

Minutes of the ICB Audit Committee Wednesday 23 July 2025 at 10.00am – 12.00pm MS Teams

<u>Members</u>		
Jim Birrell	Chair/Non-Executive Member	L&SC ICB
Roy Fisher	Non-Executive Member	L&SC ICB
Sheena Cumiskey	Non-Executive Member	L&SC ICB
Debbie Corcoran	Non-Executive Member	L&SC ICB
Steve Spill	Associate Non-Executive	L&SC ICB
<u>Attendees</u>		
Asim Patel (joining at 11am)	Chief Digital Officer	L&SC ICB
Stephen Downs	Acting Chief Finance Officer	L&SC ICB
Liz Bateman	Head of Financial Control	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
Darrell Davies	Regional Assurance Director	MIAA
Paul McGrath	Anti-fraud Manager	MIAA
Kirsty Hollis	Associate Director and Business Partner to the Chief Executive	L&SC ICB
Sam Proffitt (item 6)	Acting Chief Executive	L&SC ICB
Nancy Park (item 6)	Partner	PwC
Joe McGuigan	Director of Digital Operations and Assurance	L&SC ICB

No	Item	Action
17/ 2526	<u>Welcome, Introductions and Chair's Remarks</u> The Chair welcomed everyone to the meeting.	
18/2 526	<u>Apologies for Absence/Quoracy of Meeting</u> Apologies for absence had been received from Josh Parkinson, Tim Cutler, Kevin Howells (Paul McGrath attending) and Louise Cobain (Darrell Davies, Regional Assurance Director for Lancs attending). Asim Patel would be joining the meeting from 11am. Sam Proffitt and Nancy Park would be joining for item 6. Joe McGuigan would be presenting item 7 and attending the full meeting, and Kirsty Hollis would be presenting items 8 and 17 and attending the full meeting. The meeting was quorate.	
19/2 526	<u>Declarations of Interest</u> RESOLVED: That there were no declarations made relating to the items on the agenda. (a) Audit Committee Register of Interests. Noted.	
20/2 526	<u>Minutes of the Extraordinary meeting held on 16 June 2025</u> RESOLVED: That the minutes of the meeting held on 16 June 2025 be approved	

	as a correct record. The Chair noted that under minute reference 5/2526, the committee had approved the Acting Chief Finance Officer to agree any post meeting technical matters or minor additions, and it was confirmed there weren't any. Also, regarding minute reference 6/2526 about future oversight of LSC ICB relative to other Northwest ICBs, S Downs confirmed NHSE were holding a series of workshops to inform their blueprint. The 3 ICBs in the Northwest had very different views on future oversight, largely driven by how much each could afford in terms of oversight staffing. It had been made clear to NHSE that the resources for each were very different.	
21/2 526	<u>Matters Arising and Action Log</u> The action log was reviewed and would be updated accordingly.	
22/2 526	<u>All Age Continuing Care (AACC) Update</u> The report provided an update on the progress of the All Age Continuing Care (AACC) turnaround programme. The focus was on three areas: 1. AACC Turnaround Progress – including Waste Reduction Programme (WRP) and operational performance 2. AACC Turnaround Plan – including reference to internal audit actions 3. MIAA Internal Audit Recommendations – Progress Update (July 2025) The Chair welcomed N Park and S Proffitt and commended the excellent work that had been completed to date. He noted that the committee was interested in ensuring there was a comprehensive action plan with focus on specific elements of the review. The committee needed to be assured that the plan would be achieved on budget without any impact on quality. However, there were still many medium or high risks, therefore there was concern that the target may not be delivered. S Cumiskey suggested that further consideration was needed as to how we could seek to understand the impact on quality and gain further assurance on the quality metrics but without producing multiple reports. The Chair stated that a simpler analysis of the position was required as there were, for example, 5-6 key things that we need to understand regarding the financial position and if these could be pulled out then it would be much easier to gain the relevant assurance. The role of the Audit Committee was to ensure the agreed plan was being delivered, including governance issues, and it would be relying on assurance given to Quality and Outcomes Committee and Finance and Contracting Committee around the detailed aspects. S Proffitt noted that we now had a proper turnaround approach to AACC, and the report to the Committee provided assurance regarding the level of work and grip and control. We also had N Park as the turnaround director reporting to S Proffitt; therefore it was a very different position compared to this time last year. S Downs noted that AACC was being raised in multiple forums and lots of time was being spent writing reports, all of which had slightly different perspectives and there was a need for an all-encompassing report from which extracts could be taken for different audiences. WRP was being reported on a weekly basis, therefore the position would always be slightly different depending on when papers were issued. There was also a very detailed project plan behind all of this. It was noted this was a material risk financially for the ICB and it was becoming a reputational and political risk. The Finance and Contracting Committee had requested a narrative against each of the WRPs as to why they were high risk and why they could still be implemented. It was suggested that S Downs, S Proffitt and N Park would work on ensuring all interested parties were serviced and sighted on the relevant aspects. S Proffitt agreed the three committee chairs should have a conversation on this to be clear about what it was they needed to be sighted on. The turnaround plan demonstrated the work being undertaken across 4 key areas aligned to the committees and IAGs. It was suggested that the focus of this committee should include grip & control and service sustainability, which are crucial.	SD / SP / NP (emailed)

