



**North East and
North Cumbria**

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

**Minutes of the meeting held on Thursday 24 July 2025 at 13:00 p.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
Deborah Cornell, Director of Corporate Governance & Board
Secretary, ICB
Sharon Fatkin, Senior Internal Audit Manager, AuditOne
Richard Henderson, Director of Finance (Corporate), ICB
Diane Harold, Senior Manager, Forvis Mazars
April Coulson, Associate Director of Internal Audit, AuditOne
Gareth Davies, Counter Fraud Specialist, AuditOne
Lynda Hutchinson, Head of Corporate Governance, ICB
Joanne Leadbitter, Executive Assistant, ICB (minutes)

AC/2025-26/060 Welcome and Introductions

The Chair welcomed all those present to the meeting.

AC/2025-26/061 Apologies for Absence

Apologies for absence were received from Claire Riley, Chief
Corporate Services Officer, NENC ICB and Mark Kirkham, Partner,
Forvis Mazars.

AC/2025-26/062 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/2025-26/063 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/2025-26/064 Minutes of Previous Meetings

RESOLVED:

The Committee **AGREED** that the minutes from the Audit Committee on 10 April 2025 and the Extraordinary Audit Committee on 12 June 2025 were true and accurate records of the meetings.

AC/2025-26/065 Minutes by exception for approval at ICB Private Board

RESOLVED:

The Committee **AGREED** there were no confidential areas within the minutes of 10 April 2025 and 12 June 2025 and the minutes in their entirety should be presented to the Public Board meeting.

AC/2025-26/066 Matters Arising from Minutes

The Director of Corporate Governance and Board Secretary provided an update in relation to declarations of interest compliance level 1 training. It was reported that training completion was now at 88%, an increase from 64% previously reported to the Committee on 10 April 2025. There was a plan to address the remaining 12% who are required to complete the training.

It was formally noted that Jon Rush, Non-Executive Director had tendered his resignation from the ICB and would therefore no longer be a member of the Audit Committee.

The Chair of the Remuneration Committee advised the Committee that her tenure with the ICB had been extended to September 2025.

AC/2025-26/067 Action Log Updates

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

AC/2025-26/068 ICB Board Assurance Framework and Risk Management Report Quarter 1 2025/26

The Director of Corporate Governance and Board Secretary presented the ICB Board Assurance Framework (BAF) and Risk Management Report for Quarter 1 of 2025/26.

The report provided an update in relation to the Board Assurance Framework and the Corporate Risk Register. The report also included information on risk movement since the last meeting, reviewing new corporate risks and any risks that had been closed.

The BAF would be aligned to governance arrangements once further clarity was available.

The Chair asked whether the area of risk and Board assurance had been impacted by the organisational change and, if so, how materially impacted risk management had been. It was confirmed that risk management processes continued as normal and a new corporate risk had been identified in relation to the transition programme. There was no material impact as yet, however it was acknowledged risks may increase during the transition process.

RESOLVED:

The Committee was **SATISFIED** that the BAF accurately reflected the principal risks to achieving the ICB objectives online with their current mitigations; **RECOMMENDED** the approval of the BAF for quarter 1 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/2025-26/069 Information Governance Assurance Report

The Director of Corporate Governance and Board Secretary presented the Information Governance Assurance Report which provided a Senior Information Risk Owner (SIRO) update covering the period 01 April 2024 to 31 March 2025.

The report included the updated data protection and security toolkit update and the Senior Information Risk Owner (SIRO) Report, which had been previously reported to the Executive Committee.

The report also included statutory compliance with Freedom of Information Act 2000 and Data Protection Act 2018 and included the final toolkit submission from the end of June 2025. Appendix 2 provided information on the audit assessment report, which provided a high level of confidence around the toolkit submission. Appendix 3 provided information governance activity, including Freedom of Information compliance and subject access requests.

It was highlighted that one of the Freedom of Information requests breached the 20-day deadline; however, this was due to a delay in sign-off, rather than a delay in compiling the response.

There were 51 data security and protection incidents; however, only six of those were generated internally. The main issue related to emails being sent to the wrong person with information attached. Others were around information received by the ICB inappropriately from other external bodies.

