North East and North Cumbria

North East and North Cumbria Integrated Care Board
Audit Committee

Minutes of the meeting held on Thursday 23 April 2026 at 10:00 a.m. via MS Teams

Present:	David Stout, (Chair), Non-Executive Director, ICB Pali Hungin, Non-Executive Director, ICB
In Attendance:	David Chandler, Chief Finance Officer, ICB Claire Riley, Chief Corporate Services Officer, ICB Sharon Fatkin, Senior Internal Audit Manager, AuditOne Richard Henderson, Director of Finance (Corporate), ICB Deb Cornell, Director of Corporate Governance and Board Secretary, ICB Mark Kirkham, Partner, Forvis Mazars (from 10:35 a.m.) Marc Rice, Corporate Governance Manager, ICB Cath Andrew, Senior Manager, Forvis Mazars Joanne Leadbitter, Executive Assistant, ICB (minutes)

AC/2026-27/022 Welcome and Introductions

The Chair welcomed colleagues to the Extraordinary Audit Committee meeting of North East and North Cumbria (NENC) Integrated Care Board (ICB).

AC/2026-27/023 Apologies for Absence

Apologies for absence were received from April Coulson, Associate Director of Internal Audit, AuditOne, Gareth Davies, Counter Fraud Specialist, AuditOne and Lynda Hutchinson, Head of Corporate Governance, ICB.

AC/2026-27/024 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/2026-27/025 Declarations of Interest

There were no declarations of interest.

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

AC/2026-27/026 Self-Assessment of the Audit Committee's Effectiveness and Process Checklist

A report on the annual self-assessment of the Audit Committee’s effectiveness and process checklist was presented by Deborah Cornell. It was explained that this was a routine end-of-year exercise forming part of the preparations for the

Annual Report and reporting to the Board. Deborah Cornell advised that an effectiveness survey had been undertaken, with the questions set out in the associated appendix.

The feedback highlighted two principal areas for consideration: the capacity of non-executive members and the independent capacity of the Committee. These matters had already been identified in the context of the evolving Board composition and the establishment of new governance arrangements. It was confirmed that no additional areas of concern or recommendations for improvement had emerged from the survey and that no further action was required at this stage. The Chair thanked colleagues for the work undertaken.

A Non-Executive Director noted the inevitability of some overlap between Committees, given the broad scope of the Audit Committee's responsibilities. The Chair acknowledged this point and advised that a more detailed review of Committee overlap would be undertaken once new governance arrangements were fully established and additional non-executive appointments were in place.

RESOLVED:
The Committee **NOTED** the results and findings from the Audit Committee effectiveness survey for information.

AC/2026-27/027 Interim Baseline Submission CAF-aligned DSP Toolkit 2026/27

The Corporate Governance Manager presented the Interim Baseline Submission Cyber Assurance Framework (CAF) – aligned DSP Toolkit 2026/27 report and highlighted the key points.

It was explained that the ICB was required to publish an annual CAF assessment, encompassing both information governance and cyber security. In previous years this baseline submission had been required in December, which had not aligned well with work programmes.

For the interim baseline, it was advised that the assessment had focused predominantly on information governance, over which the ICB had direct control. It was outlined that an initial audit had been completed, identifying some areas requiring further refinement prior to the final assessment, but nothing of significant concern. It was confirmed that the cyber team from NECS had been invited to support the final audit, which was scheduled for May 2026 and the ICB remained on track to publish the final submission by 30 June 2026.

The Chair noted that the work remained in progress and stated that there appeared to be no areas of concern at this stage. A Non-Executive Director asked whether responsibility under the framework extended beyond the ICB to provider organisations. In response it was confirmed that the CAF assessment applied solely to the ICB, although the ICB maintained close working relationships and information governance agreements with partner organisations, and would support improvements where issues were identified. It was also confirmed that organisations failing an initial inspection were permitted a defined reassessment period.

