

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

Minutes of the meeting held on Thursday 9 October 2025 at 10:00 a.m. via MS Teams

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

In Attendance: David Chandler, Chief Finance Officer, ICB
Sir Liam Donaldson, Chair, ICB
Mark Kirkham, Partner, Forvis Mazars
Claire Riley, Chief Corporate Services Officer, ICB
Sharon Fatkin, Senior Internal Audit Manager, AuditOne
Richard Henderson, Director of Finance (Corporate), ICB
Gareth Davies, Counter Fraud Specialist, AuditOne
Neil Hawkins, Strategic Head of Corporate Governance, ICB (for Deborah Cornell)
Lynda Hutchinson, Head of Corporate Governance, ICB Joanne Leadbitter, Executive Assistant, ICB (minutes)

AC/2025-26/082 Welcome and Introductions

The Chair welcomed all those present to the meeting and advised the Committee that the ICB Chair was in attendance to observe the meeting.

AC/2025-26/083 Apologies for Absence

Apologies for absence were received from Deborah Cornell, Director of Corporate Governance and Board Secretary, ICB; Diane Harold, Senior Manager, Forvis Mazars and April Coulson, Associate Director of Internal Audit, AuditOne.

AC/2025-26/084 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/2025-26/085 Declarations of Interest

The non-executive member raised a declaration of interest in relation to the finance report and specifically around the waiver agreed with Newcastle University. It was agreed there was no direct conflict given the role of the Audit Committee on this matter.

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

AC/2025-26/086 Minutes of the Previous Meeting

RESOLVED:

The Committee **AGREED** that the minutes from the Audit Committee on 24 July 2025 were a true and accurate record of the meeting.

AC/2025-26/087 Minutes by Exception for Approval at ICB Private Board

RESOLVED:

The Committee **AGREED** there were no confidential areas within the minutes of 23 July 2025 and the minutes in their entirety should be presented to the Public Board meeting.

AC/2025-26/088 Matters Arising from Minutes

The Chair advised that an appointment had been made to the Freedom to Speak Up Guardian and the new postholder was due to take up the role this week. The Chair would be arranging an introductory meeting with the new Guardian in the coming days and would include the views of the Audit Committee around freedom to speak up as part of the discussion.

AC/2025-26/089 Action Log Updates

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

AC/2025-26/090 ICB Board Assurance Framework and Risk Management Report

The Strategic Head of Corporate Governance, ICB presented the ICB Board Assurance Framework and Risk Management Report which provided the Committee with a refreshed Board Assurance Framework for quarter two, 2025/26 and an updated corporate risk register for review and consideration.

It was highlighted that during the reporting period three risks had changed score: the children and young people risk had reduced to nine from twelve, which was below the threshold and therefore removed from the corporate register; the management of running cost position had increased; and the risk around high rates of suspected suicide had escalated due to gaps in treatment for children who self-harm.

Four new corporate risks had been added which included implementation of the ISFE 2 system, local maternity neonatal system funding allocations, uncertainty regarding North of England Commissioning Support Unit closure, and staffing for All Age Continuing Care.

Two risks had been closed: workforce pressures in maternity services and the British Pregnancy Advisory Service (BPAS), which was now being managed through contract management and business as usual processes

The Strategic Head of Corporate Governance described ongoing work to replace the target risk score with a risk appetite indicator, as agreed at Board, and noted this was a manual process for now.

The Chair commented that the system for risk reporting appeared live and effective, with risks actively managed. He asked the Chief Finance Officer about the local maternity and neonatal system funding risk; and it was explained there had been concerns about funding reductions and the risk would be reviewed and updated outside of the meeting.

The Chair also enquired about the staff transfers from the Out of Hospital Team to All Age Continuing Care and whether this was to make progress on reviewing the continuing care packages backlog. The Chief Corporate Services Officer confirmed intensive work was underway to address the backlog, with additional support making progress.

The Chair was assured by the report's clarity and comprehensiveness and confirmed individual risks were reviewed by other committees.

RESOLVED:

The Committee was **SATISFIED** that the BAF accurately reflected the principal risks to achieving the ICB's objectives as well as their current mitigations; **RECOMMENDED** the **APPROVAL** of the BAF for quarter two 2025/26 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/2025-26/091 Information Governance Assurance Report Quarter 2 – 2025/26

The Strategic Head of Corporate Governance, ICB presented the Information Governance Assurance Report for Quarter two, which focused on the committee's oversight of information governance processes and performance.

The report aimed to provide visibility into the volume and nature of Freedom of Information (FOI) requests and Subject Access Requests (SARs) received by the organisation. The need for ongoing refinement and monitoring of FOI and SAR activity was noted.