	and the approvals discipline around this. There were also triple lock panels mandated for the certain packages around CHC plus fast track and high-cost packages as well, which had all contributed to the reduction. S Cumiskey noted it was helpful that S Proffitt was undertaking a review of MP complaints and would undertake a further review of what was being taken to Quality and Outcomes Committee in terms of assurance of quality on this to ensure there was a comprehensive view of quality assurance. The Chair summarised that it was agreed that the Audit Committee would liaise with Quality and Outcomes and Finance and Contracting committees to collectively provide oversight of the project. Thanks were noted to N Park and S Proffitt for attending. RESOLVED: The Committee noted the report and endorsed continued focus on financial delivery and risk mitigation.	
23/2 526	<u>Data Security and Protection Toolkit (DSPT) and Information Governance update</u> The paper provided oversight and assurance on information governance, associated risks and actions throughout 2024/25 and the latest position regarding the 24/25 Data Security and Protection Toolkit; submitted 30 June 2025. A Patel joined the meeting at 10.50am. J McGuigan took the paper as read and highlighted the main area around DSPT as this was a new framework this year with 5 objectives and within each of these there were 46 outcomes with several criteria. The ICB had to meet what the NHSE determined as partially achieved or fully achieved. It was a very complicated framework, and all evidence had to be submitted to support a self-assessment for the ICB. The deadline was 30 June, and the framework was changing to the end of March. It was considerably different compared with last year as required much more information with a main focus moving to strengths against cyber. The response from NHSE was awaited and as the framework remained open for July, further information on supply management and bare essentials for IT controls was added to support the self-assessment. MIAA would undertake a review of 12 of the outcomes, and if they believe that 2-4 of the outcomes were not achieved then it was high risk, 1 then medium risk and less than 1 low risk, which was a very crude determination that did not reflect real risks and requirements. An improvement plan would need to be produced which would go to the information governance oversight group. It was noted that the DSPT and new framework were written before the decision was taken that ICBs and their functions would change in the future, therefore it was unclear how this would work going forwards and if the model would be changed. The Chair noted that the self-assessment had highlighted areas which would be picked up in the improvement plan. J McGuigan advised that MIAA had highlighted some of the elements that were partially achieved and the ICB had to consider any response back from NHSE, and what was felt to be reasonable and ensuring the level of work was commensurate with the outcome. Once the improvement plan had been taken to the information governance oversight group in September an update would be provided to the committee on the progress made as part of the more detailed information governance paper expected to come to the next committee meeting on 24 September. Thanks were noted to J McGuigan for this important piece of work. RESOLVED: The Committee noted the paper.	
24/2 526	<u>Assurance against delivery to achieving the ICB's strategic objectives</u> This paper provided an update on the process for reviewing the achievement of quarter four objectives aligned to the ICB's key deliverables, priority strategies and workstreams and ultimately our strategic objectives.	