The Chief Corporate Services Officer further advised that recent national guidance had clarified local board accountability for cyber security. It was confirmed that, while accountability rested with individual boards, work was ongoing with system partners to address wider cyber resilience challenges.

RESOLVED:
The Committee **NOTED** the Baseline publication was complete; **NOTED** the Audit position statement; **NOTED** the final audit dates; **NOTED** the final audit report expected publication date and **NOTED** the final submission of the toolkit remained on track for final submission on 30 June 2026.

AC/2026-27/028 North East and North Cumbria ICB Seal Annual Report 2025/26

The Director of Corporate Governance and Board Secretary presented the ICB Seal Annual Report for 2025/26 which aimed to provide assurance to the Committee on the use of the ICB Seal.

The use of the seal was described as infrequent and it was acknowledged that the process was largely outdated, but some external organisations continued to require its application. It was confirmed that the seal had been used only on limited occasions and entirely in accordance with the Standing Orders.

The Chair commented that, while the process might feel archaic, its existence required appropriate oversight to ensure compliance.

RESOLVED:
The Committee **RECEIVED** the annual review on the use of the ICB seal in the execution of documents during 2025/26 for assurance.

AC/2026-27/029 Information Governance Assurance Report (Quarter 4)

The Director of Corporate Affairs and Board Secretary introduced the Information Governance Assurance Report for Quarter 4 2025-26 and advised that the report included a breakdown of information governance activity, Freedom of Information Subject Access Requests and the Data Protection Impact Assessments.

The Corporate Governance Manager reported that the ICB had received 54 Freedom of Information requests over the quarter, with numbers decreasing compared to previous periods. Seasonal fluctuations were highlighted and the overall trend was described as positive.

It was advised that Subject Access Requests had increased year-on-year, reflecting a common pattern during periods of organisational change, but confirmed that none raised issues of concern. There were 9 new Data Protection Impact Assessments had been completed during the quarter, which was consistent with expected levels of activity.

A Non-Executive Director highlighted their satisfaction that no breaches of the statutory 20-day response period had occurred. The Chair welcomed this assurance.

RESOLVED:
The Committee **NOTED** the content and status of the report and **RECEIVED** the Q4 Information Governance Report for assurance.

AC/2026-27/030 Draft ICB Annual Report National Audit Office (NAO) Checklist

The Director of Corporate Governance and Board Secretary presented the Draft ICB Annual Report and NAO Checklist for information and confirmed this was the first draft of the 2025/26 ICB Annual Report which followed the established format and complied with current NHS England and Department of Health and Social Care guidance. The report detailed three statutory sections: the performance report, accountability report and annual accounts.

The completion of the National Audit Office (NAO) Disclosure Checklist provided assurance that all statutory reporting requirements had been met and that the report was accessible to the public.

The Corporate Governance Manager advised that the current draft of the Annual Report covered the performance and accountability sections only, pending finalisation of the annual accounts. It was noted that organisational change risked some loss of corporate knowledge, however it was confirmed that contributions had been carefully managed, with word limits applied to improve clarity and reduce unnecessary duplication.

The Chair raised a specific point regarding references to parliamentary accountability and contingent liabilities and sought clarification as to whether current legal challenges were accurately reflected. The Director of Finance, Corporate confirmed that a contingent liability had also been reported in the previous year and that the wording would be amended to clarify that no additional disclosures existed beyond those already included in the accounts.

The Chief Finance Officer queried whether the performance report might be overly dense for public readers and asked how key priorities would be highlighted. The Director of Corporate Governance and Board Secretary advised that a summary and “easy read” version would accompany the full report. The Chief Corporate Services Officer added that targeted communications and media activity would also be used to promote key messages.

A Non-Executive Director suggested that the report should reflect the significant organisational transition experienced during the year and the continuing uncertainty about future roles. The Director of Corporate Governance and Board Secretary confirmed that this context would be incorporated into Chair’s Foreward and Chief Executive’s message.

The Chief Finance Officer highlighted the likelihood of media attention on exit package disclosures and stressed the importance of accurate reporting and prepared communication lines. The Chief Corporate Services officer confirmed that the communications team would prepare accordingly.