It was reported that cyber alerts had been actioned appropriately and within the correct timescales, and the toolkit had been submitted on time with a standards-met assessment.

In relation to the data security and protection incidents, the Chair asked whether any training was available to support staff in this area. It was advised that this was covered as part of the statutory and mandatory Information Governance and Data Protection training module that all ICB staff were required to complete on a yearly basis. It was highlighted that another area staff can overlook when replying to all in an email, and this topic was also addressed as part of the training.

RESOLVED:

The Committee **NOTED** the content and status of the SIRO report; **RECEIVED** the Q1 IG report for assurance; **RECEIVED** the CAF publication for assurance and **RECEIVED** the CAF Audit Assessment report for assurance.

AC/2025-26/070 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 on complex HR cases, including legacy CCG tribunal cases, emphasising the requirement for strong HR and employment law capacity, especially with upcoming organisational changes and potential redundancies.

The Chief Finance Officer commented on the increase in legal challenges and reiterated the requirement for robust HR processes.

The importance of correct processes and documentation for audit and legal defensibility was highlighted.

AC/2025-26/071 Fit and Proper Person Test Compliance Report – June 2025

The Director of Corporate Governance and Board Secretary presented the Fit and Proper Person Test (FPPT) Compliance Report which provided an overview and assurance on the ICB's compliance with the requirement of the FPPT.

It was reported that the Fit and Proper Person Test was conducted, and all Board members were deemed fit and proper and participated in the annual appraisal process.

The annual FPPT report was submitted on 24 June 2025, which included appropriate checks and approval.

It was highlighted that in relation to the audit findings, all of the actions raised were now completed.

RESOLVED:

The Committee **RECEIVED** the update and were **ASSURED** that the ICB was compliant with the Fit and Proper Person Test.

AC/2025-26/072 ICB Finance Update Report

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

At month 2, the ICS was slightly ahead of plan, mainly due to a land sale benefit at CNTW. Excluding this, the system was effectively on plan, with a deficit of approximately £22m at month 3. This deficit, if annualised, would be significant, and there would be a need to recover this position by the year-end.

Recurrent efficiency savings were behind plan; many were delayed but expected to be delivered later in the year. The delays were being temporarily covered by non-recurrent measures, which were not sustainable long-term. Directors of Finance (DOFs) had indicated that the recurrent element would be achieved, but timing was an issue.

In the ICB there was a significant risk from rising costs in the independent sector for ADHD/ASD services. Forecast suggested costs could reach £25–£30m this financial year, while the budget was £10m. Work was ongoing to set activity levels and manage provider expansion.

The ICB had a £30m cost improvement plan for Continuing Healthcare (CHC). Delivery was at risk due to timing, but there was confidence in eventual achievement. Additional resources were being allocated to support delivery.

A new process for managing unmitigated risk across the ICS had been implemented, with proactive engagement between DOFs to ensure figures were realistic and risks were being addressed. A stocktake with Chairs, Chief Executives and DoFs was being planned for October to assess risk levels and agree on collective actions if needed.

It was reported that one special payment of £264 was made following a discussion with HR to explore the most sensible and pragmatic way forward.

The report included a summary of all tender/quotation waivers approved by the ICB since the last report to the Committee.

Main creditors are NHS Property Services, North Tyneside Council and other councils. Large sums were routinely paid to local authorities, so they frequently appear as creditors.

In relation to aged debt, the Director of Finance, Corporate reported that total aged debt had reduced since February 2025. Most debt was with Local Authorities, especially Cumberland Council, due to late-year invoicing and local government reconfigurations. Approximately £1m was recently received from Cumberland Council, and no major issues were expected with the remaining balances.

The Chair enquired about the month 3 figures and the Chief Finance Officer advised that there was more good news than bad. Most organisations were managing risk but there were still some challenges to overcome. The Chief Finance Officer emphasised the need for all organisations to deliver their plans for system success.

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/2025-26/073 Summary of NHSE Deep Dive Visits

The Chief Finance Officer provided an update in relation to the NHS England (NHSE) deep dive visits.

It was reported that NHSE had conducted three deep dive reviews in North East and North Cumbria to assess efficiency plans, understand progress on de-risking plans, seek assurance on plan delivery, and identify opportunities for support where required.