	K Hollis had provided a summary of the position on several deliverables and reminded the committee this paper was in the same format as the last quarterly update report in May/June last year. However, some of the parameters had changed, which had impacted on some agreed actions. An update was awaited on medicines optimisation but it was recognised that 10% of the population had structured medicine reviews in primary care but the target for that was changed to 7% during the year as part of the in-year LES scheme, which most practices achieved. For 2025/26 the target was 3% with a core task of ensuring the quality of those reviews was improved. No detail was provided on individual schemes as they were all being reported through the respective committees. The process would be reset taking learning from the way the organisation had operated this year and to ensure there was alignment between the strategic risks and BAF risks The Chair noted whilst the information is helpful, it does not allow us to assess if the ICB is delivering its strategic objectives. He also questioned how the assessments in respect of CHC and maternity strategies can be green given challenges facing the ICB. There needed to be more measurement of how we moved from analysis of the key deliverables to making an assessment of the strategic objectives. K Hollis advised she had been asked for the actions during each quarter and whether they had been implemented or not. The Chair acknowledged this but felt we needed something bigger to show if we were progressing the strategic objectives. K Hollis agreed it was about how everything was linked without duplication. D Atkinson noted this had been taken from a point in time and had not been refreshed. The report showed progress on the key milestones against strategies and plans aligned to working towards our strategic objectives. It was suggested what the Chair was requesting was more of a Board level discussion and some of this would be drawn out in the Board improvement plan. This report was never intended to give a broad level of assurance but is more of a progress checker, which is important but suggests that the title of the document should be amended to reflect its specific purpose. D Corcoran stated this was being looked at through a particular lens at a particular point in time and things had moved on since then. It was suggested there should be consistency in the use of RAG ratings and descriptions, and consistency around the SMART deliverables. Reference was made to Transforming Primary Care on page 123 of the pack and it was agreed K Hollis and D Corcoran would discuss outside of the meeting. Given that the information is primarily for use by executives, it was questioned whether this report should be coming to the committee. D Atkinson will review. RESOLVED: the Committee noted the contents of the report and the ongoing need to review progress against the delivery of quarterly objectives.	KH / DC (emailed)
25/2 526	<u>Implementation of New Finance System (ISFE2)</u> S Downs advised this was a national project for all ICBs and NHSE to move to this new system from 1 October and there would be a migration process. Each ICB had its own programme board, and this was chaired by S Downs for L&SC. These all then fed into the national programme board for concerns to be fed in. They were currently going through testing process to ensure the system worked and would be rolling out a training programme. Work was underway on data cleansing and there would need to be a cutover period between 24 and 30 September. During this period it would not be possible to make payments but sufficient advance notice would be given. This would also cause issues for being able to report on month 6, however, the team was doing everything they could and had the support of the CSU to help to manage the ledger. There would be more information by the next Audit Committee meeting on 24 September and a detailed paper would be brought then. If there was a national decision	