RESOLVED:

The Committee **RECEIVED** and **REVIEWED** the first draft ICB Annual Report 2025/2026 and the National Audit Office (NAO) disclosure checklist.

AC/2026-27/031 Accounts Briefing Note and Draft Annual Accounts

The Director of Finance, Corporate presented the accounts briefing note and draft annual accounts and highlighted the key points.

It was explained that, as in previous years, the Accounts Briefing Note had been prepared to assist Committee members in navigating the draft Annual Accounts and to explain the purpose of each note and the key movements compared with the prior year. It was confirmed that the Annual Accounts had been prepared using the nationally mandated template and that there had been no material changes to the overall format or presentation compared with 2024/25.

One notable change in the accounts was highlighted regarding the inclusion of a new disclosure relating to mental health expenditure. This reflected the integration of reporting against the Mental Health Investment Standard into the accounts, replacing the previous separate independent review process. It was confirmed that the ICB had achieved the Mental Health Investment Standard for 2025/26, with reported expenditure exceeding the minimum requirement by approximately £1.5m.

The Director of Finance, Corporate drew the Committee's attention to significant movements in expenditure arising from the delegation of specialised commissioning budgets to the ICB from 1 April 2025. It was advised that this had resulted in an additional expenditure of approximately £790m being reflected within the accounts, particularly within the “purchase of healthcare from Foundation Trusts” line within Note 4. It was emphasised that these increases were structural in nature and should not be interpreted as a change in underlying financial performance.

It was further explained that staff costs had increased significantly compared with the previous year, largely due to the transfer of over 300 staff from the North East Commissioning Support Unit (NECS) as part of the delegation of functions. This represented an increase of approximately 50 per cent in the ICB’s staff establishment and was fully reflected within Note 3 of the accounts.

The Director of Finance, Corporate outlined the disclosure relating to exit packages, confirming that total costs of approximately £8.8m had been recognised in respect of 157 individuals. It was explained that the majority of these related to voluntary redundancies, with a smaller number associated with compulsory redundancy, all arising from national requirements to reduce ICB costs of commissioning to £19 per head.

It was reported that the accounts included one contingent liability, consistent with the previous year. This related to an ongoing legal challenge concerning primary care clinical waste procurement, led by another ICB on behalf of multiple organisations. It was confirmed that the matter remained unresolved, with a trial provisionally scheduled for October 2027. While an indicative exposure range of approximately £1.6m to £2.9m had been referenced for context, it was emphasised that this could not be reliably quantified and therefore continued to be disclosed as a contingent liability rather than a provision.

The Director of Finance, Corporate addressed the financial performance note, confirming that all statutory financial duties had been achieved. It was reported that the ICB had delivered an overall surplus of £34.9m for 2025/26, including an underspend on running costs of £7.9m. This surplus contributed to offsetting provider deficits across the Integrated Care System and did not represent discretionary funding available to the ICB.

The Committee was advised that the ICB did not normally hold or spend capital, as capital allocations for digital and primary care estates were retained by NHS England. However, during 2025/26 the ICB had recognised capital expenditure of approximately £957,000 in relation to the accounting treatment of leases under IFRS 16, specifically relating to the lease of office accommodation at Pemberton House. It was noted that final confirmation was awaited from NHS England as to how this would be reflected in the performance against capital duties and that compliance with statutory requirements would be maintained in any scenario.

The Director of Finance, Corporate confirmed that only minor presentational amendments had been made to the draft accounts since the papers had been issued, including small classification changes within pooled budget disclosures and financial asset liabilities. It was emphasised that there had been no changes to the headline financial figures and that the accounts remained subject to external audit, with any further amendments to be reported back to the Committee in June 2026.

The Chair queried whether the inclusion of an indicative financial range for the contingent liability risked undermining its classification as a contingent liability rather than a provision. It was confirmed that the range was provided purely for context and did not imply a reliable estimate of liability. It was reiterated that the criteria for recognising a provision had not been met.

