

**North East and North Cumbria Integrated Care Board
Audit Committee**

**Minutes of the meeting held on Thursday 11 January 2024 at 14:00hrs
Tom Cowie meeting room, Pemberton House / MS Teams**

Present: David Stout, (Chair) Non-Executive Director
Eileen Kaner, Non-Executive Director
Jon Rush, Non-Executive Director

In attendance: David Chandler, Executive Director of Finance, ICB
Deborah Cornell, Director of Corporate Governance and Board Secretary
Richard Henderson, Director of Finance Corporate, ICB
Lynda Hutchinson, Head of Corporate Governance, ICB
Carl Best, Associate Director, AuditOne
Martyn Tait, Counter Fraud Specialist, AuditOne
Jim Dafter, Senior Manager, Mazars (via MS Teams)
Kate Holliday, Freedom to Speak Up Guardian (via MS Teams)
Joanne Leadbitter, Executive Assistant, ICB (minutes)

AC/2024/128	<p>Welcome and introductions</p> <p>The Chair welcomed all those present to the meeting.</p>
AC/2024/129	<p>Apologies for Absence</p> <p>Apologies for absence were received from Gillian Robson, Group Audit Manager, AuditOne, Simon Clarkson, Counter Fraud Specialist, AuditOne Claire Riley, Executive Director of Corporate Governance, Communications, and Involvement, ICB and Cameron Waddell, Partner, Mazars.</p>
AC/2024/130	<p>Confirmation of Quoracy</p> <p>For the meeting to be quorate, a minimum of two independent non-executive members were required, including either the Chair or Vice-Chair.</p> <p>It was agreed the meeting was quorate.</p>
AC/2024/131	<p>Declarations of interest</p> <p>Associate Director, AuditOne, Counter Fraud Specialist, AuditOne, and Senior Manager, Mazars declared a conflict in relation to item 21 – Mental Health Investment Standard Independent Review 2022/23 due to being an audit</p>

	<p>provider.</p> <p>The Chair noted the declaration and clarified that the Associate Director, AuditOne, Counter Fraud Specialist, AuditOne, and Senior Manager, Mazars would be asked to leave the meeting for agenda item 21.</p> <p>There were no further declarations of interest raised.</p>
AC/2024/132	<p>Minutes of the previous meeting held 12 October 2023</p> <p><u>RESOLVED:</u> The Committee AGREED that the minutes from the meeting held on 12 October 2023 were a true and accurate record.</p>
AC/2024/133	<p>Matters Arising from Minutes</p> <p>The Committee noted the self-assessment improvement plan was for further discussion at today's meeting.</p> <p>There were no further matters arising from the minutes.</p>
AC/2024/134	<p>Self-Assessment Improvement Plan</p> <p>The Director of Corporate Governance and Board Secretary presented the self-assessment improvement plan which addressed the areas identified as requiring improvement following the self-assessment process recently undertaken.</p> <p>The areas of improvement had been themed, and updates provided on those actions already undertaken. Regular updates would be brought back to each committee meeting to demonstrate progress.</p> <p>The Director of Corporate Governance and Board Secretary informed the Committee a meeting had taken place with the recently appointed Director of Quality to discuss the forthcoming CQC assessment. A working group would be established to assess all regulatory requirements and identify areas where the ICB needed to focus, including clinical governance and policies. The group would also address the actions set out in the improvement plan.</p> <p>The timescale for completion of the majority of improvements was noted as the end of June 2024 with an agreement to provide an update at the Committee meeting in July 2024.</p> <p><u>RESOLVED:-</u> The Committee RECEIVED the self-assessment improvement plan for assurance and noted the development of the Committee's objectives.</p>
AC/2024/135	<p>Action Log Updates</p>

