025, so the annual governance statement will include the forecast position	

- if time permits, more information should be included on population health and clinical outcomes
- staff numbers need to be consistent - different year-end totals are quoted at different points in the report.
- the section on Control Issues needs to explain the context for the assessment
- clarification is required in respect of the role of the Audit Committee mentioned in the section on Risk Management arrangements and effectiveness
- the Chair said he would discuss some more detailed comments with D Atkinson outside the meeting

L Bateman advised that the report would need to be submitted this week and KPMG would need to have the final version to ensure it complies and ties in with their understanding, which leaves little time for change. It was suggested that N Greaves could work with his team on producing a more succinct public facing summary document. E Woollett advised the report could be improved but we need to be pragmatic. However, she would like to make some tweaks to her section and also suggested that we look at the process for next year as the 2024/25 report feels rushed with the result that we are trying to make changes too late in the process. It was agreed that the Audit Committee would request a timetable for next year that provides sufficient time for amendments prior to submission.

Post-committee note:

- D Atkinson has discussed with N Greaves the requirement to produce a more succinct public facing summary document and will look at developing this in time for the AGM in September.
- All factual inaccuracies from the report have been corrected for the final submission.
- Changes have been made to the ICB Chair’s section and added to the final submission.
- It was agreed as part of the debrief for this year that will take place in July that the process for next year would be reviewed to ensure there was enough time to make any changes.

d) Annual accounts amendments

From the analysis provided, the Chair referenced the amendment regarding the “effect of accrued credit note to be included to reduce overdue receivables balance,” as this was a significant change between the draft accounts and the final accounts. L Bateman advised this did not impact on the overall financial position of the ICB or the main financial statements but was an amendment to a sub note of the debtors note, showing the value of overdue debtor invoices outstanding at year end. This note was completed based on the aged debt report, reflecting the accounts receivable system as at 31 March. This report included one very large item for which a credit note had subsequently been accrued in the financial ledger after the cutoff date for the accounts receivable system but before final ledger close. The amendment to the accounts note was therefore to reduce the value of overdue invoices to take into account this accrued credit note. The committee noted that the other amendments were all minimal and largely down to rounding adjustments.

e) Audited annual accounts

The Chair noted that the annual accounts are consistent with figures reported previously to the Board and that there have been no significant matters raised during the audit exercise. The assessment of inter-indebtedness between the ICB and its local authority partners is considered reasonable and the significant reduction in debtors and creditors is largely down to agreements relating to the Better Care fund.

S Downs noted the huge amount of work undertaken to complete the annual accounts

	and the lack of concerns raised showed this was an impressive achievement. The Chair agreed and thanks were noted to L Bateman and the team for producing the report despite the huge pressure all staff were under. **RESOLVED: The Committee:** • **Reviewed the ICB's Annual Report and Audited Accounts for the period 1 April 2024 – 31 March 2025 prior to submission to the Board** • **Agreed to make a recommendation to the Board to approve the final report and accounts.** • **Supported a recommendation to the Board that it delegates to the Acting Chief Finance Officer to approve any technical amendments or minor additions that have not yet been identified but may be required before final submission post recommendation to approve.** • **Noted the requirement that the ICB will publish the annual report and accounts in full on its public website by 30 September 2025** • **Noted the requirement that the ICB will hold a public meeting to present the annual report and accounts by 30 September 2025 (scheduled for 25 September 2025).**	
6/25 26	<u>**KPMG 24/25 External Audit Reports:**</u> **a) <u>Annual Audit Report</u>** **b) <u>ISA 260</u>** **c) <u>Management representation letter</u>** The paper provided ISA260 & Auditors Annual Report (AAR) for the audit of the financial statements of NHS Lancashire & South Cumbria Integrated Care Board, as at and for the year ending 31 March 2025. These reports included conclusions on their Value For Money assessment – identifying significant weaknesses in the domains of Financial Sustainability and Governance. Also included was a copy of the Representation Letter, to be recommended for signing by the Board. **a) Annual audit report** T Cutler advised this was a public facing document, which summarised all the external audit work undertaken across the year. **b) ISA 260** J Parkinson introduced the paper and gave some key highlights. This included an omission on a declaration of interest, which related to potential management override of controls, and two significant weaknesses in the ICB's arrangements for achieving value for money - one related to governance and one to financial sustainability. S Proffitt recorded her thanks for the work undertaken and acknowledged the two significant weaknesses, however, for this year we had seen the run rate coming down in AACC and it was hoped as we went into next year there would be a much-improved position. The report made for uncomfortable reading, but it was where the ICB was and was a fair reflection. Reference was made to the final paragraph on page 20 of the report regarding IAG meetings chaired by system turnaround director and that these had not been effective enough to prevent the financial position deteriorating across the system throughout the year. Whilst this was correct, it read as though little had improved despite the intervention. T Cutler suggested this could be re-worded to include reference to the late improvement in the last quarter. The Chair noted that the comment was about the entire system not just the ICB. E Woollett referenced the sentence regarding the proposals to improve governance arrangements in order to help oversee provider performance. However, the ICB does not have a formal role in holding the system to account for financial performance and the plan was for Region to take on the financial oversight of providers. T Cutler advised they had noted that arrangements are subject to change as a result of the planned national NHS reforms. He acknowledged that ICBs	

