

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

**Minutes of the meeting held on Thursday 10 April 2025 at 10:00 a.m.
via MS Teams**

- Present:** David Stout, (Chair), Non-Executive Director, ICB
Jon Rush, Non-Executive Director, ICB
Eileen Kaner, Non-Executive Director, ICB
- In Attendance:** David Chandler, Chief Finance Officer, ICB
Deborah Cornell, Director of Corporate Governance & Board Secretary, ICB
Sharon Fatkin, Senior Internal Audit Manager, AuditOne
Claire Riley, Chief Corporate Services Officer, ICB
April Coulson, Associate Director of Internal Audit, AuditOne
Martyn Tait, Counter Fraud Specialist, AuditOne
Richard Henderson, Director of Finance (Corporate), ICB
Mark Kirkham, Partner, Forvis Mazars
Diane Harold, Senior Manager, Forvis Mazars
Gareth Davies, Counter Fraud Manager, AuditOne
Joanne Leadbitter, Executive Assistant, ICB (minutes)

AC/2025-26/001 Welcome and introductions

The Chair welcomed all those present to the meeting.

AC/2025-26/002 Apologies for Absence

Apologies for absence were received from Lynda Hutchinson, Head of Corporate Governance, ICB.

AC/2025-26/003 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/2025-26/004 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/2025-26/005 Minutes of the previous meeting held 9 January 2025

Two amendments to the minutes were required:

- The organisation for the Senior Internal Audit Manager should be amended from the ICB to AuditOne.
- The penultimate bullet on page six "Allocation of redundancy payments to chairs of old CCG structures due to contestations. A number have been escalated to employment tribunals with a number referred to the ICB for consideration of settlement"; should be amended to: "Allocation of redundancy payments to chairs of old CCG structures due to contestations. A number have been escalated to employment tribunals with a number referred to court for consideration of settlement, with advice being sought from the ICB.

RESOLVED:

The Committee **AGREED** that the minutes from the meeting held on 9 January 2025 were a true and accurate record, subject to the two amendments referenced above.

AC/2025-26/006 Minutes by exception for approval at ICB Private Board

RESOLVED:

The Committee **AGREED** there were no confidential areas within the minutes of 09 January 2025, and the minutes in their entirety should be presented to the Public Board meeting.

AC/2025-26/007 Matters Arising from Minutes

There were no matters arising from the minutes.

AC/2025-26/008 Action Log from Extraordinary Audit Committee 26 February 2025

The action log from the extraordinary meeting on 26 February 2025 was presented for information. There were two items included in the log, both of which had been marked as complete.

Action Log Updates

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

AC/2025-26/009 Comments in relation to risk from committee chairs

The Chair invited members to raise any comments, by exception, regarding the risk management from individual committees that may be relevant to the Audit Committee.

The Chair of the Remuneration Committee advised that the previous two meetings had been cancelled, however it was hoped that a meeting would take place very soon.

The Chair of the Finance, Performance and Investment Committee commented on the risk related to the running cost reduction and financial implications for 2025-2026. There were several unmitigated financial risks and replicating the previous year's performance would pose a much greater challenge.

It was acknowledged that there were risks in managing the organisation due to uncertainty about its function and staffing.

The Chief Finance Officer advised that the output of the work on the model ICB was due at the end of April 2025 and the ICB's Chief Executive was a member of that group, which was led by the Chair of NHS England.

AC/2025-26/010 ICB Board Assurance Framework and Risk Management Report

The Director of Corporate Governance and Board Secretary presented the Board Assurance Framework (BAF) and Risk Management Report for quarter 4 of 2024/25.

The report included information on the BAF, corporate risk register, and place risks with a residual risk score of 12 and above.

It was reported that some corporate risk scores had changed, resulting in the removal of certain risks from the corporate risk register. No new corporate risks had been identified at the time of writing the report, but this was likely to change, with several new risks to be included and a realignment of the BAF required in light of recent national announcements.