	<p>The action log was reviewed by the Committee with updates revised accordingly.</p>
<p>AC/2024/136</p>	<p>ICB Freedom to Speak Up Arrangements (FTSU)</p> <p><i>At 14:25 pm the ICB Freedom to Speak Up Guardian/Lead dialled into the meeting to remotely present the paper.</i></p> <p>The Chair welcomed the ICB Freedom to Speak Up Guardian/Lead to the meeting.</p> <p>An informative presentation was provided to the Committee in relation to the FTSU arrangements detailing the following areas:</p> <ul style="list-style-type: none"> • Background to Freedom to Speak Up • What is speaking up • How to speak up • NENC ICB Vision • Strategy and Policy • ICB/FTSU Guardian Activity • How to contact the FTSU Guardian <p>The Chair advised that there was a requirement for the Committee to seek a clear understanding of the responsibilities in relation to freedom to speak up arrangements. The terms of reference should explicitly reflect the obligation to ensure that the arrangements were fit for purpose and were implemented appropriately.</p> <p>It was reported that during quarter 3 of this year, a total of three speaking up concerns had been raised. The concerns raised were in relation to leadership attitudes and behaviours. The cases were escalated to executive directors within 2-3 days to ensure the relevant actions were taken with the staff members concerned. It was noted these cases were not as a result of the ICB 2.0 programme.</p> <p>In August 2023 the ICB requested an audit of FTSU arrangements to be undertaken within all foundation trusts (FTs). There was a requirement for all FTs to undertake an anonymous audit providing assurance to their Boards. The FTs have been requested to share the outcomes of the audits.</p> <p>The ICB FTSU guardians were in regular contact with the Chief Executive, Audit Committee Chair, the National Guardian Office and the Care Quality Commission (CQC).</p> <p>It was noted that a shadow structure was not in place across the Local Authority social care sector for FTSU, however, a pilot was being discussed to replicate arrangements.</p>

	<p>The FTSU Guardian advised the Committee that there was a requirement to report to the National Guardian Office on a quarterly basis, with future plans to include quarterly reporting to the ICB's Executive and Audit Committees.</p> <p>The FTSU Guardian emphasised the need to ensure the guardians' wellbeing as a result of the challenges of this role and that support was available should it be required.</p> <p>The Chair reiterated the importance of the topic, and that the main ethos was to ensure staff were supported and confident to speak up with assurance in place that the organisation had included this topic within the National Staff Survey to ensure it was fit for purpose.</p> <p>The Chair reiterated the importance of the FTSU and it was agreed that the Guardian would attend the Audit Committee in April 2024 to update on the processes and progress with an overview of planned activity for 2024-25.</p> <p>The Chair thanked the ICB's Freedom to Speak Up Guardian for the informative presentation.</p> <p><u>ACTION:</u> The Committee Secretariat to include FTSU Update on the April 2024 agenda.</p> <p><i>At 15:00 pm the ICB Freedom to Speak Up Guardian/Lead left the meeting</i></p>
<p>AC/2024/137</p>	<p>Comments in Relation to Risk from Committee Chairs (by exception)</p> <p>The Chair invited the members to raise any comments, by exception, in relation to risk management from the individual committees that may be relevant to the Audit Committee.</p> <p>It was noted that the Audit Committee Chair had restricted access on the Board Intelligence App, and this would be reviewed and amended accordingly.</p> <p><u>ACTION:</u> The Director of Corporate Governance and Board Secretary to liaise with the Governance Team to review the Audit Committee Chair's access levels on the Board Intelligence App.</p> <p>It was acknowledged that there were some inconsistencies in relation to the identification and scoring of risks and work was underway to review all the risks with the risk owners to check the scoring and close off where appropriate.</p> <p>Work was being undertaken to review the terms of reference and the relationship between the Executive and Finance, Performance and Investment Committees. A key area of clarification needed was in relation to</p>