	to delay there would be communications issued in advance. If it went ahead, there would be a requirement for correspondence with suppliers and wider users of the system. E Bateman noted this system was due to be implemented 2 years ago but it was felt it would not be delayed any further. Unfortunately, there had been a delay in getting any training and being able to look at aspects of the system to support non-finance users. There were risks but these were across the board, not specific to the organisation. It was agreed this needed to be added to the risk register and an alert to Board on the triple A report. J McGuigan noted training would be over summer, which might pose a problem, and the issue around processing payments might lead to a considerable cash flow issue. S Downs noted they were awaiting guidance and templates. They were also looking at mitigations to manage not paying suppliers and to manage cash flow but there needed to be consistent communications from all ICBs. RESOLVED: The Committee noted the update on the implementation of the new system.	
26/2 526	<u>Committee effectiveness: key decisions & escalation of business April 2025 – June 2025</u> The paper provided an overview of key business undertaken by the committees of the Board, and any referral or escalation of items to other committees or the Board over the reporting period April 2025 – June 2025. D Atkinson explained that the new committee structure was established from 1 April 2025 and since then the model ICB blueprint had been issued, therefore it was expected there would be further changes throughout the rest of the financial year. There would be a committee effectiveness review in Q3, which would build on the report presented today. The Chair noted that the timing of the committee meetings and the Board meetings was creating significant challenges for producing timely papers, which is a potential governance concern. This seemed to particularly be a challenge for Finance and Contracting Committee as the finance paper had only been issued the evening before the meeting. D Atkinson advised that we needed to recognise that as the ICB went into NOF4 we were constrained by the timings of IAGs and how these were aligned to give timely opportunity for the Board to come together, hence why Finance and Contracting Committee meetings took place in week 3 or 4 of the month. The Chair had been clear we would take ownership for the schedule of meetings for the next financial year. The flash finance report would always only be shared just before the meeting as it gave the most up to date information. This was included in the committee terms of reference as one of the clear responsibilities that the committee has in terms of feeding into the Board. However, the feedback was noted, and this would all be considered when planning for the next financial year. S Downs advised he had been discussing this issue with trusts as they did not have the same issues as their board meetings took place during the first week of the month, which allowed the committees to undertake their business towards the end of the month. The sequencing should be that Finance and Contracting Committee scrutinised the position then this information should be brought to Board. It was agreed this should be reviewed in the new financial year due to the immense pressure on all involved. R Fisher agreed but changes had been made last year to support with Finance and Contracting Committee reporting into Board. The pressure on administrators of the meetings was noted and the difficulties they faced in getting the papers out to allow	

	people to read them in a timely manner. It was felt that papers needed to go out earlier to allow time for full consideration. Reference was also made to tabling papers, which was a last resort, however the pressure and workload for all was recognised. S Cumiskey noted it would be useful for the corporate governance team to review meetings and timeliness but recognised the extreme pressure staff were under and that we needed to come up with the most pragmatic and sustainable way of doing this. RESOLVED: The Committee received the report and noted the sources of assurance relating to the sub committees of the Board interacting effectively.	
27/ 2526	<u>Freedom to Speak Up update</u> The Audit Committee has responsibility as per its terms of reference to review the adequacy and security of the ICB's arrangements for speaking up. This paper is produced to provide assurance to the committee in this area. A Patel noted there had been several initiatives to ensure colleagues were aware of the process and that they felt they could speak up and their voice would be heard. There had been an increase in requests compared to last year, which indicated that people were becoming more comfortable using the service, but this hadn't increased as we began to go through organisational change, which was testament to the communications in place. However, it was expected that the service would be used more extensively as we went through consultation. There were only two FTSU guardians, therefore resourcing was an issue. The offer of support required would need to be addressed on the back of the model ICB blueprint, particularly regarding primary care as currently, concerns would be listened to and signposted. S Cumiskey noted this was a very important service and thanked A Patel for the work undertaken. It was suggested it would be useful to have the main themes of the 25 concerns raised going forwards and to understand if people felt confident about using FTSU. It was important this was properly resourced and assurance was needed on this would be taken forwards. A Patel advised he could share the themes as they went to People and Culture Committee. There was lots going on across the system collectively, and a thematic review with the ICB and providers would be crucial. There would be an informal coming together of executive leads for FTSU to make sure they were not looking at things in isolation. The Chair noted that the committee's role was to assess the effectiveness of the arrangements around raising concerns. It was felt they were sufficient and the committee was assured they were working effectively. However, the recommendations from the internal audit report received in March 2024 had not all been implemented, which needed to be pushed for completion. D Atkinson suggested the risk to the resource around this, particularly in relation to the impending reduction in staff should be highlighted. RESOLVED: The Committee noted the paper.	AP (emailed)
28/ 2526	<u>Deep dives</u> The committee were presented with some proposed key themes for deep dives in order that these could be considered, prompt discussion, and for members to agree those priorities for the committee. The Chair noted that a conversation had been held some months ago and much had changed since then. Item 2.5 listed some proposed themes for deep dives and the first aspect to be considered was the frequency. It was discussed and agreed this should be annually due to the frequency of committee meetings and not putting undue pressure on teams. With regards to topics, business continuity was crucial at the moment and this had not previously been looked at in detail. The concept of commissioning for outcomes would be discussed at the coming Board meetings and it was suggested it would be too soon for the committee to be discussing.	