The BAF was due to be presented at the next board meeting for approval on 03 June 2025. Concern was expressed with regard to the signing off the report which was approximately three months outdated. The report was produced on 13 March 2025, with the announcement cascaded on 14 March 2025.

The 2024/25 financial risks had been removed from the BAF, but the 2025/26 risks were to be included. Additionally, there was a need to capture risks to the quality of services due to cost improvement plans.

The report should reference these issues and inform the Board when they will see the next BAF. The report for the Board meeting on 03 June 2025

would include the end-of-year position for the previous year and an update for the new year.

RESOLVED:

The Committee was **SATISFIED** that the BAF accurately reflected the principal risks to achieving the objectives along with their current mitigations, **RECOMMENDED** the approval of the BAF for quarter 4 2024/25 by the Board, **RECEIVED** and **REVIEWED** the corporate risk register for assurance and **NOTED** the place risks with a residual rating of 12 and above.

AC/2025-26/011 Self-Assessment of the Audit Committee's Effectiveness & Process Checklist – ICB Annual Report Survey

The Director of Corporate Governance and Board Secretary presented the Committee Effectiveness of Processes Checklist Report which demonstrated that the Committee had met its terms of reference and had been effective in achieving its overall purpose.

It was reported that the Chair and Director of Corporate Governance and Board Secretary had analysed the Committee's effectiveness during the year, and the analysis would feed into the ICB Annual Report.

The HFMA produced checklists for audit committees, with a detailed version completed in 2024, resulting in an improvement plan. This year's checklist was a shortened version, focusing on committee processes and assurances to the Board.

The Chair and Director of Corporate Governance and Board Secretary identified three sections which required further discussion with the committee:

Section 1.0, questions 1.3, 1.12 and 1.13
Section 2.0, questions 2.3 and 2.5
Section 4.0, question 4.10

Section 1.0, Question 1.3 – Has the committee formally considered how it integrates with other committees that are reviewing risk?

The Audit Committee had previously discussed integrating with other committees and included this in the development plan. It was acknowledged that Committee Chairs could share significant risk issues with the Audit Committee via a regular agenda item.

However, it was felt that in the absence of representation from the Quality and Safety Committee this needed to be addressed. A suggestion was raised to invite the Chair of the Quality and Safety Committee to attend future Audit Committee meetings.

The Chair of the Finance, Performance and Investment Committee suggested receiving Executive Committee reports in greater detail, due to the significant audit risks noted in that Committee.

The Chief Corporate Services Officer advised the committee that a governance review was being conducted. This review was to ensure any gaps were addressed and that each of the sub committees of the board were working effectively and included in the future state as the organisation developed.

ACTION: The Audit Committee Chair and Non-executive Directors to raise these points at a future meeting with the ICB Chair.

Colleagues were reminded that the purpose of the Audit Committee was to seek assurance on the processes rather than the outcomes.

Section 1.0, Question 1.12 – Is there a succession plan in place for the Chair of the Audit Committee?

There was no succession plan in place for the chair of the Audit Committee if the current chair was to leave, this role would need to be replaced by a non-executive with appropriate financial experience. A three-month lead time would be required to recruit a replacement, and the Vice-Chair would chair meetings in the interim.

It would be important to explore a wide range of candidates, including external of the NHS.

Section 1.0, Question 1.13 – Are there clear arrangements in place in terms of how the committee works within the integrated care system?

It was confirmed that the Audit Committee was an internal committee of the ICB and should not have command and control functions or advisory functions to other committees within the ICS.

Section 2.0, Question 2.3 – Does the committee receive and review the evidence required to demonstrate compliance with regulatory requirements – for example, as set by the Care Quality Commission?
Section 2.0, Question 2.5 – Has the committee reviewed key data against the data quality dimensions?

In relation to questions 2.3 and 2.5 it was noted that the development of the self-improvement tool was currently paused.