	<p>how these committees should link in with the Audit Committee.</p> <p>It was highlighted that the Chair and Chief Executive had requested a series of meetings be arranged on a regular basis with the Committee Chairs. The Director of Corporate Governance and Board Secretary to confirm the meeting arrangements.</p> <p><u>ACTION:</u> The Director of Corporate Governance and Board Secretary to follow up on the series of meetings to be arranged between the Chair, Chief Executive and Committee Chairs.</p>
<p>AC/2024/138</p>	<p>ICB Risk Management Report</p> <p>The Director of Corporate Governance and Board Secretary presented the risk management report and highlighted the key points.</p> <p>The report provided an update on the ICB's risk management position as of 18 December 2023 and included information on place risks, partial or limited control, with a residual risk score of 12 and above and those place risks linked to corporate risks.</p> <p>The report highlighted the current top 3 risks and the new identified corporate risks, with details of the closed risks during the reporting period.</p> <p>It was reported that the ICB risk appetite statements had been approved by the Board and work was underway to review all risks with the relevant owners. Work would commence to strengthen the use of target risk scores in terms of monitoring progress towards achievement. This information would be included in future reports to the Committee.</p> <p>A typographical error was highlighted in section 5 of the report on page 37, the central area risks total should be shown as 5 and not 6.</p> <p>The Committee raised a comment that information was being captured at different points in time and therefore would potentially impact on the consistency of detail being presented at meetings.</p> <p>The Director of Corporate Governance and Board Secretary advised that a cutoff point would be introduced to ensure the consistent level of detail was presented at each of the ICB Committee meetings.</p> <p><u>ACTION:</u> The Director of Corporate Governance and Board Secretary to introduce a cut off point for the ICB Risk Management report at each of the ICB Committee meetings.</p> <p>A concern was raised around the process and co-ordination of risk updates, responsibility, the role of the risk owners and escalation of risks. The</p>

	<p>members acknowledged that the risk register was large and complex, with a huge amount of work involved to maintain the progress and updates.</p> <p>A comment was raised around the future reporting structures and the need to regularly review the reduced capacity and resources to ensure processes were robust within the new ICB 2.0 structures and fit for purpose.</p> <p><u>RESOLVED:</u> The Committee RECEIVED and REVIEWED the corporate risk register for assurance; and RECEIVED and REVIEWED the place risks that were in partial or limited control of the ICB with a residual rating of 12 and above.</p>
<p>AC/2024/139</p>	<p>ICB Board Assurance Framework</p> <p>The Director of Corporate Governance and Board Secretary presented the Board Assurance Framework report.</p> <p>The Chair noted that the Finance, Performance and Investment Committee was not included in the review cycle of the BAF to give oversight of the identified controls. It was agreed that the BAF would be added to the business cycle of the Finance, Performance and Investment Committee for review going forward.</p> <p>A comment was raised in relation to risk mitigation and what the actions led to, i.e., do they lead to an alteration in risk score or was there a need to focus specifically on risk mitigation. The members were informed of the work planned on the target risks and whilst there were assurances and controls in place, there was a requirement to understand the impact and highlight any gaps.</p> <p><u>RESOLVED:</u> The Committee was SATISFIED that the BAF accurately reflected the principal risks to achieving our objectives as well as their current mitigations and RECOMMENDED the approval of the BAF for 2023/24 by the Board.</p>
<p>AC/2024/140</p>	<p>Data Security and Protection Toolkit</p> <p>The Director of Corporate Governance and Board Secretary provided a brief update and overview of the DSP Toolkit process and timelines for 2023-24.</p> <p>The process was similar to that of previous years, undertaking self-assessment and providing evidence for a number of assertions.</p> <p>A project team was being established to undertake the self-assessment process and would be managed by a senior governance lead with oversight from the Director of Corporate Governance and Board Secretary. The ICB was supported by NECS for information governance and IT advice.</p>

	<p>An initial assessment was due to be submitted by the end of February 2024 with the final submission due by 30 June 2024.</p> <p>A number of risks had been identified, the main risk being the impact of ICB 2.0 and the staff movement. However there was a level of assurance that sufficient evidence remained in date from the previous submission and therefore any impact was likely to be minimal.</p> <p>RESOLVED: The Committee RECEIVED the update for information and NOTED a further assurance report will be brought to the next meeting.</p>
<p>AC/2024/141</p>	<p>ICB Finance Update</p> <p>The Executive Director of Finance presented the ICB Finance Update Report which provided assurance around the delivery of the ICB's statutory duties and compliance.</p> <p>The report provided current information in relation to the revenue position for the ICB and ICS at month 8.</p> <p>As a result of additional funding and expected benefits, a revised forecast deficit position of £35m for the ICS had now been agreed from the original plan of almost £50m deficit. In line with NHS England requirements, this revised position would be reported at month 9. The net unmitigated risk position had also significantly reduced across the ICS, from £88m at month 7 to £10m.</p> <p>There had been significant pressures in provider positions relating to underachievement of Elective Recovery Funding performance and costs associated with industrial action.</p> <p>It was highlighted that in relation to month 9 returns, organisations had been able to raise concerns if they were unable to manage the impact of the industrial action in December and January within their existing resources. The cost for January's industrial action was estimated at £3-4m. The vast majority of organisations had indicated these costs could be managed without adversely impacting on delivery of the forecast outturn position.</p> <p>A point of note was highlighted in that as an ICS if there was a £35m deficit this year the guidance indicated that the system would be required to repay this deficit in future years.</p> <p>The information on aged debtors and debt write-offs were at a relatively stable position. The majority of debts related to Local Authority and Care Home Providers (CHC debtors). Work was continuing with NECS to review, and case manage the number of aged debts.</p> <p>Total debts of £109k had been identified for write-off which would reduce the</p>