	have had to take on responsibilities for some aspects that sit outside their initial remit, but KPMG has to take account of NHSE's action on financial governance issues. S Downs noted that ICBs will still have to be mindful of the financial position of providers in the future due to the potential impact on the quality and performance of the services commissioned for resident populations. He noted that there is a session in Manchester today for all Northwest ICBs looking at future oversight, and each is assuming something slightly different. S Proffitt recognised that KPMG has always had sympathy and understanding on the ICB's somewhat ambiguous role regarding providers. The Chair said that overall, he felt the report is a fair assessment of the ICB's financial performance across the year. On a more detailed point, clarity is required on the two repeat findings listed on page 283 and L Bateman agreed to bring something back to the next meeting. It was noted that the report would not be formally certified as complete until the National Audit Office issues its opinion on the DHSC group accounts, which is likely to be around October. T Cutler advised that, prior to formal completion, a paragraph would be included explaining the delay in certification, which will be removed when the NAO signs it off. The updated opinion will be shared at the first Audit Committee meeting after this - T Cutler will send the appropriate documentation to S Downs. Thanks were noted to KPMG for their considered and considerate assessment. **c) Management representation letter** T Cutler advised that the proposed Management Representation Letter followed the standard format and there was nothing unusual or unexpected in the document. **RESOLVED: The Committee noted the reports and recommended that the Board sign the representation Letter.**	**LB**
7/25 26	**<u>Internal Audit:</u>** **a) <u>MIAA Final 2024/25 Head of Internal Audit Opinion & Annual Report</u>** In accordance with Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit is required to provide an annual opinion on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). For 2024/2025, they have provided a split opinion due to the significance of the internal control weaknesses identified as part of the continuous internal audit work undertaken by MIAA on Continuing Healthcare (CHC) throughout 24/25, together with the outcomes from the other elements of our internal audit coverage during the year which has focused upon internal controls, risk management and governance (excluding CHC). Their opinion is: • *Moderate Assurance* can be given that there is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some of the organisation's objectives at risk. This opinion rating relates to the outcomes from the internal audit coverage focusing upon internal controls, risk management and governance and excluding CHC. **However, with regards to the CHC internal control environment, the Opinion is: -** • *Limited Assurance* can be given that 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 5rganization's objectives at risk. This opinion rating specifically relates to the CHC internal control environment. S Proffitt advised we had been heading towards a limited assurance position due to AACC despite having substantial assurance in a number of other areas. Controls have been brought in for AACC and we are ensuring the position is rectified. It was acknowledged that the AACC position was not reflective of the controls that sat across	

	the whole organisation. Therefore, the mixed assessment was a good compromise. E Woollett questioned whether there were any implications for having a split opinion. L Warner advised that L Cobain had run this through the standards lead in MIAA and they were happy, and whilst it was unusual it was the fairest outcome. The Chair noted that the report mentions an outstanding high priority recommendation regarding the IT CHC Adam system. S Proffitt advised this was regarding the controls and processes around the system and S Downs agreed to provide an update at the next meeting. Thanks were noted for the work on the report. **RESOLVED: the Committee noted the paper.** **b) <u>MIAA 2025-26 Internal Audit Plan</u>** The draft plan was presented to the last Audit Committee in March 2025. Since then, the draft plan has been discussed with Chief Finance Officer and Audit Committee Chair and a number of changes made. These changes have been agreed with the CFO and Audit Committee Chair and the internal audit plan is being presented for approval by the Audit Committee. The Chair felt it was a balanced proposal, which had been taken through executives with no concerns noted. **RESOLVED: the Committee formally approved the 2025/26 Internal Audit Plan.**	
8/25 26	**<u>Anti-Fraud Annual Report</u>** The report updated the committee regarding on anti-fraud work undertaken during 24/25. The Chair welcomed K Howells who had taken over from Paul McGrath as the Anti-Fraud Manager for MIAA. The plan was delivered for 24/25 and was compliant in all areas. The Chair requested that thanks be passed onto Paul for his contributions to the committee. **RESOLVED: The Committee received and noted the report.**	
9/25 26	**<u>Mental Health Investment Standard (MHIS) 2023/24 – presentation of ICB audited return</u>** The paper advised of the outcome of the recent independent review/audit of the 2023/24 Mental Health Investment Standard. The audit was for the full 12-month period ended 31 March 2024. This report detailed the outcome of the findings of the 2023/24 Mental Health Investment Standards audit. The MHIS compliance audit commenced in November 2024 and was completed within the timeframe required by NHS England. Following audit, the findings showed that the ICB met the standard for the year 2023/24. It was agreed that Chris Keenan was not required to attend as no comments were made on this report. **RESOLVED: The Committee:** • **Noted and approved the contents of the report, Letter of Representation and** • **Endorsed the Chief Executive signature on the MHIS Compliance Statement.**	
10/ 2526	**<u>Annual Report of the Audit Committee 2024/25</u>** The report summarised the work undertaken between 1 April 2024 and 31 March 2025. The report was structured along the lines of the format recommended in the NHS Audit Committee Handbook. The Chair advised it had been a positive year with good progress made but the 19 high	

	priority recommendations raised in the final MIAA report had raised a number of concerns that will be picked up in coming months. S Proffit suggested some of the context around the reference to controls in the annual report could be taken from this report. R Fisher thanked J Birrell for all the work undertaken outside of the meetings. **RESOLVED: The Committee considered the report for submission to the ICB Board for approval.**	
11/2526	**<u>Committee Escalation and Assurance Report to the Board</u>** The Chair would produce the report and share with members of the committee.	
12/2526	**<u>Items Referred to other committees</u>** No items were referred to other committees.	
13/2526	**<u>Any Other Business</u>** No further business was discussed.	
14/2526	**<u>Items for the Risk Register</u>** There were no items for the register.	
15/2526	**<u>Reflections from the Meeting</u>** All papers had been approved with no significant changes proposed and it was agreed there had been robust debate.	
16/2526	**<u>Date, Time and Venue of Next Meeting</u>** The next meeting would be held on Thursday 23 July 2025, 10am – 12pm via MS Teams.	