

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

**Minutes of the meeting held on Thursday 10 October 2024 at 10:00 a.m.  
via MS Teams**

**Present:** David Stout, (Chair), Non-Executive Director, ICB  
Jon Rush, Non-Executive Director, ICB

**In Attendance:** David Chandler, Chief Finance Officer, ICB  
Richard Henderson, Director of Finance, Corporate, ICB  
Carl Best, Associate Director, AuditOne  
Deborah Cornell, Director of Corporate Governance & Board Secretary, ICB  
Lynda Hutchinson, Head of Corporate Governance, ICB  
Sharon Fatkin, Senior Internal Audit Manager, AuditOne  
Simon Clarkson, Counter Fraud Specialist, AuditOne  
Mark Kirkham, Partner, Forvis Mazars  
Diane Harold, Senior Manager, Forvis Mazars  
Joanne Leadbitter, Executive Assistant, ICB (minutes)

**AC/2024/67 Welcome and introductions**

The Chair welcomed all those present to the meeting.

**AC/2024/68 Apologies for Absence**

Apologies for absence were received from Martyn Tait, Counter Fraud Specialist, AuditOne and Eileen Kaner, Non-Executive Director.

**AC/2024/69 Confirmation of Quoracy**

For the meeting to be quorate, a minimum of two independent non-executive members were required, including either the Chair or Vice-Chair.

It was agreed the meeting was quorate.

**AC/2024/70 Declarations of Interest**

There were no declarations of interest raised in relation to any items on the agenda. The Chair confirmed that if any interests were raised during the meeting, they would be acted on accordingly.

The Chair asked the Partner and Senior Manager, Forvis Mazars, for their view on completing the declaration of interest paperwork for the ICB

declarations of interest register. In response it was advised that external auditors were not obliged to complete a DOI, with no request do to so by any other provider. It was agreed that any conflicts of interest would be highlighted at the start of each meeting, at which point external audit colleagues would be requested to leave the meeting, if deemed appropriate, at the relevant point.

**AC/2024/71 Minutes of the previous meeting held 23 July 2024**

**RESOLVED:**

The Committee **AGREED** that the minutes from the meeting held on 23 July 2024 were a true and accurate record.

**AC/2024/72 Minutes by exception for approval at ICB Private Board**

**RESOLVED:**

The Committee **AGREED** there were no confidential areas within the minutes of 23 July 2024, and the minutes in their entirety should be presented to the Public Board meeting.

**AC/2024/73 Matters Arising from Minutes**

There were no matters arising from the minutes.

**AC/2024/74 Action Log Updates**

The action log was reviewed by the Committee with updates revised accordingly.

**AC/2024/60**

In relation to the development of the self-assessment tool and the CQC inspection to be undertaken in the future, the Director of Corporate Governance and Board Secretary had met with the Director of Quality who had advised that two new Heads of Quality had recently been appointed to develop the self-assessment tool. It was hoped that the toolkit would be developed by the end of November 2024 and would be shared with the Audit Committee for assurance at the next meeting in January 2025.

**AC/2024/75 Comments in relation to risk from committee chairs**

A number of concerns were raised including:

- Achieving the financial target as a system and the unmitigated risk issues to be developed.
- Monitoring of efficiency savings as a system.
- The potential financial impact due to the change in NICE guidance on drugs and devices.

- The risks, both to the ICB and the system, around mental health and learning disability services for children and adults, including performance within those areas.

The Chief Finance Officer advised that the initial first cut of the medium term financial plan for next year suggested a deficit of around £200m based on a reasonable level of efficiency. However, there was an expectation that this would go to a greater extent. A meeting between ICS DoFs was due to take place in the coming week to discuss the financial plan for next year and one of the key areas of focus would be to ensure the ICS had an affordable workforce.

**AC/2024/76**

### **ICB Board Assurance Framework and Risk Management Report**

The Director of Corporate Affairs and Board Secretary presented the Board Assurance Framework (BAF) and Risk Management report which provided information on the refreshed Board Assurance Framework for Quarter 2 of 2024-2025 and an updated corporate risk register for review and consideration.

The report included information on the BAF , corporate risk register, and place risks with a residual risk score of 12 and above. It was highlighted that the BAF was reviewed by the Executive Committee, Quality and Safety Committee and Finance, Performance and Investment Committee for additional assurance prior to submission to the ICB Board.