Section 4.0. Question 4.10 – Has the committee evaluated whether internal audit complies with the public sector internal audit standards?

The Associate Director of Internal Audit, AuditOne, stated that the global internal audit standards in the UK public sector had been followed since 01 January 2025. A gap analysis had been undertaken on the new standards, and an action plan was in place to ensure compliance of the new standards. Internal audit undertakes an annual self-assessment against the standard and was also subject to an external quality review every five years. The next external quality assessment was due in 2026.

The committee requested a report on the global internal audit standards and how AuditOne meets those standards, to be included with the annual report.

An annual assurance report is provided to the committee on compliance with conflicts of interest processes. The report includes an overview of the process and an update of the register.

RESOLVED:

The Committee **NOTED** and **APPROVED** the final outcome of the checklist as recommended by National Audit Office (NAO) and **RECOMMENDED** the findings from the checklist to be published in the ICB Annual Report for 2024/25.

AC/2025-26/012 Conflicts of Interest (Compliance Report)

The Director of Corporate Governance and Board Secretary presented the Conflicts of Interest Compliance Report for 2024-25 which provided an overview and assurance on the ICB's declaration of interests' process and an update of the register of interests.

A robust process was in place to ensure the register of interests remained as up-to-date as possible. A Declarations of Interest Standard Operating Procedure (SOP) was launched on 19 February 2025.

It was reported that in addition to the release of Module 1 statutory and mandatory training for all staff, two further modules had been released. These modules had been prepared by NHSE through engagement with ICB leads, meeting their request to produce this training for all ICBs and to meet an NHSE internal audit action to support ICBs on managing conflicts of interests.

Module 2 was designed to guide to support the ICB in decision making, specifically on contracts, recruitment, and appointments.

Module 3 had been prepared for ICB Chairs, as a refresher for established Chairs and as part of induction for new Chairs. The Corporate Governance Team were working to identify who was in scope for each module and liaising with the People Team to add this to ESR for completion.

It was highlighted that work was in progress to improve the non-compliance of Level 1 training. An issue had been identified in relation to ESR access for a number of staff and steps had been taken to resolve this issue, resulting in increased compliance levels. A further update on compliance levels for Level 1 training would be provided to the committee at a future meeting.

A Local Proactive Exercise (LPE) was carried out in quarter four of 2024/25, examining the ICB's policies and relevant National Fraud Initiative report matches and open source databases to identify any non-declaration of directorships or private patient work by employees. This LPE would also make recommendations, where required, to strengthen arrangements to mitigate fraud risks.

RESOLVED:

The Committee **RECEIVED** the declarations of interest compliance report, along with the updated register of interests for assurance.

AC/2025-26/013 Interim Baseline Submission Cyber Assurance Framework (CAF) – Aligned Data Protection Toolkit 2025-26 Report

The Director of Corporate Governance and Board Secretary presented the report which provided assurance on the ICB's baseline interim assessment for the Cyber Assurance Framework (formerly known as the Data Security and Protection Toolkit).

It was reported that work was ongoing to address any gaps in evidence however the ICB was on track to achieve a "standards met" assessment for final submission on 30 June 2025.

RESOLVED:

The Committee **RECEIVED** the update for assurance.

AC/2025-26/014 Use of ICB Seal Annual Report 2024/25

The Director of Corporate Governance and Board Secretary presented the Use of the ICB Seal Annual Report for 2024/25 and highlighted key points.

The ICB Seal was applied to legal requests deemed necessary to approve contractual agreements in line with standing orders and by the authorised signatory.

It was reported that inconsistencies had been noted in the recording on the register when the ICB seal was used. These inconsistencies had been addressed, the process strengthened and entries to the register standardised.

It was highlighted that the seal was used on request of the other organisation, and not as a matter of course by the ICB.

RESOLVED:

The Committee **RECEIVED** the annual review on the use of the ICB seal in the execution of documents during 2024/25 for assurance.

