



**North East and
North Cumbria**

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

**Minutes of the meeting held on Thursday 11 June 2026 at 10:00 a.m.
via MS Teams**

Present: David Stout, (Chair), Non-Executive Director, ICB
Pali Hungin, Non-Executive Director, ICB

In Attendance: David Chandler, Chief Finance Officer, ICB
Deb Cornell, Director of Corporate Governance, Communications and Involvement (Board Secretary), ICB
Richard Henderson, Director of Finance (Corporate and Insights), ICB
April Coulson, Associate Director of Internal Audit, AuditOne
Sharon Fatkin, Senior Internal Audit Manager, AuditOne
Mark Kirkham, Partner, Forvis Mazars
Cath Andrew, Audit Manager, Forvis Mazars
Marc Rice, Senior Corporate Governance Manager, ICB
Joanne Leadbitter, Executive Assistant, ICB (minutes)

AC/2026-27/039 Welcome and introductions

The Chair welcomed all those present to the meeting.

AC/2026-27/040 Apologies for Absence

Apologies for absence were received from Claire Riley, Chief Corporate Services Officer and Lynda Hutchinson, Head of Complaints and Patient Experience.

AC/2026-27/041 Declarations of Interest

There were no declarations of interest.

The Chair confirmed that if any interests were raised during the meeting, they would be acted on accordingly.

AC/2026-27/042 Review of Final Annual Report

The Director of Corporate Governance, Communications and Involvement (Board Secretary) introduced the Review of Final Annual Report and confirmed that it had been prepared in accordance with national guidance and structured appropriately across its key components, namely the performance report, accountability report and financial statements. It was confirmed that the Annual Report included all required statutory elements

and reflected updates since the previous version reviewed by the Committee.

The Senior Corporate Governance Manager further advised that minor updates had been made following engagement with external stakeholders, including enhancements to the Green Plan and safeguarding content.

During the discussion, the Chair highlighted a minor inconsistency in the presentation of committee memberships, specifically the omission of chair designation within the Finance and Performance Committee section. This was acknowledged and an amendment was agreed.

ACTION:

The Senior Corporate Governance Manager to include the Chair of the Finance and Performance Committee within the committee memberships section of the Annual Report.

The Committee considered whether sufficient assurance could be taken on the content of the report. The Non-Executive Director sought assurance that appropriate processes had been followed in compiling the report, given the scale and complexity of the financial information presented.

In response, the Director of Corporate Governance, Communications and Involvement (Board Secretary) confirmed that the Annual Report had been developed in line with national guidance, subject to internal checks, and cross-referenced against the NHS Oversight Framework to ensure completeness and compliance.

The Partner, Forvis Mazars added that external audit had also reviewed the Annual Report and provided feedback, thereby offering an additional independent layer of assurance.

RESOLVED:

The Committee **RECEIVED** and **REVIEWED** the latest version of the ICB Annual Report for 2025/26.

AC/2026-27/043 Accounts Briefing Note and Review of Annual Accounts

The Committee considered the draft Annual Accounts alongside the accompanying Accounts Briefing Note.

The Director of Finance (Corporate and Insights) reported that only minor disclosure amendments had been made to the accounts since the draft version, with no changes to the actual numbers, and that audit work was ongoing, but no significant issues were expected.

The Committee discussed the inherent complexity of comparing year-on-year financial performance due to material system changes, including the transfer of services such as specialised commissioning.

Further assurance was sought by the Non-Executive Director regarding the robustness of the accounts and the controls underpinning them. In response, the Chief Finance Officer outlined the multiple layers of assurance in place, which included internal audit activity, Audit Committee oversight, external audit scrutiny by an independent auditor, and formal assurance declarations provided by senior officers. It was emphasised that these mechanisms collectively ensured that the accounts presented a true and fair view.

Additional clarification was provided on how accounts were subsequently reviewed at a national level. It was explained that NHS England undertake consolidation processes and rely on assurance derived from both internal and external audit activity, as well as system-wide checks such as whole-of-Government accounting.

