



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

**Minutes of the meeting held on Thursday 23 July 2024 at 14:00 p.m.
via MS Teams**

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

In Attendance: David Chandler, Chief Finance Officer, ICB
Richard Henderson, Director of Finance, Corporate, ICB
Deborah Cornell, Director of Corporate Governance & Board Secretary, ICB
Lynda Hutchinson, Head of Corporate Governance, ICB
Sharon Fatkin, Senior Internal Audit Manager, AuditOne
Martyn Tait, Counter Fraud Specialist, AuditOne
Cameron Waddell, Partner, Mazars
Diane Harold, Senior Manager, Forvis Mazars
Joanne Leadbitter, Executive Assistant, ICB (minutes)

AC/2024/43 Welcome and introductions

The Chair welcomed all those present to the meeting.

Diane Harold, Senior Manager, Forvis Mazars and Sharon Fatkin, Senior Internal Audit Manager, AuditOne were introduced to colleagues and given a warm welcome to the committee.

AC/2024/44 Apologies for Absence

Apologies for absence were received from Eileen Kaner, Non-Executive Director, ICB, Carl Best, Associate Director, AuditOne, Claire Riley, Chief Corporate Services Officer, ICB and Simon Clarkson, Counter Fraud Specialist, AuditOne.

AC/2024/45 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/2024/46 Declarations of Interest

There were no declarations of interest raised. The Chair confirmed that

if any interests were raised during the meeting, they would be dealt with accordingly.

AC/2024/47 Minutes of the previous meeting held 13 June 2024

RESOLVED:

The Committee **AGREED** that the minutes from the meeting held on 13 June 2024 were a true and accurate record.

AC/2024/48 Minutes by exception for approval at ICB Private Board

RESOLVED:

The committee **AGREED** there were no confidential areas within the minutes of 13 June 2024, and the minutes in their entirety should be presented to the Public Board meeting.

AC/2024/49 Matters Arising from Minutes

There were no matters arising from the minutes.

AC/2024/50 Action Log Updates

The action log was updated accordingly.

AC/2024/009 was still a work in progress and it was hoped an outcome would be available for the next Audit Committee meeting.

AC/2024/51 External Audit Progress Report

This item was taken at this point on the agenda to allow External Audit colleagues to leave the meeting early.

The Partner, Mazars advised that a new Partner and a new Audit Manager were in place due to retirements within the team and introductory meetings would be arranged with key members of the committee. It was highlighted that both had significant experience in the commissioning sector and the north east, and as such, there were no issues anticipated in relation to continuity.

There are no fundamental changes expected to the code, remit, and responsibilities of external audit for 2024-25.

The ICB's Chief Finance Officer took the opportunity to thank the Partner, Mazars for his contribution to audit and the wider NHS and the quality of the work his leadership had inspired.

The Chair of the committee thanked the Partner, Mazars and wished him well for his retirement.

RESOLVED:

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

At 14:15 p.m. External Audit Colleagues left the meeting.

At 14:15 p.m. The Freedom to Speak Up Guardian joined the meeting.

AC/2024/52

ICB Freedom to Speak Up Update

At 14:15 p.m. the ICB Freedom to Speak Up Guardian dialled into the meeting to present the paper.

The Freedom to Speak Up (FTSU) Guardian provided an update on FTSU processes, progress, and an overview of planned activity for 2024-25.

A recording system was now in place which included a minimum data set for reporting cases to the National Guardian Office on a quarterly basis. All NHS organisations had been requested by NHSE to update their local policy to reflect new national template from NHSE by January 2024.

Meetings between the FTSU Guardian and the ICBs Executive Lead for FTSU had been scheduled to take place monthly, with additional quarterly meetings to include the ICBs Chief Executive and Audit Committee Chair. The FTSU Guardian had direct access to all three colleagues if any assistance was required.

Introductory meetings had taken place with each of the Executive Directors in the ICB and as a result, further meetings would be arranged with all directors and senior leaders in the ICB to raise awareness of the role and discuss any themes.

It was reported that during quarter four 2023-24 and quarter one 2024-25 one case had been raised. The request was for the issue to be dealt with confidentially in relation to leadership behaviours and attitudes of colleagues. The case had been reported to an Executive Director within 2-3 days of the concern being raised and a conversation was actioned with the relevant member of staff. The staff member who raised the concern had been thanked and feedback given. The member of staff had provided feedback to the FTSU Guardian that they had found this to be a positive experience and was grateful for the support received.