The Committee was briefed on the Data Protection Toolkit (now called the Cyber Assurance Framework), stating that the annual cycle had restarted, with a baseline assessment due in December 2025 and reporting scheduled for later in 2026.

The Chief Finance Officer raised concerns about the growing complexity and volume of FOIs, especially within the finance team, and asked if the report could reflect year-on-year growth comparisons and complexity metrics. The Strategic Head of Corporate Governance acknowledged the limitation of the raw numbers and agreed to explore ways to report on these aspects in future updates.

ACTION:

The Strategic Head of Corporate Governance to explore ways to report year-on-year comparisons and complexity metrics for FOIs.

The Chief Corporate Services Officer explained that FOI and SAR volumes could spike due to external events, political issues, or media interest. She highlighted the importance of proactive publication schemes to reduce FOI workload and ensure transparency.

The Partner, Forvis Mazars, added that some FOI complexity in other ICBs had been driven by AI-generated queries, which increased the burden on staff.

RESOLVED:

The Committee **NOTED** the content and status of the report; **RECEIVED** the Q2 Information Governance Report for assurance and **NOTED** the next cycle for CAF publication began in September 2025

AC/2025-26/092 Comments in relation to risk from committee chairs (by exception)

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 Remuneration Committee Chair reported that Remuneration Committee business tended to be reactive, with tribunals and legal cases accumulating and potentially increasing with upcoming structural changes.

The Transition Committee Chair advised that the Transition Committee had been meeting regularly and faced a dilemma regarding the delay in consultation affecting potential savings, and uncertainty remained about whether the Treasury would cover redundancy costs.

The Audit Committee Chair acknowledged the challenges of repeated reorganisations and their impact on employment tribunals.

AC/2025-26/093 ICB Finance Update Report

The Chief Finance Officer presented the ICB 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 at month five, the ICS had reported a year to date deficit of £28.9m, which was £4.8m better than plan, with similar figures expected for month six. There was a risk of around £60m for year-end delivery, with many cost improvement plans (CIPs) weighted toward the second half of the year.

The main system pressures included pay, drugs, and devices and NHS England had made it clear there would be no additional funding, and plans should focus on safe workforce reductions.

The Chief Finance Officer described the ICB's position which included pressures from restructuring, with some funds set aside for costs, restrictions on independent sector spending for Attention Deficit Hyperactivity Disorder (ADHD) and Autism Spectrum Disorder assessment, with a proposed cap of £22m, which would increase waiting times, and all-age continuing care with a focus on reducing outstanding reviews and monitoring total review numbers.

Trusts were forecasting higher elective recovery fund activity, but there was no expectation of additional funding from NHS England, therefore this could impact next year's budget.

The Committee was informed that approximately £50k in debt had been written off, linked to All Age Continuing Care, and one special payment related to a complaint was approved at executive level.

The report included information on four waivers of financial policies which had been granted for urgent commissioning decisions or lack of alternative providers. Aged debt had increased, but this was mainly due to timing issues and rebates.

It was confirmed that following the Mental Health Investment Standard (MHIS) review the ICB had increased mental health spending as expected. There had been some technical inconsistencies in guidance but no impact on compliance.

The Director of Finance, Corporate commented that the new ISFE2 ledger system had gone live, with some teething issues reported around user access and correct roles and responsibilities. It was reported that payments were being processed, and no major issues had arisen. Work was ongoing, both locally and nationally, to ensure the system operated correctly.

The Committee was informed that a workshop had taken place on 6 October with chairs and executives across the ICS to address workforce, performance, and financial plans. A number of actions resulted from the workshop which included vacancy freezes and updated workforce plans. Follow-up sessions may be required to ensure the ICS remained on track.

It was reported that NHS England had implemented a mid-year review process where systems must provide assurance that organisations would deliver their plans. A full day session for the ICB and foundation trusts had been scheduled to take place on 24 October 2025.

The Chair asked about the tightness of the ICB position given risks in prescribing, continuing care, and ADHD. The Chief Finance Officer explained that while risks existed, especially in prescribing and continuing care, he was relatively comfortable the ICB could deliver its plan, with some organisations able to exceed plan and others may need to make difficult decisions to achieve plan.

RESOLVED:

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

AC/2025-26/094 Internal Audit Progress Report

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

It was reported that all fieldwork was completed for the 2024/25 plan, and draft reports would be issued within the next two weeks. Four reports had been issued since the last meeting: one with substantial assurance, one with good assurance, and two with reasonable assurance. The reasonable assurance reports related to the Public Sector Equality Duty and Key HR Controls, Recruitment and Appointment.