The Committee also acknowledged the concept of materiality, recognising that immaterial discrepancies would not invalidate the accounts where an overall true and fair view was maintained.

RESOLVED:

The committee **RECOMMENDED** the final accounts to the ICB Board for approval, subject to completion of all external audit work and receipt of final internal and external audit opinions.

AC/2026-27/044 Assurance Over Outsourced Services Report

The Director of Finance (Corporate and Insights) presented the Assurance Over Outsourced Services Report which summarised assurance obtained from service audit reports relating to outsourced systems and services.

It was confirmed that most reports had returned unqualified opinions, with only minor exceptions noted, none of which were deemed to have a material impact on the ICB's accounts or control environment.

It was highlighted that some recurring issues remained within primary care services and GP data extraction and processing but were being addressed with the relevant providers.

The Director of Finance (Corporate and Insights) described a control issue in the ISFE2 system regarding invoice reassignment and approval limits and explained that monthly checks and additional verifications were in place to prevent unauthorised approvals.

The Committee explored assurance arrangements relating to outsourced services in greater depth and the Non-Executive Director questioned how the organisation ensured that such services delivered value for money and maintained quality standards.

In response, it was confirmed that assurance was obtained through multiple mechanisms, including internal audit reviews of provider organisations, contractual service level agreements, regular operational monitoring, and escalation processes where necessary. It was also emphasised that, where services were substandard, the ICB retained the option to terminate agreements and procure alternative provision.

The Chief Finance Officer added that many operational issues typically arose from internal process failures rather than provider deficiencies, particularly in areas such as payroll inputs, underlining the importance of robust internal controls to address these risks.

RESOLVED:

The Committee **RECEIVED** the report and **CONSIDERED** the findings from the relevant service auditor reports and were **ASSURED** that no significant issues had been identified in the effectiveness of controls during 2025/26.

AC/2026-27/045 Head of Internal Audit Opinion Final (Annual Report)

The Associate Director of Internal Audit, AuditOne presented the Internal Audit Annual report and Head of Internal Audit Opinion. It was confirmed that a good overall assurance rating had been provided for 2025/26, which reflected strong internal control processes and improvements from the previous year.

It was reported that the opinion was based on twenty-two audit assurances; 73% were rated good or substantial, an improvement over the previous year, and 87% of agreed actions were closed in-year, with no major issues except one safeguarding control issue.

The Committee's attention was drawn to the single significant control issue relating to the safeguarding audit, specifically concerning the recording of DBS checks. Further discussion clarified that whilst DBS checks had been undertaken, they had not been consistently recorded on the ESR system due to process issues associated with prior arrangements. The Director of Corporate Governance, Communications and Involvement (Board Secretary) confirmed that corrective action had since been taken and that the residual risk was considered low.

The Chair acknowledged that while operational risk had been mitigated, the lack of robust record-keeping represented a control weakness. It was agreed that the issue did not constitute a significant control weakness for the Annual Governance Statement, given the remedial actions taken.

The Chief Finance Officer highlighted ongoing improvements in HR processes, the recruitment of a senior HR role, and the benefits of bringing HR services in-house for better control and assurance.

ACTION:

The Chief Finance Officer to speak with the Chief Corporate Services Officer to address concerns raised by the Committee regarding weaknesses in HR processes and controls, to seek assurance on the quality and robustness of HR systems and processes and the adequacy of current controls and improvement actions already in place and to clarify what further assurance mechanisms may be required.

The Associate Director of Internal Audit, AuditOne informed the Committee that an external quality assessment of internal audit would be conducted in the coming month. As part of the assessment, the assessor would be contacting the Audit Committee Chair and Chief Finance Officer to complete a short survey, with results to be reported to the AuditOne Partnership Board in December 2026.

RESOLVED:

The Committee **RECEIVED** the Head of Internal Audit Opinion for information.