AC/2025-26/015 ICB Finance Update Report

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

As of month 11, the overall ICS position showed a year to date deficit of £14.7m compared to a planned deficit of £13.5m; an improvement from the previous month. A breakeven position for the full year was expected to be delivered for both the ICB and ICS.

The submitted financial plan included £244m of unmitigated risks across the system for 2025/26, an increase of just over £80m from the previous financial year. This included a net risk of £33m for the ICB.

There had been no further losses or special payments agreed by the ICB in the current financial year since those reported at the last committee meeting.

Aged debt had increased from around £7m at February 2024 to £12m at February 2025; however, £8.4m of this related to two invoices that were subsequently settled in March 2025.

The report included the ICB aged creditor profile and a summary of the most significant value balances overdue by more than 90 days. This included significant disputed balances with NHS Property Services, where there were longstanding reconciliation issues, along with balances with local authorities relating to continuing healthcare recharges where reconciliations were ongoing.

A question was raised regarding ongoing disputes with local councils over Continuing Healthcare (CHC) and whether these were likely to be resolved. It was acknowledged that local authorities were under financial strain, leading them to review opportunities. It was important not to rush resolution of disputes and potentially reach an incorrect conclusion and independent advice would be taken if necessary.

A point of clarity was requested regarding the Shared Business Service and whether all ICBs used the service. It was advised that the service was mandated when CCGs were created, and NHS England was in the process of commissioning a new service from October 2025.

RESOLVED:

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

AC/2025-26/016 Head of Internal Audit Opinion (draft)

The Senior Internal Audit Manager, AuditOne presented the first draft of the Head of Internal Audit Opinion, which had been submitted to NHS England on 07 March 2025 as part of the national timetable.

The document outlined the current status of work however, this did not contain an overall assurance level. It was highlighted that 11 audit reports had been issued, six of which had assurance levels of substantial or good.

The second draft opinion was being prepared for submission on 25 April 2025 and would be presented to the Audit Committee meeting on 23 April 2025 with the final version required for the 12 June 2025 meeting.

RESOLVED:

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

AC/2025-26/017 Internal Audit Progress Report

The Senior Internal Audit Manager, AuditOne presented the Internal Audit Progress Report which provided an update on progress and outcomes from internal audit activity.

It was reported that work on the internal audit plan was progressing. Five final reports had been issued since the last meeting: one with good assurance, two with reasonable assurance and two without assigned assurance levels.

Two draft reports had been issued, and fieldwork had been completed on a further five audits. In addition, a further eight audits were in progress, and the team was on track to deliver the internal audit plan by 30 June 2025.

The committee was requested to support the cancellation of three audits: Clinical Strategy, Research and Innovation and Patient and Public Engagement. The rationale for the proposed cancellation of these audits was included in the report.

There had been an overall increase in the number of overdue recommendations since the previous meeting and a slight increase in the number of high-graded recommendations. There were three recommendations where the agreed target dates had been exceeded by more than one year, and there were four overdue recommendations where an update was required to confirm the most up-to-date position.

A discussion took place around the cancellation of the clinical strategy audit and the rationale for this decision. It was advised that a Clinical Conditions Strategy had been approved by the ICB Board around six months ago and was in progress. The ICB's Chief Medical Officer was working with the Provider Collaborative on a broader clinical strategy and a lot of this work involved clinicians. This work was also linked to medium-term financial planning work and the workforce agenda which involved ongoing complex conversations.

A comment was made regarding the importance of management setting realistic targets for updates when agreeing actions to recommendations, particularly with all the changes expected over the next six months.

A question was raised around the deferral of the patient and public engagement audit to the 2026/27 plan rather than the 2025/26 plan. The rationale for the deferral was to ensure sufficient time to dedicate to the audit and demonstrate delivery of the strategy. In addition, research and innovation had recently been in-housed to the ICB, and the delay would allow time for that team to embed and establish ways of working.

The Chief Corporate Services Officer suggested the patient and public engagement audit be moved to quarter 4 of 2025/26 with further discussion to agree a way forward.