	A Patel noted that we needed to be mindful that the topics selected have longevity. S Cumiskey stated that she did not think we were in a position to choose a topic and we needed to get the operating model in order first. The committee also needed to be clear in its understanding of its role and assurance work going forwards. R Fisher agreed that this should be deferred until later in the year. RESOLVED: The Committee noted the schedule of deep dives and agreed this should be deferred until later in the year.	
29/ 2526	<u>Internal Audit:</u> a. <u>Progress and follow-up report</u> Since the previous Audit Committee, we have issued the following final reports: • Continuing Healthcare – Limited assurance • PSIRF – Moderate assurance • CHC Follow 2025/26 Quarter 1 Work on delivery of the 2025/26 audit plan is well underway. We have received a request to delay the fieldwork on the POD review due to capacity of the Primary Care team. We are also proposing to bring forward the audit of Specialised Commissioning to Q2 from Q4 to align with other ICBs reviews of this area. Our report also sets out an update on the follow-up of previous audit recommendations. – 77% of recommendations due have been actioned. L Warner advised that moderate assurance had been given overall for the PSIRF report. Some areas for improvement had been noted around finalising the draft policy and ensuring training was rolled out, which had been completed since the audit field work was concluded. Also, formalising the principle PSIRF system governance group and terms of reference, therefore they were well progressed in their actions and would be reported on once fully completed. Once the DSPT draft report had been formally agreed by ICB management and signed off at executive level, it would be shared with committee members. There were some changes to the plan that were required to highlight the specialised commissioning review, which had been brought forward to Q2 from Q4 to align with other ICBs within the region. The Pod review had been slightly delayed at the request of the ICB due to capacity in primary care. One further recommendation on managed training since the report was published around finalising the role of the specific mandatory training matrix had been completed. MIAA had been requested by Midlands & Lancashire CSU to undertake some work on the key financial systems in addition to the ICB plan. They would invoice the ICB for this work and charge back to the CSU. S Downs confirmed he was comfortable with this. The Chair noted that in the audit plan for this year there were 17 internal audits. The PSIRF for today was from 24/25, so no 25/26 audits have been completed as yet but will be progressed in coming months. There needs to be a discussion outside of the meeting about reporting of outstanding recommendations and best practice with a view to amending this for the next meeting. All recommendations need to be tracked effectively and followed up, which should include oversight by the executive team. S Downs questioned whether there was a single repository or document with all outstanding recommendations in one place - it was agreed S Downs would liaise with L Warner. J McGuigan noted that specialised commissioning was down in Q2 but the service may not be transferring to the ICB. However, it was noted that the proposed audit was on behalf of all three north west ICBs RESOLVED: The Committee noted the report and approved the changes to the timing of the audit reviews mentioned above and in the attached report b. <u>The Internal Audit Network (TIAN)</u>	SD / LW (action)