Committee members were advised that sections 3-5 of the report highlighted the movement in relation to risks, with the inclusion of the new identified risks and the closed risks.

A comment was raised around targets and the processes in place to ensure targets were being achieved and the risks were being managed appropriately. It was queried whether there was further work to do to standardise the approach and to develop staff in this area.

It was reported that the approach had been standardised and adapted to introduce a series of roadshows for staff to provide additional training and support to those who were managing risks. This had resulted in a significant amount of improvement in relation to risk reporting and the quality of information being administered on the system.

An escalation process was now in place via the relevant risk manager and the Director of Corporate Governance and Board Secretary in the first instance with further escalation to the Executive Team by exception.

A committee member raised concerns in relation to Continuing Healthcare (CHC), and specifically around the new corporate risk NENC/0084, including the efficiency of CHC, the volume of work and how this was being monitored.

The members were advised this had been escalated to the Executive Committee and a discussion within the Executive Team about how to manage the CHC volume, with clear plans agreed to achieve this. The Chief Nursing Officer planned to undertake a review and a realignment within the nursing directorate to allow a greater focus on CHC. Any quality issues would be managed through the Quality and Safety Committee which received regular updates in relation to any incidents or any concerns around patient safety.

The suggestion was made to include key performance indicators (KPIs) into the integrated delivery report in relation to the number of reviews being conducted within 28 days and to include both the number of outstanding and annual reviews.

**ACTION:**

The Chief Finance Officer to liaise with the Chief Strategy Officer in relation to the inclusion of KPIs in the integrated delivery report.

**RESOLVED:**

The Committee was **SATISFIED** that the BAF accurately reflected the principal risks to achieving our objectives as well as their current mitigations; **RECOMMENDED** the approval of the BAF for quarter 2 2024/25 by the Board; **RECEIVED** and **REVIEWED** the corporate risk register for assurance; **NOTED** the place risks with a residual rating of 12 and above.

**AC/2024/77**

**ICB Finance Update Report**

The Chief Finance Officer presented the Finance Update Report which provided assurance to the committee around the delivery of the ICB's statutory duties and compliance with relevant financial governance arrangements.

It was reported that the financial performance of the ICB was reviewed in detail by the Finance, Performance and Investment Committee on a monthly basis and presented at each Board Meeting. A summary of the month 5 position was provided which highlighted the overall ICS position of a year to date deficit of £45.5m which was a relatively small variance to plan.

There were a number of potential financial risks within the forecast financial position, especially in relation to CHC and prescribing which were being reviewed and managed appropriately.

The cost impact of NICE drugs and the growth of those drugs had been estimated at around £25m. A paper had been drafted and shared with NHS England which estimated both the impact for the ICB, North East and Yorkshire and England, and a follow up conversation between the Chief Finance Officer and the regional team would be arranged to discuss how to manage some of the pressures.

The forecast outturn was expected to be delivered as at month 5 and month 6 across the ICS. Risk remained at around £80m, however this was a significant reduction from the net unmitigated risk highlighted within the initial finance plan of £161m.

There were some concerns around elective recovery with the suggestion of a cap being placed on elective recovery income centrally; further information was expected post 30 October 2024. There had been a request made for submission of a forecast of elective recovery income for both the ICB and ICS as part of the H1 return, and an accurate and prudent number had been included in the return.

It was reported that the ICS had been allocated a significant amount of new money recently in relation to pay award monies to be allocated as per the nationally agreed cost uplift factor percentage increase of around 3%; industrial action monies which had been allocated out as per the national formula and deficit funding (non-recurrent), which would offset the planned deficit and allow the ICS to deliver a breakeven position. Clarity was being sought as to whether the deficit funding was repayable.

Work was continuing on updating the medium term financial plan across the ICS and delivery of related financial recovery plans and programmes via the System Recovery Board working closely with the Provider Collaborative. The medium term financial plan was being drafted and a meeting had been arranged to enable a review and further refinement to take place.

Investigation and intervention work was progressing, and reports were expected within the next few weeks around how controls could be improved as organisations and systems, and what steps could be taken to improve the run rate between now and the end of the financial year.

Overall total debtors remained at a similar level to May 2024, with a small reduction in debtors overdue by more than 3 months. Overall debtors remained at a significantly lower level than they had been over the previous 12 months.

