



REPORT CLASSIFICATION	✓	CATEGORY OF PAPER	✓
Official		Proposes specific action	
Official: Sensitive Commercial	✓	Provides assurance	✓
Official: Sensitive Personal		For information only	

NORTH EAST AND NORTH CUMBRIA ICB BOARD MEETING 31 January 2023	
Report Title:	Highlight report and minutes from the Audit Committee meeting held on 12 January 2023 and 13 October 2022, respectively
Purpose of report	
To provide the Board with an overview of the discussions at Audit Committee on 12 January 2023 and approved minutes from Audit Committee on 13 October 2022.	
Key points	
<p>The key points from the meetings include:</p> <ul style="list-style-type: none"> • ICB Risk Management • Data Security & Protection Toolkit 2022/23 • Annual Accounts & Annual Report Timetable • Scheme of Reservation and Delegation and Standing Financial Instructions • ICB Finance Update • Financial Sustainability Checklist Action Plan • Internal Audit Progress Report • Counter Fraud Update Report • External Audit Progress Update - 3 month CCG Accounts to 30/06/2022 • External Audit Progress Report - ICB Audit <p>The confirmed minutes from the meeting held on 13 October 2022 are attached at Appendix 1.</p>	
Risks and issues	
The Audit Committee discussed the ICB risk register as part of its business cycle and welcomed the detailed report. The committee suggested that the top 3 ICB risks should be flagged as a matter of course by the ICB in its reports to Board and its committees.	
Assurances	

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The purpose of Audit Committee is to receive assurances on the adequacy and effectiveness of internal control across the ICB and in doing so provide Board with assurance. The Audit Committee received several assurance reports at its meeting on 12 January 2023 and did not identify any material concerns with the assurances received.

Recommendation/Action Required

The Board is asked to:

- Receive approved minutes for the Audit Committee meeting held on 13 October 2022 for assurance.
- Receive the highlight report for the Audit Committee meeting held on and 12 January 2023 for assurance

Acronyms and abbreviations explained

ICB – Integrated Care Board
 DSP Toolkit - Data Security & Protection Toolkit
 SoRD - Scheme of Reservation and Delegation
 SFIs - Standing Financial Instructions
 HFMA - Healthcare Financial Management Association

Sponsor/approving director	Claire Riley, Executive Director of Corporate Governance, Communications, and Involvement
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Report author	Irene Walker, Head of Governance
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Link to ICB corporate aims (please tick all that apply)

CA1: Improve outcomes in population health and healthcare	✓
CA2: tackle inequalities in outcomes, experience and access	✓
CA3: Enhance productivity and value for money	✓
CA4: Help the NHS support broader social and economic development	✓

Relevant legal/statutory issues

Health and Care Act 2022

Any potential/actual conflicts of interest associated with the paper? (please tick)	Yes		No		N/A	✓
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If yes, please specify

Equality analysis completed (please tick)	Yes		No		N/A	✓
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If there is an expected impact on patient outcomes and/or experience, has a quality impact assessment been undertaken? (please tick)	Yes		No		N/A	✓
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Key implications	
Are additional resources required?	N/A
Has there been/does there need to be appropriate clinical involvement?	N/A
Has there been/does there need to be any patient and public involvement?	N/A
Has there been/does there need to be partner and/or other stakeholder engagement?	N/A

Audit Committee Highlight Report

Introduction

The purpose of Audit Committee is to receive assurances on the adequacy and effectiveness of internal control across the ICB and in doing so provide Board with assurance.

Summary report

The Audit Committee, chaired by David Stout, Non-Executive Director, met on 12 January 2023.

The key points to bring to Board's attention from the meeting are set out below.

ICB Risk Management

The Audit Committee received the ICB's corporate risk register which contained 19 risks with a residual risk of 12 (or higher) these are classed as high or extreme. One corporate risk has increased in score in the period 13 October to 21 December, i.e. the risk that delayed ambulance handovers impact negatively on patient safety and patient flow. The report to committee also listed place risks with a residual score of 12 or above. The committee was satisfied with the arrangements for managing risk at this stage in the ICB's development.

Data Security & Protection Toolkit 2022/23

All NHS organisations are required to complete a DSP Toolkit each year. The DSP Toolkit is an online self-assessment tool that enables NHS organisations to measure their performance against the data security and information governance requirements mandated by the Department of Health and Social Care, notably the ten security standards set by the National Data Guardian (NDG) in 2016.

The committee received a report outlining the timetable for the ICB to submit its Data Security & Protection Toolkit 2022/23 and discussed with internal audit the arrangements for the audit of the toolkit. No issues were identified at this stage of the process.