A Non-Executive Director asked about reported surplus once declared and the Director of Finance, Corporate explained that in 2025/26 the surplus was used to offset deficits elsewhere in the system and rolled forward as part of the cumulative position. It was clarified that it was non-recurrent in nature and could not be spent without explicit national approval, which had not been granted in recent years.

The Chair asked whether any repayments might be required in respect of historic system deficits. The Director of Finance, Corporate advised that discussions with NHS England were ongoing regarding the cumulative position inherited from predecessor organisations and that clarity was still awaited.
The Chief Finance Officer emphasised the importance of clear communication around the surplus, noting that the concept was often misunderstood by the public and stressed that the surplus reflected strong financial discipline and national requirements rather than spare funding capacity. It was highlighted that exit package disclosures were likely to attract external scrutiny and that accuracy and preparedness were essential.

The Chief Finance Officer formally commended the Corporate Finance Team for the significant volume and complexity of work involved in producing the accounts, particularly in the context of a new general ledger system and organisational uncertainty. The Chair requested that this recognition be explicitly recorded within the minutes.

RESOLVED:
The Committee **RECEIVED** and **REVIEWED** the first draft ICB financial statements prior to submission to NHS England by 27 April 2026.

AC/2026-27/032 ICB Chief Finance Officer Update

The Chief Finance Officer provided an update on the financial position and related matters for the Committee's information.

It was reported that, informally, the ICB's 2026/27 financial plan had been accepted by NHS England, although formal written confirmation had not yet been received and it remained possible that conditions could be attached.

It was further reported that the contracts for 2026/27 had been due for signature on 22 April 2026, with a statutory reporting deadline of 1 May 2026. The Committee was advised that the vast majority of contracts had either been signed or were in the final stages of completion, with no material issues emerging. Where outstanding matters existed, these related primarily to minor wording clarifications rather than substantive disagreements. It was confirmed that there were no known issues that would prevent contracts from being finalised within required timescales.

The Chief Finance Officer provided an update on the position of provider trusts within the wider system. It was explained that all foundation trust plans for 2026/27 within the system had now been agreed, although several had been accepted subject to conditions. It was noted that significant regional support had been provided to some organisations, particularly in relation to workforce reductions.

It was reported that NHS England had introduced a regional control total, meaning that financial performance was now managed at a regional level rather than solely at Integrated Care System level. This placed an increased emphasis on system partners working collaboratively, although raised wider questions about how pressures in one part of the region might be supported by others.

The Committee was informed that Humber and North Yorkshire remained the most financially challenged part of the region and had not yet fully signed off their plans, however that this had not prevented progress at a regional level.

It was highlighted that North East and North Cumbria was the only system within the region to have delivered its financial plan for 2025/26. It was also confirmed that it was the only system within the region not to lose deficit support funding, and that approximately £33m of support funding had been retained. It was explained that this reflected strong financial delivery and compliance with national requirements.

It was acknowledged that productivity and workforce reduction metrics across the wider region compared unfavourably with national averages, and the Committee was reassured that North East and North Cumbria performed relatively well within the regional context, typically ranking first or second across key measures. However regional aggregation risked masking stronger local performance where other systems underperformed.

The Chief Finance Officer advised the Committee that some information remained embargoed or subject to ongoing data validation and therefore could not yet be shared more widely.

It was reported that the system was entering a period of significant change in financial governance and accountability and, notwithstanding external pressures and uncertainty, the ICB was in a comparatively strong financial position, having delivered against plan and complied with national financial requirements.

RESOLVED:
The Committee **NOTED** the update.

AC/2026-27/033 Draft Head of Internal Audit Opinion

The Senior Internal Audit Manager presented the draft second version of the Head of Internal Audit Opinion and explained that it was an interim report and did not yet include an overall assurance rating.