One final report had been issued from the 2025/26 internal audit plan and a further six audits were at fieldwork stage.

Full copies of the final reports had been included with the meeting papers and going forward these would be placed in a separate reference pack to accompany the papers.

There were three overdue management recommendations with revised implementation dates, with one overdue by more than 12 months, however this was an improved position. It was highlighted that there were no management actions which were overdue and for which a status update had not been provided.

A mid-year review of the audit plan had been undertaken with the ICB's Executive Team to ensure that the plan continued to address the ICB's assurance needs. This review had led to the cancellation of one audit, on Disciplinary Cases, due to HR capacity. This audit had been replaced by an audit on Public and Patient Engagement.

It was explained that the reports with reasonable assurance report would be referenced in the annual Head of Audit Opinion.

The Chair emphasised the importance of maintaining coverage and monitoring capacity issues, especially during the ongoing reorganisation. The Senior Internal Audit Manager, AuditOne advised that issues had arisen on agreement of one or two final reports due to team capacity, but this had been resolved.

The Committee was reminded that the audit plan has been reduced this year due to savings requirements and limited capacity, and the January meeting would be a crucial point to assess progress towards year end.

RESOLVED:

The Committee **RECEIVED** the progress reports as a form of assurance and **APPROVED** the proposed amendments to the internal audit plan for 2025/26.

AC/2025-26/095 External Audit Progress Report

The Partner, Forvis Mazars, stated that external audit was in a fallow period between audit years, with no concerns to report. Planning work would be discussed at the January meeting.

The Chair confirmed the external audit contract had been extended for two more years.

RESOLVED:

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

10:50 a.m. The Partner, Forvis Mazars left the meeting at this point.

AC/2025-26/096 Counter Fraud Progress Report

The Counter Fraud Specialist, AuditOne, presented the Counter Fraud Progress Report which provided a progress report on counter fraud work undertaken between 18 June 2025 and 18 September 2025.

The report provided updates on the 2024/25 and 2025/26 work plans, including new and ongoing referrals. It was noted that one task required finalisation in the 2024/25 work plan, related to a local proactive exercise on Personal Health Budgets (PHBs). The 2025/26 work plan was well underway and all tasks up to date. A recent local proactive exercise had been undertaken on pre-employment checks, with the report completed and being finalised and a further local proactive exercise had commenced in relation to annual leave.

A brief summary was provided on the four new referrals received during the reporting period. One involved funding for state care home despite the subject owning their own house; one involved working elsewhere during contracted hours; one involved potential misuse of the patient travel scheme and one involved a medical practice submitting false claims.

There were a number of ongoing referrals, and the following summary was provided:

A1CF/23/0188 - related to Personal Health Budget (PHB) funds not being used for their intended purposes. The evidential threshold for criminal prosecution was not met and the claimant's PHB was later withdrawn following reassessment and referred to the Local Authority for social care support.

A1CF/23/0240 - involved a patient who had claimed travel expenses they were not entitled to and the loss of over £62,000 was in the process of being recovered. The case was with the Crown Prosecution Service for a potential charging decision on fraud.

A1CF/24/0226 - involved an allegation of procurement fraud, and inquiries were ongoing.

A1CF/25/003 – this referral had been set up to collate intelligence reports which were received throughout the year from the NHS Counter Fraud Authority.

AC1F/25/0057 – related to an allegation that personal health budget funds were not being used for their intended purpose. No enquiries had been undertaken as the evidential threshold for criminal prosecution was unlikely to be met.

The Committee was briefed on new Failure to Prevent Fraud Offence legislation, which came into effect last month and applied to large, incorporated bodies and partnerships across all sectors of the economy. The onus is on the organisation to ensure reasonable fraud prevention measures are in place and the ICB has agreed to adopt a risk assessment document to manage compliance.

The Chair asked if there was a system in place to ensure that any system weaknesses identified were recorded and corrected. It was advised that there was an automated process to follow up on recommendations to ensure they were implemented.

The Chief Finance Officer commented that when personal health budgets were established, it was recognised they were inherently risky to fraud, however research identified the benefits outweighed the risks. Mitigation measures were in place, but it was acknowledged that some individuals would find creative ways to be fraudulent.

RESOLVED:

The Committee **RECEIVED** the progress report and remaining appendices for information.

AC/2025-26/097 Audit Committee Cycle of Business 2026-27

The Audit Committee Cycle of Business 2026-27 was presented for information. It was noted that meeting dates into April and July would focus on the meetings required for the annual report process.

RESOLVED:

The Committee **RECEIVED** the Audit Committee Cycle of Business 2026-27.