There had been no losses or special payments agreed by the ICB in the current financial year to date.

The report included information on three tender waivers which had been agreed since the last meeting, all of which were of relatively low value.

**RESOLVED:**

The Committee **RECEIVED** the report for information and were **ASSURED** around the content; **NOTED** the tender and quotation waivers that have been approved in line with ICB Financial Delegations.

The Senior Internal Audit Manager, AuditOne, presented the internal audit progress report which provided an update on progress and outcomes from internal audit activity since July 2024.

It was reported that work on the 2023-2024 plan was coming to an end, with seven audits outstanding, three of which were either in draft or in review, and work on the 2024-2025 plan was in progress with an additional five audits commenced.

The Committee was informed that one audit report had been issued since the last meeting in July 2024. Reasonable assurance had been assigned to the complaints audit and the report included details of the findings from the final report issued.

The progress report included a new metric which showed the planned profile of internal audit delivery throughout the year. This would be used to track the reports issued against the planned delivery up to 30 June 2025, subject to sufficient staff resources.

Highlight was made to a number of staff leavers during July and August 2024 which had not been anticipated. Recruitment had been undertaken with further planned, and new members of staff were due to commence their employment with AuditOne during September and October 2024. The impact on delivery of the plan would be monitored.

There had been an increase in the number of high and medium graded overdue recommendations since the last Audit Committee and there were two recommendations where the target dates had been exceeded by more than one year. In addition, there were nine recommendations where an update was required to confirm the most up to date position.

A benchmarking exercise had been carried out by AuditOne to review comparisons in the number of outstanding, open and overdue recommendations as at 31 March 2024, across client members within the Consortium. There were no areas to note in relation to the ICB and the results of the benchmarking exercise were included in the report for information.

A formal review of the plan had been undertaken with the ICB's executive team and as a result the Committee was requested to support the deferral of three audits into 2025-2026 to enable additional days to be contributed towards the spending controls audit. In addition, the Committee was requested to support the cancellation of the LeDer audit from the 2023-2024 work plan and note the updated scope of the primary care assurance framework audit.

A question was posed around the review that had been undertaken by the ICB's executive team and the methodology that had been used to inform

which audits should be deferred. It was suggested that the team would have considered and balanced the risks involved. It was advised that the deferred audits were taken from Appendix B of the plan rather than the core work.

The Chair informed the Committee that the Associate Director, AuditOne was moving to a new role in early 2025 and this would be his final meeting. Colleagues took the opportunity to thank him for all of his hard work and expertise over the years and wished him well for the future.

**RESOLVED:**

The Committee **RECEIVED** the progress report as a form of assurance; **APPROVED** the cancellation of one audit from the 2023/2024 plan and **APPROVED** the deferral of three audits from the 2024/2025 plan to contribute towards the FT NHSE spending controls audit.

**AC/2024/79 External Audit Progress Report**

The Senior Manager, Forvis Mazars provided a verbal progress report in relation to external audit.

The engagement letter for 2024-2025 was being agreed which would be sent to the ICB's Chief Executive. The Committee was informed there would be no change to the fee.

It was recognised that last year's audit had gone well, and it was hoped that a similar approach would be taken with the 2024-2025 audit.

It was acknowledged that although there had been a change in leadership, the team remained in place.

**RESOLVED:**

The committee **RECEIVED** the external audit progress report.

**AC/2024/80 Mental Health Investment Standard**

The Director of Finance (Corporate) provided the Mental Health Investment Standard (MHIS) report which updated on the independent review of ICB delivery of the MHIS for 2022/2023. A copy of the final Reasonable Assurance Report was included for information purposes.

The MHIS required the ICB to invest in Mental Health Services at an accelerated rate than the overall published programme growth funding. The ICB was required to publish a statement of compliance at the end of the final year to state whether they considered they had met their obligations regarding the MHIS. An independent appropriately qualified reporting account was also required to be appointed to carry out a reasonable assurance review on the MHIS compliance statement.

It was noted that the review work was undertaken significantly after the relevant year-end, in line with NHSE requirements. The review for 2022/2023 was undertaken earlier this year, however finalisation and publication of the report was held until NHSE confirmed the report could be published on 12 September 2024.