10:48 a.m. – The Associate Director of Internal Audit, AuditOne left the meeting at this point.

AC/2026-27/046 External Audit Completion Report 2025/26

The Partner, Forvis Mazars presented the External Audit Completion Report for 2025/26 and confirmed that the audit was progressing well, supported by high-quality working papers and strong engagement from officers.

It was reported that no significant weaknesses had been identified in relation to value-for-money arrangements and that only a small number of non-material misstatements had been identified. There were one or two outstanding tests and completion was expected to be in time for the upcoming ICB Board meeting. The Committee was assured that the external audit report would be positive, with no surprises expected.

The Audit Manager, Forvis Mazars added that the work around the external audit value for money commentary was nearing completion and no issues had arisen that required escalation to the Committee.

The Chair sought assurance on the timetable for completion ahead of Board approval and it was confirmed that remaining work was expected to conclude in time, enabling the Board to proceed as planned.

The Committee recorded its appreciation for the quality of the external audit process.

RESOLVED:

The Committee **CONSIDERED** the external auditor's report and highlighted any points for discussion as part of two-way communication with the external auditor.

AC/2026-27/047 To recommend and provide assurance to the submission of the Annual Report and Accounts to the ICB Board

The Chair of the Committee asked members if they were willing to formally recommend the ICB's annual report and accounts for assurance and submission to Board on 16 June 2026 for approval.

The Audit Committee members had an opportunity to consider the annual report and accounts and had received assurances around the ICB's systems and internal controls in the form of the head of internal audit opinion. The Committee also heard from external audit who had provided their unqualified opinion and confirmed that there were no significant matters to raise in relation to the ICB's value for money position.

The accounts remained subject to completion of final audit work and any further proposed changes will be reported back to the Audit Committee Chair prior to final sign off by Board.

RESOLVED:

The Committee **RECEIVED** and **REVIEWED** the latest version of the ICB annual report and accounts for 2025/2026; **RECOMMENDED** that the final ICB annual report and accounts be presented to the ICB Board on 16 June 2026 for review and approval prior to submission to NHS England by 9am on 22 June 2026 subject to any final amendments required following completion of all external audit work; **RECEIVED** the final Head of Internal Audit Opinion (HoIAO) report prior to submission to NHS England on 22 June 2026.

AC/2026-27/048 Minutes of Extraordinary Audit Committee held 23 April 2026

The minutes of the Extraordinary Audit Committee which took place on 23 April 2026 were agreed as an accurate record.

AC/2026-27/049 Matters Arising from Minutes

There were no matters arising from the minutes of the Extraordinary Audit Committee held on 23 April 2026.

10:55 a.m. – the Chief Finance Officer left the meeting at this point.

AC/2026-27/050 Action Log from Extraordinary Audit Committee held 23 April 2026

The action log from the Extraordinary Audit Committee held on 23 April 2026 was presented for information. All actions were complete, and the action log was therefore closed.

AC/2026-27/051 Comments in relation to risk from committee chairs (by exception)

The Chair invited members to raise any risk-related matters from individual committees that may be relevant to the Audit Committee, by exception.

The Chair introduced the discussion by referencing commentary already included within the Audit Committee highlight report intended for Board consideration. It was explained that, following reflection, there were emerging concerns regarding how the organisation's governance framework would operate effectively in light of the ICB's transition from a system oversight role to that of a strategic commissioner.

The Chair highlighted that this shift had significant implications for the functioning of committees, most notably the Quality Committee. It was noted that under the previous model, the Quality Committee had operated with a broader system oversight remit; however, under the new arrangements, this role was less clearly defined. The Chair expressed the view that there was a risk that existing committee structures and terms of reference may no longer align with the ICB's revised responsibilities, and that this could lead to ambiguity regarding accountability and oversight going forward.

The Chair emphasised that this issue was not yet fully resolved and required further consideration. It was noted that whilst the Committee was not being asked to determine a solution at this stage, it was important that the matter was explicitly recognised as a governance and risk issue and progressed appropriately.