The summary report provided an anonymised high-level overview of the outcomes, recommendations, and areas for consideration to support shared learning across the system. The feedback received was generally positive and beneficial for the organisations involved, with recommendations focussing on cost improvement programme engagement, mitigation plans, and staff communication and engagement.

The ICB committed to working with NHSE to ensure that the recommendations were being followed up.

RESOLVED:

The Committee **RECEIVED** the Summary of NHSE Deep Dive Visits.

AC/2025-26/074 Internal Audit Progress Report

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

It was reported that the 2024/25 internal audit plan was almost complete, with only two audits still in progress due to late plan changes. The 2025/26 plan had commenced, with one final report issued and six audits underway. This was an improved position in comparison to the previous year.

From the seven final reports issued for 2024/25:

- One was rated substantial assurance
- Three as good assurance
- Two as reasonable assurance
- One was an advisory review

The reasonable assurance reports related to the patient safety incident response framework and staff survey; however, since the report was drafted, a further two final reports and one draft report had been issued.

A benchmarking exercise had been completed across the AuditOne client base, focusing on the use of the Sunquest Integrated Clinical Environment IT application. A copy of the final report was included in the progress report and shared with the ICB's Clinical Effectiveness Committee.

The 2025/26 Internal Audit Charter had been updated to reference new global internal audit standards and included a new escalation procedure. Approval by the Audit Committee was required annually and would be added as a specific line in the Committee's Cycle of Business.

The Committee was informed of a methodology change with the audit reports being streamlined with the exclusion of audit recommendations. As an alternative, draft reports would present prioritised risk issues and findings (high, medium, low), and responsible managers would be asked to confirm their agreed actions to address the risks reported.

If auditors believed actions were insufficient, they would escalate to the responsible Executive Director and not issue a final report until

executive confirmation was received. This approach aimed to be more feasible, with realistic actions and improved implementation.

The Chief Finance Officer suggested that a review of the methodology change should be considered after a period of 12 months to ensure it was working well or whether it required refinement.

There had been an overall decrease in overdue recommendations. Two recommendations with implementation dates extended by more than a year have both been completed.

Changes to the audit plan were requested and approved, including the cancellation of one audit, moving two audits from 2024/25 to 2025/26, and swapping two audits from 2025/26 into 2024/25. The rationale for the changes was detailed in the report.

One reasonable assurance report had been issued on the Patient Safety Incident Response Framework (PSIRF) system since the last update. This report would be referenced in the annual Head of Audit Opinion.

ACTION: The Associate Director of Internal Audit, AuditOne to consider how to conduct the methodology change review and a process to provide feedback to committees.

The Chief Finance Officer expressed an interest in the upcoming CHC case review and PHB audit and emphasised the requirement for strong audit expertise and knowledge in this area.

RESOLVED:

The Committee **RECEIVED** the progress reports as a form of assurance; **APPROVED** the proposed amendments to the internal audit plans for 2024/25 and 2025/26 and **APPROVED** the Internal Audit Charter for 2025/26.

AC/2025-26/075 Audit's Annual Report 2024/25

The Senior Manager, Forvis Mazars presented the auditor's annual report 2024/25 and highlighted the key points.

The report was an extended version of the previous report and included formal value for money commentary. It covered the period of 2024-25, was intended to be user-friendly, and would be published on the National Audit Office website.

External auditors attended an internal challenge or moderation panel where their proposed work and conclusions were reviewed. The panel challenged the auditors on issues such as deficit funding

support and the level of savings. It was reported there were no significant weaknesses in ICB arrangements, and no recommendations were raised, although the scale of financial challenge was recognised.

The Committee noted the extension of the external audit contract for a further two years and highlighted the quality of service from external audit was a key factor in the decision to extend the contract. The Chair congratulated the external audit colleagues on the contract extension and advised he was looking forward to working with them for a further two years.

RESOLVED:

The Committee **APPROVED** the Auditor's Annual Report.

AC/2025-26/076 Counter Fraud Progress Report

The Counter Fraud Specialist, AuditOne, presented the Counter Fraud Progress report and highlighted the key points.