	MIAA TIAN Briefing Summer 2025 - MIAA is a member of the Internal Audit Network (TIAN) which comprises the 10 NHS internal audit consortiums and in house teams operating in England. These organisations collaborate across a number of areas to leverage their collective knowledge and expertise and drive efficiency and effectiveness. The monthly insight report highlights key publications and is intended as a useful update and reference tool. This report is produced by TIAN and shared by MIAA. RESOLVED: The Committee noted the report.	
30/ 2526	<u>Anti-fraud Progress and follow-up report</u> Report to the Audit Committee regarding Anti-Fraud work undertaken during the period 01/04/2025 – 30/06/2025. The Chair noted thanks for the report. P McGrath gave some key highlights. There was a new offence coming in on 1 September to prevent fraud and guidance would be provided, which would be reviewed by MIAA. A briefing paper had been issued last week and a gap analysis would be undertaken to ensure compliance. The counter fraud standards for 24/25 was submitted in early June and the ICB was green in all 12 components. There had been lots of fraud alerts but no losses in Q1. There had been 6 fraud allegations with 3 fraud investigations closed and 3 queries closed off. There was one live fraud investigation, which had been directed to E Bateman. The Chair noted the client briefing to prevent fraud was very useful and would reference this in the triple A report. P McGrath advised there may be some gap work to ensure compliance carried out in Q2/Q3 once further guidance had been received. RESOLVED: The Committee noted the report.	
31/ 2526	<u>Report on losses/special payments/waivers/claims</u> This report presents to the Audit Committee an update on each of the following corporate registers for Lancashire & South Cumbria ICB; • Losses, Write-offs and Special Payments Register • Tender Waivers Register (for non-health care services and goods) and Urgent Decisions under the Provider Selection Regime (for health care services) • Procurement Decisions Register (for non-health care services and goods and any health care services commissioned pre the new PSR legislation) and a Provider Selection Regime Decisions Register (for health care services commissioned after January 2024) • NHSE protocol and ICB Scheme of Reservation and Delegation or Standing Financial Instructions Breaches Also provided as part of this item is an overview of the Provider Selection Regime, as requested at a previous Audit Committee meeting. The Chair suggested that consideration be given to how to improve the format of the information submitted to the meeting. RESOLVED: The Committee noted the report.	
32/ 2526	<u>VAT Recovery on Suppliers of Care Services</u> This report was a response to an item on the action log following an alert raised in KPMG's Health Technical Update, presented at the 27 March 2025 meeting of this committee. The item referred to the restructuring of care home providers in such a way to allow them to recover VAT on costs that relate to supplies of welfare services that would otherwise be exempt from VAT. The key concern was that if the ICB had entered into any contract arrangements with care home providers where VAT was being charged, if the rules on VAT recovery changed, the ICB could be liable for an additional 20% of	

	costs. An April briefing from HMRC confirms that it considers the care home provider restructurings to be a form of tax avoidance. It is taking immediate action to review and investigate any known or suspected instances and will remove relevant parties from VAT groups where necessary. HMRC's actions are aimed at the care home providers. The ICB is not required to take urgent action. It has been confirmed that as long as the ICB follows all normal conditions for recovery of VAT, there will be no change of process required, and no financial penalty imposed to the ICB. RESOLVED: The Committee noted the report.	
33/ 2526	<u>Audit insights report</u> This report provides an update on the helpful insights, publications and learning opportunities that are brought to the attention of the ICBs executive leadership team each month. The Chair noted thanks for the report. RESOLVED: The Committee noted the communications shared with the ICB Executive and Senior Leadership team since the last committee meeting	
34/2 526	<u>Committee Escalation and Assurance Report to the Board</u> The Chair would produce the report and share with members of the committee.	
35/ 2526	<u>Items Referred to other committees</u> No items were referred to other committees.	
36/ 2526	<u>Any Other Business</u> No further business was discussed.	
37/ 2526	<u>Items for the Risk Register</u> The implementation of the new finance system (ISFE2) and resourcing for Freedom to Speak Up.	
38/ 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.	
39/2 526	<u>Date, Time and Venue of Next Meeting</u> The next meeting would be held on Wednesday 24 September 2025, 10am – 12.30pm via MS Teams.	