Annual Accounts & Annual Report Timetable

The committee reviewed the draft timetable for the submission of the ICB's annual accounts & annual report by 30 June 2023 and agreed an action to consult on whether additional meetings of the Audit Committee and Board were required to assure and approve the submission of the Accounts and Annual Report 2022/23 (including Q1 reports 2022/23 from the 8 former CCGs). Alternatively, existing meetings may be rescheduled.

Scheme of Reservation and Delegation and Standing Financial Instructions

The North East and North Cumbria Integrated Care Board's Scheme of Reservation and Delegation (SoRD), Standing Financial Instructions (SFIs), Financial Delegations and Financial Limits were all approved by Board on 1st July 2022 and form part of the ICB Governance Handbook.

The committee was advised that as part of a process of ongoing review of the documents, several proposed amendments had been identified to ensure the documents remain fit for purpose.

The Audit Committee reviewed the proposed amendments to these documents and agreed to recommend them to Board for approval.

ICB Finance Update

Item: 8.2.3

The report indicated that The ICB is currently reporting delivery of key statutory duties, including delivery of expected surplus position.

Financial Sustainability Checklist Action Plan

The committee was advised that as part of the 2022/23 planning round, NHS England introduced a requirement for all NHS organisations (including ICBs) to complete a self-assessment against the Healthcare Financial Management Association (HFMA) checklist *'Improving NHS financial sustainability: are you getting the basics right?'* and engage their internal auditors to review it.

The report includes a summary of the average self-assessment scores which were submitted to NHS England in December 2022 (in line with national requirements).

A large number of actions were identified as part of the self-assessment which have been incorporated into an action plan. Most actions are either complete or are in progress and on track to be delivered within initial planned timescales. A small number of actions are in progress but potentially at risk of being completed later than the initial planned deadline although no significant issues have been identified and work is in progress to complete all actions.

Internal Audit Progress Report

The Head of Internal Audit advised the committee that progress against plan had been steady and no concerns are raised. There were no changes requested to the programme of work.

Work was complete on the HFMA finance checklist, and a draft report had been issued on the tenders waivers analysis.

Counter Fraud Update Report

The 2022/23 risk-based work plan is aligned to the NHS Counter Fraud Authority requirements and sets out the range of activity the ICB is committed to delivering through the AuditOne counter fraud team between ICB establishment on 1 July 2022 and 31 March 2023. The report provided the committee with a status update against planned.

External Audit Progress Update - 3-month CCG Accounts to 30/06/2022

Committee was advised that following the delay in establishment of Integrated Care Boards until 1 July 2022, separate statutory accounts for the former CCGs need to be prepared, and audited, for the 3-month period to 30 June 2022. Previous CCG external audit contracts have been extended to cover the audit of the 3 month accounts.

External Audit Progress Report - ICB Audit

Following a procurement process, Mazars were appointed as external auditors of the ICB. Their report to the committee, provided an update on progress on the external audit for 2022/23. Planning work is about to commence in the New Year (January/February 2023) and the Audit Strategy Memorandum is expected to be presented to the Audit Committee at the meeting in April 2023.

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

**Minutes of the meeting held on Thursday 13 October 2022 at 10:00hrs
Via MS Teams**

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

In attendance: Carl Best, Associate Director (AuditOne)
Simon Clarkson, Counter Fraud Specialist (AuditOne)
David Chandler, Interim Executive Director of Finance
Deborah Cornell, Director of Governance and Involvement
Richard Henderson, Director of Finance
Preetha Kumar, Associate Director of TRA (AuditOne)
Claire Riley, Executive Director of Corporate Governance,
Communications and Involvement
Martyn Tait, Counter Fraud Specialist, (AuditOne)
Susan Sweeney, Executive Assistant (minutes)

AC/2022/10/01	Welcome and introductions The Chair welcomed everyone to the inaugural meeting of the Audit Committee.
AC/2022/10/02	Apologies for Absence There were no apologies received.
AC/2022/10/03	Confirmation of Quoracy The Chair explained that due to other commitments the meeting would only be quorate until 11:30hrs and added that he would ensure that any items requiring a decision would be discussed before the meeting was no longer quorate.
AC/2022/10/04	Declarations of interest There were no declarations of interest declared.
AC/2022/10/05	Audit Committee Terms of Reference: appointment of Vice Chair