The report covered the period 18 March to 17 June 2025 and detailed progress against the 2024-25 and 2025-26 work plans. The report included information on the annual report from 1 April 2024 to 31 March 2025 which had confirmed a positive outcome for the ICB. The rating for conflicts of interest had moved from amber to green which had been supported by benchmarking data submitted to the Counter Fraud Authority (CFA).

A Local Proactive Exercise (LPE) on conflicts of interest showed 97% compliance with annual declarations of interest and 100% compliance from Board members. No fraud had been identified during this LPE. A survey in January 2025 indicated that the vast majority of key staff groups were aware of the ICB's policies on conflicts of interest and gifts/hospitality.

There had been six new referrals were received in the period:

- One annual referral to capture CFA intelligence not within counter fraud remit.
- One patient fraud (false symptoms for mobility equipment), not suitable for investigation but recorded for intelligence purposes.
- One primary care referral, passed to NHS England.
- Two personal health budget (PHB) referrals, both not suitable for investigation but demonstrated increased staff awareness due to recent PHB-focused work.
- One procurement fraud investigated and disproven.

There were three ongoing referrals:

- PHB funds not used for intended purposes; a draft investigation report had been issued for management comments, to be presented at the next committee.
- Ongoing patient travel expenses case, still with the CPS and CFA; £62,000 had been recovered.
- Ongoing procurement fraud, with inquiries continuing.

Ongoing proactive work on PHB included staff awareness, policy review, and fraud-proofing and a report would be presented upon completion. One task remained outstanding from the 2024/25 work plan (PHB proactive exercise), with all others completed.

Some counter fraud policy updates were pending due to awaiting new legislation; these would be completed once the legislation was in place.

RESOLVED:

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

AC/2025-26/077 ICB Freedom to Speak Up Update

The Chair shared an update on ICB Freedom to Speak Up (FTSU) which had been prepared by the ICB's Chief Nursing Officer.

The Freedom to Speak Up Guardian post remained vacant following the retirement of the FTSU Guardian in April 2025. It was hoped the vacancy would be filled internally following interviews scheduled to take place later this month. In the meantime, the ICB's Chief Nursing Officer will be dealing with any concerns raised.

It was reported that three confidential concerns had been raised and resolved, with feedback provided to the individuals,

One concern had been received via ICB reception which related to a provider organisation. The concern had been passed to the FTSU Guardian at the relevant Trust.

There had been no concerns raised in relation to counter fraud and a meeting had taken place between AuditOne colleagues and the ICB's Chief Nursing Officer to confirm this.

One concern had been raised with the ICB's FTSU Non-Executive Director and the Chief Nursing Officer and colleagues were making progress to achieve a resolution.

It was reported that a recent dash report on patient safety had made a recommendation for the National Guardian's Office to be closed. Any impact, if any, would be monitored.

RESOLVED:

The Committee **RECEIVED** the Freedom to Speak Up update.

AC/2025-26/078 Audit Committee Cycle of Business 2024/26

The Audit Committee Cycle of Business 2024/26 was presented for information. The Head of Corporate Governance would be reviewing the cycle of business for the next financial year and providing updates to the content as required.

The Associate Director of Internal Audit, AuditOne requested the addition of the Internal Audit Charter to the Cycle of Business. This was highlighted that this was a requirement of standards to have one every year and to be able to demonstrate approval via the Audit Committee minutes.

ACTION:

The Head of Corporate Governance to add Internal Audit Charter to the Cycle of Business.

RESOLVED:

The Committee **RECEIVED** the Audit Committee Cycle of Business 2024/26.

AC/2025-26/079 Any Other Business

There were no items of any other business.

AC/2025-26/080 Review of the Meeting

The Chair requested feedback and learning points following the meeting. The meeting had concluded ahead of time and the Chair acknowledged the high quality of the reports presented and that relevant and effective discussions had taken place.

AC/2025-26/081 Date and Time of Next Meeting

The next meeting of the Audit Committee was scheduled to take place on Thursday 9 October 2025, 10:00 a.m. to 12:00 noon, via MS Teams

Meeting Closed: 14:23 p.m.

Signed:



Position:

Audit Committee Chair

Date:

9 October 2025