Following the 2.0 consultation process, all staff had received an induction with their respective executive lead which included a presentation highlighting the importance of a healthy culture and information on FTSU. All staff were expected to undertake mandatory training on freedom to speak up via ESR.

A FTSU page had been created on the intranet which provided information on how and what staff could speak up about, contact details for the FTSU Guardian including a confidential email address.

NHSE had written to all trusts to request them to provide assurance to their respective boards and the ICB that the correct speaking up processes were being followed. In addition, the ICB had requested all trusts submit two anonymised speak up cases. The FTSU Guardian had visited all trusts apart from one, where a written report was received. All cases submitted were compliant with the standards expected, with all trust boards being sighted on the results. A report had been produced on the anonymised cases and feedback provided to trust Chief Executive Officers in March 2024.

In relation to future planned activity, the ICB's executive lead for FTSU would be expected to complete the National Guardian Office self-reflection improvement tool, which had been designed to identify the strength of the executive director, respective leadership teams and the organisation to identify any gaps which may require improvement.

It was highlighted that October 2024 was the national FTSU month and communication would be shared in due course.

The ICB planned to have FTSU champions within each directorate who would be responsible for championing the ethos of raising a concern and signposting accordingly.

A member of the committee commended the FTSU Guardian on the networks that had been created both internally and externally.

The Chair expressed his thanks to the FTSU guardian for all the work they were undertaking and advised he was contactable at any time in relation to any issues or concerns.

RESOLVED:

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

At 14:45 p.m. the FTSU Guardian left the meeting.

AC/2024/53

Comments in relation to risk from committee chairs

The Chair informed the meeting that this agenda item would not continue going forward as it would only provide limited assurance given the recent changes to the Chair of the Quality and Safety Committee.

There were no particular issues to highlight in relation to the Finance, Performance, and Investment Committee.

Conversations were ongoing in relation to mental health waiting lists, governance, duplication, and repetition of items going through the Executive Committee.

AC/2024/54

ICB Board Assurance Framework and Risk Management Report

The Director of Corporate Affairs and Board Secretary presented the Board Assurance Framework (BAF) and Risk Management Report which provided an update on the ICB's BAF for Quarter 1, 24/25 and the updated corporate risk register.

The report included information on the Board Assurance Framework, Corporate Risk Register, and place risks with a residual risk score of 12 and above. It was advised that the BAF was also reviewed by the other committees of the Board for additional assurance.

Committee members were reminded that risk reports had the same cut off point going forward, as the risk reporting cycle had been moved to quarterly, which would ensure consistency in the data being reported. The strategy had been updated to reflect this change and the amended strategy would be going to the next Board meeting for approval and assurance.

A comment was made in relation to why the Medicines Optimisation (MO) team was the only team on the whole of the register which had concerns over staffing.

A further comment was made as to why the risk score in relation to the South Tees Hospitals Foundation Trust and ambulance turnaround times was not reducing.

ACTION:

The Director of Corporate Governance and Board Secretary to liaise with the experts in relation to the MO staffing issues and the South Tees Hospitals Foundation Trust ambulance turnaround times and provide an update.

An additional risk was highlighted for inclusion on the register around Continuing Healthcare (CHC) financial risks, i.e. whether the reviews were being undertaken in a timely manner. The Director of Corporate Governance and Board Secretary agreed to speak with the Chief Nurse, AHP and People Officer regarding inclusion of this on the risk register.

ACTION:

The Director of Corporate Governance and Board Secretary to speak with the Chief Nurse, AHP and People Officer regarding the inclusion of CHC financial risks on the risk register.

A comment was made around the global IT (Microsoft) issue recently experienced and whether this was already included on our risk register as a potential risk that may occur and what the mitigations were. It was felt that this would usually be included within the business continuity risk, however, it was worth considering whether the ICB was adequately prepared for this type of issue and whether it should be reflected differently on the risk register.

A further comment was highlighted around the risk of a bad winter and whether this should be more front and centre on the risk register.

A question was asked whether committees were doing what they should be doing to provide added value to the risk management process. It was hoped that the work going on with the Care Quality Commission (CQC) would be the conduit to provide assurance, to both the ICB and the Audit Committee. It was reported that a self-assessment was being designed for the CQC assessment which was expected to address this issue.

ACTION:

The Director of Corporate Governance and Board Secretary to further consider the inclusion of target risks and the value of these.

The Committee commended the team for their effort and work in this area.