The Director of Corporate Governance, Communications and Involvement (Board Secretary) confirmed that work was already underway with NHS England to review and refine the role of committees, specifically including the Quality Committee. It was explained that the current terms of reference had been derived from a nationally prescribed model, which had been more suited to a system approach. As the ICB transitioned to a strategic commissioning role, it was therefore necessary to adapt governance arrangements to better reflect local requirements and responsibilities. It was acknowledged that in the interim, the organisation remained bound by existing requirements, and therefore a degree of pragmatic operation within current constraints would be necessary until revised arrangements could be formally implemented.

The Chair also raised a further, related concern regarding oversight of financial performance, following the removal of the Finance and Performance Committee. It was noted that although financial responsibilities had been incorporated into other governance structures, there was a risk that financial oversight could become diluted if not sufficiently prioritised within the new arrangements. The Chair stressed the importance of ensuring that clear and robust mechanisms remained in place to provide adequate scrutiny of the ICB's financial position.

In response, Director of Corporate Governance, Communications and Involvement (Board Secretary), provided assurance that this issue had been carefully considered as part of the governance redesign process. It was explained that a detailed review had been undertaken to identify which functions previously undertaken by the Finance and Performance Committee needed to be retained and where they should sit within the revised committee structure. It was confirmed that these responsibilities had been redistributed appropriately, including within the Audit Committee, the Leadership Committee and the Strategic Commissioning and Assurance Committee, and that the arrangements would be kept under ongoing review to ensure continued effectiveness.

The Chair acknowledged this assurance and noted that, whilst the Audit Committee would continue to receive key financial information, it would remain important to ensure that the overall governance framework continued to provide sufficient focus and scrutiny to financial matters.

The Non-Executive Director and Chair of the Quality Committee confirmed that similar concerns had already been identified within the Quality Committee. It was advised that the terms of reference for the Quality Committee had recently been reviewed, and although they continued to reflect national requirements, there was recognition that they may now be misaligned with the ICB's evolving functional role.

It was highlighted that there were ongoing adjustments to the scope of responsibilities, noting as an example that areas such as infection control, which may previously have been considered outside scope, were now reverting into the committee's remit. This further illustrated the evolving and, at times, unclear nature of responsibilities during the transition period.

AC/2026-27/052 Internal Audit Plan 2026/27

The Senior Internal Audit Manager, AuditOne presented the Internal Audit Plan 2026/26 report and explained that the plan had been developed using a risk-based methodology. It was confirmed that the approach to constructing the plan had included a detailed review of the organisation's Board Assurance Framework and Corporate Risk Register, alongside consideration of audit coverage in previous years. In addition, it was advised that engagement had taken place with the Chief Executive, Executive Directors and Audit Committee members to ensure that the plan reflected organisational priorities and risk areas.

It was further noted that the proposed audits within the plan had been discussed, reviewed and prioritised by the Executive Team, ensuring alignment between internal audit activity and the organisation's strategic and operational risks.

The Committee was informed that a supplementary document had been provided which detailed audits that had been considered but not shortlisted

for inclusion in the plan, and the rationale for their exclusion, as well as a reserve list of audits that could be drawn upon should there be changes in priorities or capacity during the year.

The Senior Internal Audit Manager, AuditOne confirmed that Internal Audit considered the plan to be sufficient in scope and coverage to enable the delivery of a reliable Head of Internal Audit opinion at year end. It was emphasised that, should this assessment change during the course of the year, the Audit Committee would be notified promptly, thereby maintaining transparency and enabling timely oversight.

The Chair sought clarification regarding the level of audit resource, specifically querying whether the number of audit days was consistent with the previous year. In response, the Senior Internal Audit Manager, AuditOne advised that there had been a slight reduction of approximately 20 audit days, which equated broadly to the removal of around one audit. It was reiterated that despite this reduction, internal audit remained confident that the plan still provided adequate coverage of key risk areas.