It was highlighted that, of the 18 reports issued to date, 12 had been assigned either substantial or good assurance. The final version of the Head of Internal Audit Opinion would be presented at the Extraordinary Audit Committee meeting scheduled to take place on 11 June 2026, ahead of submission on 22 June 2026.

RESOLVED:
The Committee **NOTED** the updated Head of Internal Audit Opinion (HoIAO) prior to submission to NHS England by 27 April 2026.

AC/2026-27/034 Assurances Over Management Processes and Arrangements

The Director of Finance, Corporate presented the Assurances Over Management Processes and Arrangements Report.

It was explained that, as part of the annual external audit process, written assurances were required from senior officers of the ICB in respect of governance, management processes and arrangements. It was advised that these assurances were provided in the form of formal letters issued by the Chief Finance Officer and the Chair of the ICB.

It was highlighted that the letters addressed a range of areas, including arrangements for internal control, the management of risk relating to fraud and error, compliance with relevant laws and regulations, and awareness of litigation, claims and contingent liabilities. Copies of the letters signed by the Chief Finance Officer, ICB Chair, had been included within the meeting papers.

The Director of Finance, Corporate confirmed that the purpose of bringing the item to the Audit Committee was to provide transparency and assurance, and to enable Committee members to satisfy themselves that the statements made were accurate, appropriate and consistent with their understanding of the organisation's arrangements. The Committee was advised that there were no matters contained within the letters that were considered to be unexpected or contentious.

The Chief Finance Officer added that the provision of these assurance letters had become an established annual process and formed part of good audit discipline. A discussion took place each year between the Chief Finance Officer and the ICB Chair to ensure that the content of the assurances was fully understood and appropriate prior to signing.

The Chair welcomed the inclusion of the item on the Audit Committee agenda, and stated it was helpful for members to review the assurances prior to submission to External Audit. The Chair confirmed that, having considered the content of the letters, nothing had caused concern in his capacity as Chair of the Audit Committee. It was felt that the process provided an additional layer of collective assurance for the Committee and enabled members to confirm alignment between officer assurances and the Committee's own oversight.

RESOLVED:
The Committee **RECEIVED** the letters for information and assurance purposes.

AC/2026-27/035 Internal Audit Plan

The Director of Corporate Governance and Board Secretary provided an update on progress toward finalising the Internal Audit Plan. It was explained that a long list of potential audits had been refined into a risk-based short list, which was undergoing executive review. A reserve list had also been developed to provide flexibility during ongoing organisational change.

The Committee was informed that once executive feedback had been incorporated, the final proposed Internal Audit Plan would be issued to Audit One and circulated to the Audit Committee for approval by email, rather than waiting until the next scheduled meeting. This approach would ensure that the plan was agreed by the end of April, in line with usual timescales.

The Chair acknowledged the challenges of producing a robust plan in the current context but welcomed assurance that approval would be sought by email once fully refined.

The Senior Internal Audit Manager confirmed that the proposed timeline was acceptable and advised that, provided the plan was agreed by the following week, AuditOne would be able to complete planning and commence delivery of the 2026/27 audits.

The Chair reiterated the importance of maintaining a reserve list of audit reviews, given the fluid organisational context and the Director of Corporate Governance and Board Secretary confirmed that a reserve list had been included within the proposed plan. The Committee was further advised that the reserve audits had been prioritised and ranked using a risk-based approach, enabling a clear and proportionate substitution to be made if required.

RESOLVED:
The Committee **NOTED** the internal audit plan update.

AC/2026-27/036 Any Other Business

There were no items of any other business raised.

AC/2026-27/037 Review of the Meeting

The Chair requested feedback and learning points following the meeting and the consensus was that the meeting had successfully addressed a substantial agenda. The Chair thanked members and officers for their contributions.

AC/2026-27/038 Date and Time of Next Meeting

The next meeting of the Audit Committee was scheduled to take place on Thursday 11 June 2026, 10:00 a.m. to 12:00 noon on MS Teams.

Meeting closed: 10:56 a.m.

Signed: 

Position: Audit Committee Chair
Date: 11 June 2026