RESOLVED:

The Committee was **SATISFIED** the BAF accurately reflected the principal risks to achieving our objectives as well as their current mitigations; **RECOMMENDED** and **APPROVED** the BAF for quarter 1 2024/25 by the Board; **RECEIVED** and **REVIEWED** the corporate risk register for assurance; **NOTED** the place risks with a residual rating of 12 and above; **NOTED** that the updated risk strategy will be presented to Board in July for approval.

AC/2024/55

Audit Committee Effectiveness Survey Checklist

The Head of Corporate Governance, ICB presented the Audit Committee Effectiveness Survey Checklist report and highlighted the key points.

The newly published Audit Committee Handbook detailed the introduction of combined self-assessment checklists for committees to assess their own effectiveness. Two different areas of the self-assessment checklists were designed to focus on both process and effectiveness:

- a process checklist and
- an effectiveness checklist

The process checklist which included 7 themes, comprising 45 questions, was required to be completed annually by the Chair and Committee Secretary. The effectiveness checklist included 5 themes and 33 questions and was required to be completed by all members and regular attenders of the committee, with an action plan for any areas of improvement agreed with the committee following completion of the checklist.

It was recommended by the National Audit Office that committees completed the combined checklist; therefore, the Committee was asked to approve this approach and incorporate this into the annual cycle of business.

The Committee were informed that the questions within the checklists were to be considered for use within the effectiveness surveys for the remaining committees to ensure consistency.

The Audit Committee Handbook suggested it would be good practice for the ICB Chair to attend a future meeting and work was underway with the team to ensure attendance at an upcoming meeting.

RESOLVED:

The Committee **AGREED** to all members and regular attenders to the Committee completing the effectiveness survey, highlighting any suggestions for improvement; **APPROVED** option a - combining the completion of the self-assessment and effectiveness checklists for completion on an annual basis as recommended by NAO; **CONSIDERED** and **AGREED** to inviting the Chair of the Board to attend an occasional Committee meeting to feed into the Chair's wider understanding of the overall governance arrangements were working in practice.

AC/2024/56

Audit Committee Self-Assessment Improvement Plan

The Head of Corporate Governance, ICB provided an update on progress of the Committee's self-assessment improvement plan.

Work had commenced with the Director of Quality to progress the future ways of working across the ICB Committees. A self-assessment tool was being developed in line with the Care Quality Commission (CQC) self-assessment for the well-led domain, with an expected completion date of end of October 2024. Further support had been recruited into the quality team and those new roles would work closely with the governance team on quality and risks to implement the new self-assessment tool.

Following the completion of the effectiveness survey for last year, there were some areas of improvement highlighted for the Committee. An improvement plan was agreed for those areas and the report provided an update on progress and implementation.

It was reported that all actions in the plan were noted as completed, with updates provided on the work taken to address the area of improvement. In particular a new self-assessment tool was being developed by the quality and governance teams for the forthcoming CQC assessment.

Those areas were also covered in the new checklist, highlighted in the previous agenda item, and would be reviewed again as part of the annual effectiveness process for ongoing assurance to the committee.

RESOLVED:

The Committee **RECEIVED** the updated self-assessment improvement plan for assurance.

AC/2024/57 **Fit and Proper Person Test**

The Director of Corporate Governance and Board Secretary presented the Fit and Proper Person Test (FPPT) Framework Summary which provided an overview of the annual FPPT submission for 2024.

It was reported that as part of the new FPPT Framework, published in August 2023 by NHSE, NHS organisations were required to undertake a number of actions to ensure board members were fit and proper to undertake a board level position.

The aim of the framework was to strengthen and reinforce individual accountability and transparency of board members and had been published in response to the Kark Review. The framework also outlined the responsibilities of NHS chairs, including the review and approval of self-attestations of each board member.

In order to further support the FPPT Framework, the Leadership Competency Framework was also published in February 2024 and provided a framework for board member recruitment and appraisal.

In line with the requirements of both frameworks, the FPPT self-attestations and Chair's appraisal have been completed and submitted to the NHSE by the required deadline of 30 June 2024.

A committee member asked for clarity on the process for the chair's appraisal. It was advised that the process for this year had been hybrid in nature, however for next year the process would be much more structured and a streamlined approach had already been mapped out by the team.

RESOLVED:

The Committee **RECEIVED** the update on the Fit and Proper Person Test submission to NHS England on 30 June 2024; **NOTED** the NHS Leadership Competency Framework for board level roles had been introduced and implemented in accordance with the framework for 2024/25; **NOTED** the submission of the Chairs appraisal to NHS England on 30 June 2024.