Two areas had been highlighted which were not considered to be in compliance with NHS guidance around NHIS; Section 117 spend, and Mental Health Continuing Healthcare spend. The treatment in both of these areas was consistent with the approach adopted in previous years and the ICB did not consider that this had impacted on achievement of the MHIS for the year.

The report provided a qualified conclusion which was consistent with the approach and conclusion in previous years.

**RESOLVED:**

The Committee **NOTED** the final reasonable assurance report for information.

**AC/2024/81**

**Counter Fraud Progress Report**

The Counter Fraud Specialist, AuditOne presented the Counter Fraud Progress Report which provided an update on counter fraud work undertaken between 02 July 2024 and 20 September 2024.

It was noted that counter fraud continued to be managed using a risk based approach and regular liaison with the Director of Finance (Corporate), and the Chief Finance Officer was taking place.

Presentations were being undertaken with groups of staff in the ICB and a session had taken place on fraud awareness to around 40 members of the Business Support Team in the ICB.

Personal Health Budgets continued to be a high risk area and was being monitored by the team.

It was reported there were three open referrals, a key one to be noted was A1CF/23/0140 which was being managed at a national level. Significant additional financial evidence had been received through a bank account review and the two subjects would be invited for a follow up interview under caution.

A national proactive exercise was underway around procurement. Reports would be submitted and benchmarked by the Counter Fraud Authority, with outcomes shared next year.



There would be a bi-annual national fraud initiative, overseen by the Cabinet Office, which would involve a significant amount of data being mined and matched. Initial results would be expected early next year.

**RESOLVED:**

The Committee **RECEIVED** the Counter Fraud Progress Report for information.

**AC/2024/82**

**Audit Committee Cycle of Business Work Plan 2024-2025**

The annual cycle of business work plan for 2024-2025 was presented for information and comment. The Committee was advised that work would commence on securing meeting dates for 2025-2026.

**RESOLVED:**

The Committee **RECEIVED** the Audit Committee Cycle of Business Work Plan 2024-2025.

**AC/2024/83**

**Review the Process for Internal Audit Annual Review of Effectiveness**

*11:17 a.m. The Associate Director, Counter Fraud Specialist and Senior Internal Audit Manager, AuditOne, left the meeting at this point.*

The Head of Corporate Governance reminded the Committee of the process undertaken last year to review the effectiveness of internal audit which involved four generic questions to the ICB teams who had taken part in an internal audit. Information on lessons learned had been collated and shared with the Audit Committee for discussion and a letter was produced to provide feedback to AuditOne.

The Committee was asked whether the same process should be followed for 2024/2025 or to approach this by introducing a survey. Whichever format was agreed this would need to be meaningful in providing constructive feedback to share with internal audit on their effectiveness.

The suggestion was made for an additional question to be included to state how "beneficial was this audit for you and your team in terms of developing this process".

It was highlighted one of the key themes from last year was around the consistency of recommendations and ratings. It was agreed that it would be useful to build in a question on consistency of recommendations in the process for this year.

It was reiterated that the process should gauge quality of service with outcomes and value for money.

**AC/2024/84**

**Review of External Audit Annual Review of Effectiveness**

*11:31 the Partner and Senior Manager, Forvis Mazars, left the meeting at this point.*

Members of the Committee reviewed the effectiveness of external audit, with discussion and feedback from colleagues as appropriate. A letter would be drafted to provide feedback on the effectiveness of external audit from the Chair of the Committee.

**ACTION:**

The Director of Finance (Corporate) and Chief Finance Officer to draft formal correspondence to Forvis Mazars to provide feedback on the review of external audit effectiveness.

**AC/2024/85 Any Other Business**

There were no items of any other business raised.

**AC/2024/86 Review of the Meeting**

The Chair requested feedback with any learning points following the meeting. The members confirmed the meeting had gone well and progressed within the allocated timing for the agenda. The Committee was pleased to note that counter fraud awareness training was taking place and information was being included in The Pulse on this topic.

**AC/2024/87 Date and Time of Next Meeting**

The next meeting of the Audit Committee was scheduled to take place on Thursday 9 January 2025, 10:00 a.m. to 12:00 noon, Joseph Swan meeting room, Pemberton House.

*Meeting Closed: 11:53 a.m.*

**Signed:**



**Position:** Audit Committee Chair  
**Date:** 9 January 2025