	<p>balance overdue by more than 6 months, the debts had been provided for, with a total negative debt provision of £631k.</p> <p>Details were relayed to the tender waivers agreed by the ICB prior to the report at the meeting in October 2023. It was noted that Provider Selection Regime (PSR) regulations were due to take effect from January 2024, this would significantly change the procurement requirements for healthcare contracts. The PSR would provide a mechanism for direct award of contracts, where appropriate, replacing the need for tender or quotation waivers for healthcare contracts.</p> <p>In relation to the HFMA Financial Sustainability Checklist it was reported that the majority of actions were complete, although a number of these related to ongoing processes which would continue to be reviewed and refined. A minority of actions, relating to budget delegation and governance arrangements, would be reviewed following the ICB 2.0 implementation.</p> <p>Work on the medium-term financial plan was progressing, with the ICB and wider ICS, with regular updates provided to the Finance Performance and Investment Committee. Work is continuing in the development of efficiency plans for 2024-25 via the financial sustainability programme group.</p> <p><u>RESOLVED:</u> The Committee RECEIVED the report for information and assurance to the content; NOTED the tender and quotation waivers approved in line with ICB Financial Delegations; and NOTED the debt write-offs approved in line with ICB Financial Delegations.</p>
<p>AC/2024/142</p>	<p>Annual Report and Accounts 2023-24: Provisional Timetable</p> <p>The Director of Corporate Governance and Board Secretary provided an update in relation to the provisional timetable for the annual report and accounts submission for 2023-24.</p> <p>The ICB was required to submit the approved annual report and accounts 2023/24 to NHS England by 28 June 2024. It was noted a comprehensive project plan had been developed for the annual report process to ensure all key milestones and activities were being progressed.</p> <p>The Committee was asked to consider a change to future meeting dates to enable a review of both the draft and final ICB annual report and accounts prior to submission to the Board for final sign-off and meet the NHS England deadline of 28 June 2024.</p> <p>The Audit Committee meetings to change are detailed below:</p> <ul style="list-style-type: none"> • Meeting on 11 April 2024 to 22 April 2024 • Meeting on 11 July 2024 to 13 June 2024. <p><u>ACTION:</u></p>

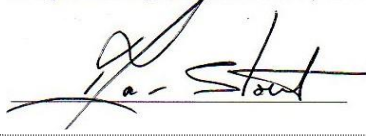
	<p>The Head of Corporate Governance to circulate an email to Committee members to seek availability to the suggested changes in the Audit Committee meeting dates for April and June 2024.</p> <p><u>RESOLVED:</u> The Committee NOTED the provisional annual report key dates for 2024 and AGREED to reschedule the planned meeting dates to review the draft and final ICB annual report and accounts for submission to the Board for formal sign off to meet the NHS England deadline of 28 June 2024.</p>
<p>AC/2024/143</p>	<p>Internal Audit Progress Report</p> <p>The Associate Director, AuditOne, presented the internal audit progress report which provided an update on progress and outcomes from internal audit activity.</p> <p>Work on the 2023/24 audit plan had progressed, with three final reports issued. One audit report was at draft stage, awaiting management response and twelve audits were in progress.</p> <p>Details were highlighted on the outstanding audit recommendations which had exceeded target dates. A new escalation protocol had been issued to all clients in December 2023, following discussion with directors of finance and audit chairs.</p> <p>The audit of the Cost Improvement Programme had reviewed the ICB's approach to identify cost improvements and establish additional controls. An interim audit report had been produced and the area was to be re-audited prior to the end of the financial year to further assess the ICB's proposed arrangements.</p> <p>The final audit report on health and safety had been issued with an overall good assurance level reported, with some minor recommendations around co-ordination of activities.</p> <p>AuditOne confirmed that all audits were still required and there had been no changes to the timescales identified. There had been a number of delays in progressing some of the audits, however it was noted at this stage in the audit year, there was no scope to re-schedule audits. As a result, all of the audits may not be completed by 30 April 2024, however the completion of audits to support the production of the Head of Internal Audit Opinion would be prioritised.</p> <p>Planning was underway for 2024-25 and meetings were being arranged with the ICB executive directors to review any remaining areas of work for quarter four and to inform 2024-25 priorities.</p> <p>AuditOne colleagues to plan meetings with non-executive directors to seek their views which would help inform the priorities for planning 2024/25.</p>