AC/2024/58 **ICB Finance Update Report**

The Chief Finance Officer presented the ICB Finance Report and highlighted the key points.

The month 3 position of the ICB showed a small underspend with the ICS year to date position just under a £3.8m overspend against plan. It was highlighted that the national picture was extremely challenging, with large variances to plan at Quarter 1 and concerns were being expressed by NHSE in relation to run rates for some organisations.

NHSE has requested a briefing note to be provided on the ICB's financial plan along with assurances in relation to delivery of the plan and this would be shared with the Chair and Non-Executive Directors of the committee.

ACTION:

The Chief Finance Officer to share briefing note with non-executive directors of the Audit Committee.

It was reported that there were 10 ICBs across the country who were either at risk of not achieving their financial plan or having a large deficit plan. Those organisations were being offered financial management support in the form of an investigation and intervention process of two phases over a period of 8-10 weeks.

The NENC system had voluntarily agreed to follow that process with some tweaks as it was acknowledged there would likely be benefits and learning from being part of the process. A steering group had been established to take forward this work comprising provider trusts, NHSE, and AuditOne colleagues. The outcomes of the work would be shared with the Audit Committee and Finance, Performance, and Investment Committee.

The final submitted financial plan showed a potential pressure on capital funding of £20m relating to building rectification work at one provider trust.

There had been no losses or special payments by the ICB in the current financial year to date and the report included information on four tender waivers agreed by the ICB for 2024/5 since the last meeting in April 2024.

The level of overdue debts had reduced substantially, although there had been a small increase in the most overdue debtors. There were some risks in relation to the process for payment to CHC however there was a process in place to mitigate those risks.

In relation to aged creditors, a summary of the most significant value balances overdue by 90 plus days was detailed in the report. In the main this included significant disputed balances with NHS Property Services where there were longstanding reconciliation issues and balances with local authorities relating to continuing health care recharges where reconciliations were ongoing.

It was highlighted that the top financial risk currently was in relation to re-bandings of staff.

In relation to Provider Selection Regime (PSR) and contracts awarded a question was asked about whether they should come to the Audit Committee for review. It was suggested that for anything awarded under PSR contract notices should be published on the public website via a register of procurement decisions and a summary could be brought to the Audit Committee for information.

RESOLVED:

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

AC/2024/59

ICB Financial Delegation and Financial Limits Update 2024/25

The Director of Finance (Corporate), presented the ICB Financial Delegation and Financial Limits Update 2024/25 report which set out the planned approach to budget delegation arrangements within the ICB for 2024/25, including proposed updates to the agreed financial limits within the ICB.

As part of the ICB operating model there was a clear intent to delegate relevant community and primary care services budgets to places via sub-committees. A two-stage process for budget delegation had been agreed for this year, along with the intention to review the governance arrangements to support the delegation to subcommittees.

Whilst there were no changes being proposed to the SoRD or the Governance Handbook, changes had been proposed in relation to financial limits to allow greater delegation and decision making at local delivery team level.

It was noted that the additional financial controls implemented in 2023/24 would remain in place for 2024/25 with any discretionary spend above £10k approved by either the Investment Oversight and Vacancy Control Panel or the Executive Committee.

The report highlighted the proposed changes to additional financial controls, administrative budgets, and commissioning (programme) budgets which would provide greater assurance of the spend through the ICB.

It was highlighted that the ICB Chair had been removed from a number of authorised signatory places and this would be emphasised at a future ICB Board meeting.

An amendment to the table would be required within section 4.3 for delegation up to £4,999,999. The authorisers should be Chief Contracting and Procurement Officer and Director of Finance (not the Director of Contracting and Oversight).

ACTION:

The Director of Finance (Corporate) to amend the authorisers in the table for delegation up to £4,999,999 to include Director of Finance (and not the Director of Contracting and Oversight)

A question was asked whether places would receive any funding to use at their discretion. It was advised that funding was very tight, and no recurrent

investments would be made this year. It was noted that the Executive Committee had agreed to approve the mental health System Development Funding investments on a recurrent basis.

RESOLVED:

The Committee **CONSIDERED** the proposed updates to financial limits and **RECOMMENDED** to Board for approval; **NOTED** that the ICB governance handbook will continue to be reviewed and relevant updates will be presented to audit committee prior to coming back to Board later in the year.

AC/2024/60

Internal Audit Progress Report

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

It was reported that work on the 2023/24 plan was coming to an end with 18 final reports and one draft report issued. A further six audits were in progress, and one was in management review.