In reflecting on the plan, the Chair acknowledged the assurances provided, highlighting several key aspects that provided confidence, namely:

- The plan had been subject to detailed discussion prior to approval.
- The existence of a reserve list provided flexibility to respond to emerging risks or operational constraints.
- The process of providing advance notice to management ahead of audits would help identify areas not yet ready for audit, allowing for pragmatic adjustments to the plan where necessary.

The Chair further recognised that the organisation was operating within a new and evolving structure, with changes in staffing levels and responsibilities, and therefore emphasised the importance of maintaining flexibility and close oversight during the year as arrangements continued to bed in.

The Senior Internal Audit Manager, AuditOne confirmed that, following earlier approval, the plan had already been shared with the Executive Team to ensure awareness and preparedness. Ongoing engagement would take place on a quarterly basis, and a formal mid-year review of the Internal Audit Plan would be undertaken and presented to the Committee at its October meeting. This review would reassess the relevance and feasibility of planned audits and allow for any necessary revisions in response to organisational developments.

The Committee acknowledged that, given the timing within the financial year and the continuing transition to new organisational arrangements, it would be important to monitor delivery of the plan closely, recognising that further adjustments might be required as risks and priorities evolved.

RESOLVED:

The Committee **APPROVED** the internal audit plan of work for 2026/27.

AC/2026-27/053 Senior Information Risk Owner (SIRO) Report

The Senior Corporate Governance Manager presented the Senior Information Risk Owner (SIRO) report which provided assurance to the Committee on data security and protection considerations between April 2025 and March 2026. In addition, the report included a progress update in relation to system wide digital delivery.

It was reported that over the previous financial year there had been 536 Freedom of Information (FOI) responses. Two had breached the 20-working day response time; one request was not initially recognised as a FOI by the team that it was sent to and for the second breach there had been delays sourcing information from internal teams.

There had been 85 Subject Access Requests (SARs), and 132 Data Protection Impact Assessments (DPIA), mostly minor, with no significant Information Commissioner's Office (ICO) actions required.

It was confirmed that substantial assurance had been received from internal audit on Data Security and Protection Toolkit (DSPT) compliance and the ICB had met standards. The ICB was on track to match this compliance for 2026-27 and the report to confirm would be brought back to the next Audit Committee meeting.

It was reported that 23 cyber risks had been identified and the Senior Corporate Governance Manager highlighted the challenge of AI use by Local Authority partners.

The draft Model ICB Blueprint, published in May 2025, outlined proposed changes in system-wide digital leadership and a move from the role of ICBs and ICS digital conveners.

The Senior Corporate Governance Manager highlighted the significant upcoming risk related to the closure of the North East Commissioning Support Unit (NECS) and the need to secure a new digital provider. The importance of staff transfer and maintaining cyber assurance during the transition was also emphasised.

RESOLVED:

The Committee **NOTED** the content and status of the SIRO report and the progress in the digital delivery report and **ACKNOWLEDGED** the risks and next steps.

AC/2026-27/054 Any Other Business

There were no items of any other business.

AC/2026-27/055 Audit Committee Annual Report 2025-26

The Audit Committee Annual Report 2025-26 was presented for information.

RESOLVED:

The Committee **REVIEWED** the Audit Committee Annual Report 2025-26 and formally **AGREED** for inclusion in the ICB's Annual Report.

AC/2026-27/056 Review of the Meeting

The Chair requested feedback and learning points following the meeting. It was concluded that the Committee had received comprehensive papers, undertaken robust scrutiny and reached a strong position on the Annual Report and Accounts.

The Chair expressed appreciation to officers and auditors for their work in achieving this outcome.

AC/2026-27/057 Date and Time of Next Meeting

The next meeting of the Audit Committee was scheduled to take place on Thursday 30 July 2026, 10:00 a.m. to 12:00 noon, via MS Teams.

Meeting Closed: 11:18 a.m.

Signed:



Position:

Audit Committee Chair

Date:

30 July 2026