	<p>The Chair noted that if the annual audit plan was at risk of not being delivered, this would need to be reported and rationalised to the Board. If this was a developing risk the Board would need to be notified as soon as possible. AuditOne confirmed that no audits were being removed or substituted and the contingency included in the plan remained utilised at this point in time. Internal Audit would provide additional support or time where appropriate.</p> <p>It was acknowledged that it was still early for the ICB to be clear about what it might need as an organisation in respect of internal audit to meet its requirements, what it might cost and to work that through in a sensible manner and approach with partners.</p> <p>At the appropriate point in time, the Committee felt it would be useful to discuss the system versus the ICB and what other initiatives could be supported across the system by using internal audit resource in a slightly different way.</p> <p>A request was made for the cost improvement plan findings and the management update be included within the terms of reference for the Financial Sustainability Group (FSG).</p> <p><u>ACTION:</u> Director of Corporate Governance and Board Secretary and Director of Finance (Corporate) to meet to discuss the FSG terms of reference further.</p> <p><u>RESOLVED:</u> The Audit Committee RECEIVED the progress report as a form of assurance.</p>
<p>AC/2024/144</p>	<p>External Audit Progress Report</p> <p>The Senior Manager, Mazars presented the external audit progress report which provided an update on external audit activity for 2023-24.</p> <p>It was reported that planning work was due to commence for the 2023/24 audit period and, as part of the planning process, a meeting had taken place with external audit and finance officers to discuss the timetable and identify any key risks. Regular meetings with the finance team would continue as the audit progressed.</p> <p>The Audit Strategy Memorandum would be presented to the Audit Committee on 22 April 2024. The members agreed that it would be beneficial to receive a copy of the draft timeline for the 2023-24 audit in advance of the meeting.</p> <p>Planning and risk assessment procedures remained in progress, however initial planning work had identified relevant risks to the audit of financial statements which were categorised as significant, enhanced or standard.</p>

	<p>In relation to value for money, planning and risk assessment work was underway. On completion of this work, any risks or significant weaknesses would be reported to the Audit Committee and Board where appropriate. It was noted that for the 2023-24 financial year, no issues had been identified that would form an area of focus for value for money work.</p> <p>It was noted that the national publications section of the report was extremely useful.</p> <p>RESOLVED: The Committee NOTED the update on progress with the external audit for 2023/24.</p>
<p>AC/2024/145</p>	<p>Counter Fraud Update Report</p> <p>The Counter Fraud Specialist, AuditOne presented the counter fraud update report which provided an overview to the progress of work undertaken from 28 September 2023 to 21 December 2023. It was noted that the work plan delivery was improving.</p> <p>The work on pre-employment checks had been escalated to the ICB's Director of Workforce to review the quality of submissions due to the information received to validate pre-employment checks. A report would be drafted once the current issue was resolved by NECS and workforce. It was the aim for the final report to be presented at the next Audit Committee meeting if possible.</p> <p>The following update was provided in relation to the number of open cases:</p> <ul style="list-style-type: none"> • A1CF/23/0187 – in the process of being reassigned to NHS England. • 1CF/23/0188 – enquiries were ongoing due to multiple referrals to several external organisations. • A1CF/23/0240 – finance colleagues were in the process of gathering information for NHS CFA, this case would be investigated locally. • A1CF/22/0055 – enquiries were ongoing with legal advice being considered on this case. A progress report would be provided at the next meeting. • A1CF/23/0045 – an update was awaited from Northumbria Police. • A1CF/23/0121 – a meeting with HR colleagues was due to take place however it had been postponed. <p>It was highlighted that there was a high volume of prescription fraud. However, assurance was provided that the process was working effectively to support these cases.</p> <p>A new counter fraud plan to be forwarded to the ICB's Executive Director of Finance and Director of Finance (Corporate) for consideration.</p> <p>RESOLVED: The Committee RECEIVED the internal audit progress report for information</p>