	<p>Deborah Cornell advised that the Committee was required to appoint a Vice Chair which needed to be one of the Non-Executive Director members, but added it was not good practice for this to be the Chair of the Finance, Performance and Investment Committee.</p> <p>Eileen Kaner said that she was the only current option but stressed that due to her other commitments within the Integrated Care Board (ICB) a conversation would need to take place regarding her responsibilities. The Chair said he was aware of conversations underway regarding adding another independent member to the audit committee. Deborah Cornell confirmed that discussions were ongoing with Human Resources (HR) to recruit to this post.</p> <p>The Chair suggested two options for cover should he not be able to attend future meetings:</p> <ol style="list-style-type: none"> 1. Eileen Kaner, Non Executive Director to deputise as Chair 2. A person to deputise as Chair be decided on the day of the meeting. <p>Option 2 was decided to be the best option until a Vice Chair was in post and a reminder given that the Chair would need to be a non Executive member of the Board.</p> <p>Deborah Cornell informed the Committee that the Standard Financial Instructions (SFIs) which currently sat with the Finance, Performance and Investment Committee would need to move to the Audit Committee as there was a risk that there could be potential two different outcomes if considered at both meetings.</p> <p>Martyn Tait requested a rewording of section 6.5 'Counter Fraud' section of the audit committee terms of reference. An amendment in paragraph 4 (page 8) should be changed from NHS Standards for Commissioners' to 'NHS Functional Standards'.</p> <p>Action: Deborah Cornell to amend the audit committee terms of reference, section 6.5, paragraph 4 to read 'NHS Functional Standards' and not 'NHS Standards for Commissioners'.</p> <p>RESOLVED: The Committee AGREED to the proposals for a Vice Chair and the amendment to the Terms of Reference.</p>
<p>AC/2022/10/06</p>	<p>Confirmation of Appointment of External Auditors</p> <p>David Chandler informed the Committee that Mazars had been confirmed as the ICB's external auditor but as this was a recent decision, they were unable to join the meeting today due to the short notice. Cameron Waddell, Partner and Jim Dafter, Senior Manager of Mazars will be included in all future meeting invites.</p> <p>RESOLVED:</p>

	The Committee NOTED the appointment of External Auditors to the ICB.
AC/2022/10/07	<p>Confirmation of Appointment of Internal Audit/ Counter Fraud</p> <p>David Chandler asked the Committee to ratify the appointment of Audit One as the Internal Auditors and advised that the ICB would be a member of the Consortium, which is a continuation from the Clinical Commissioning Groups (CCGs).</p> <p>RESOLVED: The Committee NOTED the appointment of internal audit and counter fraud to the ICB.</p>
AC/2022/10/08	<p>Freedom to Speak up: Raising Concerns (Whistleblowing) Policy</p> <p>Deborah Cornell presented the raising concerns (whistleblowing) policy which for information, this policy has already been approved by the ICB Board.</p> <p>There will be some minor amendments made to the policy which includes a typo on page six and names will be added where they have been omitted.</p> <p>Jon Rush pointed out that the policy still referred to Lay Members instead of Non-Executive Directors which will also need to be updated. Carl Best also queried about the reporting line under section 1.3 and asked whether a local link needed to be added. After discussion, committee members agreed that a local link should be added.</p> <p>Action: Deborah Cornell to request the updating of the Raising Concerns (Whistleblowing) Policy to include a local link under section 1.3.</p> <p>RESOLVED: The Committee NOTED the policy with the recommended amendments.</p>
AC/2022/10/09	<p>Corporate Risk Register</p> <p>Eileen Kaner sought clarification that the direct reporting of the specifics of the risks was to the Board whereas assurance that it is being managed is undertaken by the Audit Committee. The Chair agreed that it was.</p> <p>Carl Best advised that Audit One's contribution will be on the year-end statement and that they will provide assurance that processes are being adhered to.</p> <p>RESOLVED: The Committee RECEIVED the Risk Register and recognised the review work that needs completing.</p>
AC/2022/10/10	ICB Finance update