RESOLVED:

The Committee **RECEIVED** the progress report as a form of assurance and **APPROVED** the cancellation of three audits in the plan.

AC/2025-26/018

Draft Operational Internal Audit Plan 2025/26

The Associate Director of Internal Audit, Audit One, presented the Draft Operational Internal Audit Plan for 2025/26 and highlighted the key points.

The report included information on the methodology adopted to create a detailed operational internal audit plan for 2025/26. Meetings were held with Executive Directors and relevant leads, with a comprehensive list of the draft plan presented to the Executive Committee on 18 March 2025 for discussion and review. A short list of prioritised audits was agreed.

The main difference in the methodology this year, as well as in the format of the plan, is that following an internal review of the plan and process internal audit had ceased using the core and additional assurance model. This model, previously referred to as Appendix A audits or Appendix B audits, was discontinued because it could skew the risk-based approach by putting target dates on specific areas. It could also give the impression that non-core or Appendix B audits were less important than the core audits.

Another change related to the discontinuation of the minimum coverage model. Professional judgment would be used to assess if the plan was sufficient to provide the ICB with a robust Head of Internal Audit Opinion.

A decrease in the number of days going forward may impact the ability to deliver an opinion. Additionally, if audits were cancelled during the year without a replacement being identified, this may impact the ability to deliver a robust opinion.

It was acknowledged that the plan was scaled down to 366 days for next year, compared to 520 days last year. The amount of audit days required for 8 CCGs was not the same as for one ICB. Furthermore, there had been a 30% reduction in running costs, with a further reduction now required. The organisation was changing again; therefore, the main focus areas were core requirements and value for money.

The considerable amount of time it takes to complete a robust audit was recognised and the focus was on must-dos and essential priorities.

There was concern that the reduced days were at the limit for providing an internal audit opinion and if an audit was cancelled it should be replaced by another. Assurance was provided by the Director of Corporate Governance and Board Secretary that if an audit was removed from the list, it would be replaced by an audit from the reserve list.

A formal mid-year review of the audit plan would be conducted, with further review by the executive team. An update on the proposed plan and any changes would be brought to the Audit Committee meeting on 09 October 2025.

The Committee agreed to proceed with the operational plan for the next year, including the reserve list.

The Committee revisited the earlier discussion on the patient and public engagement audit and agreed that this audit would be prioritised on the reserve list.

RESOLVED:

The Committee **APPROVED** the plan of work for 2025/26.

AC/2025-26/019

External Audit Progress Report

The Senior Manager, Forvis Mazars provided a brief verbal update in relation to the external audit progress report. The external audit was on track to commence in two weeks' and colleagues were looking forward to commencing the work.

RESOLVED:

The Committee **RECEIVED** the External Audit Progress Report.

AC/2025-26/020 Audit Strategy Memorandum 2024/25

The Senior Manager, Forvis Mazars presented the Audit Strategy Memorandum 2024/25 report.

The strategy memorandum was in a similar format to prior years, with no significant changes for 2024/25. The report highlighted significant risks, including the risk of fraud in expenditure recognition relating to year-end accruals and contract variations, management override of controls and enhanced risk around the prescribing expenditure estimate. There was no indication of significant weaknesses in arrangements, and this would be kept under review until the opinion was signed-off in June 2025.

Materiality for 2024/25 remained the same as the previous year at £154m, approximately 2% of operating expenditure.

Performance materiality was set at 75% of the headline materiality, with the triviality level at £300,000, above which errors are reported. Specific materiality was applied to the remuneration report, focusing on senior officer salaries and exit packages.

There was no change to the audit fee, and non-audit fee work was being undertaken for the Mental Health Investment Standard (MHIS) by a separate audit team.

Clarity was requested regarding performance materiality. It was advised that if errors were identified during testing processes, external audit would need to be satisfied that the errors were not cumulatively greater than performance materiality. This acted as a buffer to ensure that accumulated errors did not exceed acceptable levels. It is a testing level below the headline materiality level to manage accumulation risk.