AC/2025-26/098 Any Other Business

There were no items of any other business.

11:05 a.m. The Senior Internal Audit Manager, AuditOne and the Counter Fraud Specialist, AuditOne left the meeting at this point.

AC/2025-26/099 Review of Internal Audit Report – Feedback to the Effectiveness of AuditOne (Annual Review)

The Head of Corporate Governance reminded the Committee of the process for feedback to the effectiveness of AuditOne. A survey would be circulated to directorates and portfolio areas that had recent audits to ensure the questions were appropriate to form feedback to the effectiveness of AuditOne.

The survey questions would address the audit process, areas for development, relationship building, explanation of the audit, and adherence to timelines. It was highlighted that the questions had been revised by a previous committee member last year to improve their relevance and would be shared with Committee members for their approval.

The results of the survey would be brought back to the Audit Committee meeting in January 2026.

ACTION:

The Head of Corporate Governance to share the survey questions with Committee members for agreement prior to circulating to directorates.

AC/2025-26/100 Review of External Audit Report – Feedback to the Effectiveness of Forvis Mazars (Annual Review)

The Chief Finance Officer and Director of Finance, Corporate, expressed support for the review of Forvis Mazars, and highlighted positive working relationships and sensible, constructive discussions with the audit team. Emphasis was made on the need to begin the process of going to market for external audit services earlier, potentially within the current financial year, to ensure continuity and compliance.

The Chief Finance Officer stressed the importance of the annual review as a mechanism for the Audit Committee to recommend to the Board whether they were satisfied with the quality of service received from external audit. A suggestion was made that an Audit Panel may be required for the procurement process. It was pointed out that the market for external auditors was challenging, therefore organisations must signal their requirements early to secure suitable providers.

The Committee recalled previous discussions about pan-ICB procurement and agreed on the importance of starting the procurement process early. It was noted that Forvis Mazars remained active in the market and were presumed to be content with the current engagement. ICB accounts were described as relatively straightforward to audit, with a good level of materiality, and the Committee recognised the quality and value of Forvis Mazars' work.

AC/2025-26/101 Review of the Meeting

The Chair requested feedback on learning points, with general agreement that the meeting was efficient, covered all necessary topics, and reports were of good quality; the pre-meeting allowed for clarification of unclear areas.

The Chief Finance Officer emphasised the rapidly changing risk environment and asked whether the Audit Committee had prioritised the most significant risks, such as year-end delivery, workforce reduction, UEC and elective metrics, and the finance plan. He called for a focus on major risks, robust systems, and a comprehensive review of all risks and their documentation due to shifting responsibilities.

The Chief Corporate Services Officer suggested clarification was needed on which committees conducted deep dives into specific risk areas, with examples such as Durham Breast and Infection Control discussed at the Quality and Safety Committee.

The Chair commented on the need to review the wording of recommendations to committees, to ensure they focused on system soundness and application rather than just reflecting existing risks.

ACTION:

The Director of Corporate Governance and Board Secretary to review the wording of recommendations to committees to ensure they focused on system soundness and application rather than just reflecting existing risks.

The ICB Chair thanked the Committee for the invitation to observe the meeting and shared views on risk management, questioning the criteria for including items on the risk register (e.g., pandemic preparedness) and whether adequate scenario planning and local action were being undertaken.

Concerns were raised about learning from past standards of care issues and integrating those lessons into risk management. The Chair questioned who held ultimate responsibility for the risk register and risk management and expressed concern about the potential loss of broader perspectives due to risk management being delegated to other committees.

The Chair noted that the Audit Committee had intended to better understand its interaction with other committees, but this work had been paused due to organisational changes, which had created a risk that issues could be overlooked.

The Chief Corporate Services Officer suggested a board development session to discuss scenario planning, risk register content, oversight responsibilities, and the division of risk management functions among managers, executive directors, committees, the Audit Committee, and the Board, and the management of risk through periods of transition.

The Strategic Head of Corporate governance commented on the distinction between risks (potential future events) and issues (current problems).

The ICB Chair described the risk register as potentially one-dimensional and suggested there was a need to consider emerging risks (such as new health trends) and to ensure responsible parties were managing risks effectively and learning from unexpected events.

The Committee Chair stated the goal was to evolve the risk management system to be more useful and current, and to avoid excessive detail that could obscure key risks.

AC/2025-26/102 Date and Time of Next Meeting

The next meeting of the Audit Committee was scheduled to take place on Thursday 8 January 2026, 10:00 a.m. to 12:00 noon, via MS Teams.

Meeting closed: 11:30 a.m.

Signed:



Position: Audit Committee Chair

Date: 5 February 2026