	<p>David Chandler reminded the committee that the purpose of the finance update was to provide assurance that strong financial governance arrangements are in place and that the ICB is compliant with those arrangements; that there are no losses or special payments that the Board need to be aware of; that the ICB has appropriate systems and controls around debt recovery; and that the tendering and contracting procedures are being followed. The key areas of the report was summarised for the period to 31 August 2022 (month 5).</p> <p>The Chair mentioned that in terms of the arbitration process for NHS Property Services they are starting to gain momentum in other parts of the country. David Chandler confirmed that across the previous CCGs, some of these have already been resolved and there is a good relationship with the Director of NHS Property Services and advised that the ICB was not on the arbitration list to the best of his knowledge. The Chair expressed his appreciation as reputationally this would not be good for the ICB.</p> <p><u>RESOLVED:</u> The Committee RECEIVED the Finance Update Report</p> <p><i>10:43hrs – Jon Rush left the meeting, the meeting remained quorate.</i></p>
<p>AC/2022/10/11</p>	<p>Financial Sustainability Checklist</p> <p>Richard Henderson provided a brief overview of the self-assessment the ICB is required to complete against the NHS England Financial Sustainability Checklist.</p> <p>Carl Best advised that the work has already commenced and that Audit One are supporting all of their clients with this. However, clarification needs to be sought as some NHS Foundation Trusts are scoring themselves as a 'one' because they do not do something that meets the requirement but do something similar, whereas others are scoring themselves a 'five' for the same reason.</p> <p>Richard Henderson emphasised that this exercise is worth doing to identify a range of actions but advised that it has been difficult due to the timing with the ICB being a new organisation. It would also be beneficial completing this again in a year from now to compare how far the organisation has come.</p> <p><u>RESOLVED:</u> The Committee RECEIVED the NHSE Financial Sustainability Checklist for information.</p>
<p>AC/2022/10/12</p>	<p>External Audit Annual Reports 2021/22 for the 8 former CCGs</p> <p>Richard Henderson informed the Committee that the external audit annual reports for the 8 former CCGs are shared for information, stating that there were seven unqualified opinions for income and expenditure and one qualified</p>

	<p>opinion which was for North Cumbria CCG, otherwise there were no significant issues carried over.</p> <p>RESOLVED: The Audit Annual reports were RECEIVED by the Committee</p>
<p>AC/2022/10/13</p>	<p>Draft Operational Internal Audit Plan 2022/23 Carl Best explained that the draft 2022/23 operational internal audit plan had been brought to the meeting today to seek approval and shared the main points with the Committee, noting that work had already commenced.</p> <p>The Chair asked whether AuditOne was confident that they could deliver the plan before the end of the year. Carl Best confirmed that the plan would be completed.</p> <p>Claire Riley expressed thanks to the AuditOne team for their support over the recent months.</p> <p>RESOLVED: The Committee AGREED the draft Operational Internal Audit Plan 2022/23.</p>
<p>AC/2022/10/14</p>	<p>Internal Audit Charter 2022/23</p> <p>Carl Best shared the AuditOne Charter and Protocol with the Committee advising that this is a standard that they are applying to all of their clients on an annual basis</p> <p>David Chandler commented that the Consortium arrangement was valuable to the ICB and helps to receive a high-quality service hosted by an NHS Body and the Charter was a good example of that approach.</p> <p>RESOLVED: The Committee AGREED to sign up to the Internal Audit Charter for the current year.</p>
<p>AC/2022/10/15</p>	<p>Counter Fraud Progress Report – inc Annual Work Plan 2022/23 Martyn Tait provided the Committee with an overview of the activity that the ICB is required to deliver with the support of the AuditOne Counter Fraud team, such as understanding the fraud risks, providing fraud awareness, and setting protocols with key staff groups.</p> <p>Simon Clarkson shared the Fraud Risk work that has been undertaken, the priority being sending the message to all staff on how to report or seek advice if they believe fraud is being committed.</p> <p>Martyn Tait provided an update on one of the investigations that they have (0067). One of the subjects was invited for a voluntary interview under caution at a police station this week; however, it was decided that they required further legal advice so this did not go ahead. The Committee will be kept updated on this matter.</p>

	<p>RESOLVED: The Committee RECEIVED the Progress Report and AGREED the Annual Work Plan for the current year</p>
AC/2022/10/16	<p>Counter Fraud Annual Reports 2021/22 for the 8 former CCGs Martyn Tait advised that the Counter Fraud Annual Reports 2021/22 from the 8 former CCGs, which were approved by the Chief Finance Officers in the former CCGs, had been brought for information only with nothing significant to raise.</p> <p>RESOLVED: The Committee RECEIVED the Reports for information.</p>
AC/2022/10/17	<p>Annual programme of business</p> <p>The Chair advised that this item will set out what is intended to be discussed at future meetings and will be kept under review, with any items to be emailed to Deborah Cornell directly.</p> <p>RESOLVED: The Committee RECEIVED the Annual Programme of Business</p>
AC/2022/10/18	<p>Any other business</p> <p>Deborah Cornell advised the Committee that work is ongoing regarding the Individual Funding Request (IFR) decision making process which she will report back on in due course.</p> <p>The Chair suggested having a brief agenda item at the end of each meeting to review how the meeting went and suggest any improvements.</p>
AC/2022/10/19	<p>Date and time of next meeting</p> <p>Thursday 12 January 2023 at 10:00hrs – 12:00hrs Pemberton House, Sunderland</p> <p>Close: 11:27hrs</p>

Signed:



Position:

Chair

Date:

12 January 2023