RESOLVED:

The Committee **CONSIDERED** the external auditor's audit plan for 2024/25 and **DISCUSSED** as a Committee as part of two-way communication with the external auditor.

AC/2025-26/021 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 04 December 2024 and 17 March 2025.

The report included the 2025/26 Counter Fraud Work Plan, NHSCFA quarterly performance stats report for quarter 3 2024/25, NHSCFO local proactive exercise stats report quarter 3 2024/25, Local Proactive Exercise

Report on Absence Management and the Counter Fraud Staff Survey Summary Report 2024/25.

It was reported that of the seven tasks to finalise on the 2024/25 report, three were local productive exercises and would not be closed off until they had been reviewed by the Audit Committee. Work on Personal Health Budgets was ongoing and was expected to be finalised in quarter 1.

The work plan for 2025/26 was a 150-day plan with 99 tasks, including three local productive exercises focusing on staff-based risks, as over 75% of referrals in the NHS were staff-based.

The main areas of focus were pre-employment checks, annual leave and expenses, with work to commence during quarter 2 of 2025/26.

A review of the Fraud, Bribery, and Corruption Policy would be undertaken towards the end of 2025, in light of the Economic Crime and Corporate Transparency Act that was being enacted. Guidance was awaited from the NHS Counter Fraud Authority.

Several fraud awareness presentations had been built into the plan, with provisional bookings requests from communications, procurement, all age continuing care and workforce teams.

It was reported that there were four ongoing cases:

A1CF/24/0226 – this referral was ongoing with further updates to be provided in due course.

A1CF/23/0188 – this case would be closed following confirmation of internal actions that had been undertaken, from the Director of Finance, Corporate.

A1CF/23/0240 - financial recovery of £62,000 had been made and the case had been passed to the Crown Prosecution Service for a charging decision.

A1CF/24/002 – this referral would be closed with a new referral set up for this year.

It was noted that the Government's announcement regarding NHS England might affect counter-fraud work. Areas under NHS England's remit (dentistry, ophthalmology, pharmacy, and GPs) were not currently involved. The plan days had not changed for this year, but there could be potential changes in the next 18 months regarding remit.

It was acknowledged that this was Martyn Tait's last meeting, and the committee took the opportunity to wish him well for the future.

RESOLVED:

The Committee **APPROVED** the 2025/26 Counter Fraud Work plan as per NHSCFA Requirement 5 and **RECEIVED** the progress report and remaining appendices for information.

AC/2025-26/022 Audit Committee Cycle of Business Work Plan 2024-2026

The annual cycle of business work plan for 2024-2026 was presented for information.

RESOLVED:

The Committee **RECEIVED** the Audit Committee Cycle of Business Work Plan 2024-2026.

AC/2025-26/023 Any Other Business

There were no items of any other business.

AC/2025-26/024 Review of the Meeting

The Chair requested feedback on any learning points following the meeting.

There was general agreement that the meeting was productive, with relevant and appropriate discussions taking place.

Concerns were raised about the contextual shift occurring around NHS England and ICBs, and there was acknowledgement of the expected changes due to the reduction of running costs.

A suggestion was made to be more proactive and "on the front foot". Additionally, it was suggested to bring colleagues to the meeting to understand the flow and content, which would help ensure coverage if key colleagues were unavailable to attend.

ACTION: Chief Finance Officer to ensure a greater knowledge and understanding is developed with any nominated deputies who may need to attend the Audit Committee on his behalf.

AC/2025-26/025 Date and Time of Next Meeting

The next meeting of the Audit Committee was scheduled to take place on Wednesday 23 April 2025, 13:00 p.m. to 14:30 p.m., via MS Teams.

Meeting Closed: 11:47a.m.



Signed:

Position: Audit Committee Chair

Date: 24 July 2025