	and assurance.
AC/2024/146	<p>Review of Audit Committee Terms of Reference</p> <p>The Director of Corporate Governance and Board Secretary presented the terms of reference and confirmed they had been reviewed in line with the annual cycle of business. There were a number of minor changes proposed as a result.</p> <p>It was noted that following approval by the Committee, the revised terms of reference would be submitted to the ICB Board for formal ratification.</p> <p>A suggestion was made by the Chair for a standard agenda item to be included going forward to highlight any decisions made during the meeting and to clarify whether they should be included on the agenda for the public or private Board meeting.</p> <p><u>ACTION:</u> The Head of Corporate Governance to include the terms of reference as a standard agenda item for future Committee meetings to agree whether any agenda items should be included on the Public or Private Board agenda.</p> <p><u>RESOLVED:</u> The Committee APPROVED the proposed amendments to the terms of reference.</p>
AC/2024/147	<p>Audit Committee Cycle of Business</p> <p>The annual cycle of business was presented for information and agreement. The Chair commented that the annual cycle of business was comprehensive.</p> <p>A minor amendment was required in relation to the out-of-date information on page 2, under the author for the annual accounts and annual report timetable.</p> <p><u>ACTION:</u> The Head of Corporate Governance to amend the name of the author for the annual accounts and annual report timetable on page 2 of the cycle of business.</p> <p><u>RESOLVED:</u> The Committee AGREED the Audit Committee annual cycle of business.</p>
AC/2024/148	<p>Any Other Business</p> <p>There were no items of any other business.</p>
AC/2024/149	<p>Review of the Meeting</p>

	<p>The Chair requested feedback with any learning points following the meeting. It was suggested that if a deep dive or presentation topic was an agenda item, additional time to be allocated to facilitate learning for the Committee members.</p>
<p>AC/2024/150</p>	<p>Date and time of next meeting</p> <p>Monday 22 April 2024, 14:00 to 16:00 hours, Joseph Swan Room, Pemberton House.</p> <p><i>Internal and external colleagues left the meeting at this point.</i></p>
<p>AC/2024/151</p>	<p>Mental Health Investment Standard - Independent Review 2022/23</p> <p>The Director of Finance (Corporate) presented the MHIS Independent Review Report and highlighted the key points.</p> <p>The ICB was required to publish a statement after the end of the financial year to provide assurance that its obligations to MHIS had been met. An independent and appropriately qualified reporting accountant must conduct a review on the MHIS compliance statement. This review would typically be undertaken by the organisation's external auditor.</p> <p>The MHIS review was excluded from the fee envelope for the procurement of ICB external auditors due to uncertainty over the future requirement for the review. However, as part of the procurement the ICB would expect the appointed external auditors to undertake the MHIS review work with an additional fee to be agreed.</p> <p>Following discussions with Mazars, a fee of £35k had been proposed for the 2022/23 review due to the ICB only being established for nine months. The expectation would be that the MHIS compliance would be reviewed for the ICB for the full year 2023/24.</p> <p>The fee reflected the difference to the ICB ratio being significantly larger than the former CCGs but noted the significant reduction in total fees paid previously.</p> <p>It was noted that NHS England was undertaking a review of future arrangements in relation to this area.</p> <p><u>RESOLVED:</u> The Committee NOTED the requirement for a reasonable assurance review on the MHIS compliance statement and AGREED to the appointment of the ICB's external auditors, Mazars, to undertake the work at a fee of £35k for 2022/23.</p> <p><i>Meeting Closed: 16:00</i></p>



Signed:

Position:

Date:

Audit Committee Chair

22 April 2024