There was a request to the committee to approve the cancellation of two audits from the 2023/24 internal audit plan: data maturity assessment audit/data ownership and the governance audit and CQC assessment. The report included the details of the rationale for this request.

Work on the 2024/25 plan was underway, one final report had been issued against the plan and two audits were in progress. Audit planning memorandums had been issued for a further three audits, however two of these audits were expected to be delayed to later in the year. Conversations were taking place with ICB colleagues in relation to any audits that may be brought forward as a result of the delay.

Ten audit reports had been issued since the last meeting of the audit committee in April 2024. Two of the reports had been assigned limited assurance and three assigned reasonable assurance. Follow up audits would be carried out on the limited assurance reports once the recommendations had been confirmed and implemented.

Due to the change in provider in relation to the recruitment and appointments audit, a full audit of the whole system would need to be undertaken to provide assurance that the issues had been addressed.

It was highlighted there had been an increase in the number of medium graded overdue recommendations since the last meeting and no change in the number of high graded recommendations. There were four recommendations where the agreed target dates had been exceeded by more than one year. There were also seven recommendations where an update was required to confirm the most up to date position. Work would

continue with the ICB to update the status of those reports with an update to be provided at the next audit committee meeting.

The Internal Audit Charter and Protocol was updated annually to ensure it remained consistent with best practice, and a copy of the 2024/25 Charter was included in the report for approval.

The Director of Corporate Governance and Board Secretary advised that a robust process had been developed around the actions which were now reviewed and monitored every month at the ICB executive team meeting.

In relation to complaints, additional resource was expected in relation to this area of work and the ICB had set up a short-term solution to manage the backlog.

RESOLVED:

The Committee **RECEIVED** the Internal Audit progress report as a form of assurance; **APPROVED** the Internal Audit Charter and Protocol 2024/25; **APPROVED** the cancellation of the two audits from the 2023/24 plan.

AC/2024/61

Counter Fraud Progress Report

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

Work on the national procurement exercise had commenced, most of the first part of exercise had been received back from procurement colleagues and a good level of engagement had taken place. The client completion date for this area of work was 30 September 2024 and it was on target to achieve this deadline.

Work on the absence management audit had commenced, with a client completion date of 30 August 2024. Engagement had been excellent with all relevant materials received.

The report included information on the pre-employment check report, which had seen significant delay with difficulties in receipt of evidence and the quality of the evidence received. A number of recommendations had been made and work was underway to address these with appropriate colleagues.

Recommendation 1 had been accepted, and a review of recruitment files was due to take place this week. It was expected this would be finalised by 30 September 2024.

Recommendation 3 had a one-year implementation date applied at the request of the ICB's Deputy Director of People and Culture and it had been agreed that this would be reviewed on a quarterly basis.

It was reported that there had been eight new referrals during this period, with one remaining open.

A1CF/24/0013, A1CF/24/0028 and A1CF/24/0033 had been closed.

A1CF/24/0049 remained open with work ongoing and scoping work underway.

A1CF/22/0055 remained open pending any financial recovery.

A1CF/23/0188 remained open with enquiries ongoing.

A1CF/23/240 remained open and was being investigated by the national team with an "interview under caution" letter issued to the subject.

A question was asked around the 66 pre-employment checks to be reviewed and how this would be monitored to ensure it took place. As part of the implementation process all evidence to support pre-employment checks should be included in the recruitment file and the assurance report produced. Any issues would be escalated accordingly via the ICB's Director of Finance, Corporate and Chief Finance Officer.

RESOLVED:

The Committee **RECEIVED** the Counter Fraud Progress report and **CONSIDERED** the LPE report on pre-employment checks.

AC/2024/62

Counter Fraud Annual Report and Self-Review Assessment

The Counter Fraud Annual Report and Self-Review Assessment was presented for information.

RESOLVED:

The Committee **RECEIVED** the Counter Fraud Annual Report and Self-Review Assessment.

AC/2024/63

Any Other Business

There were no items of any other business raised.

AC/2024/64

Audit Committee Cycle of Business Work Plan 24-25

The annual cycle of business work plan was presented for information and agreement. The committee was advised there were two areas highlighted in yellow which would be combined into one item going forward.

RESOLVED:

The Committee **AGREED** the Audit Committee Cycle of Business Work Plan 2024-25.

AC/2024/65 Review of the Meeting

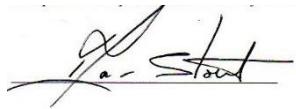
The chair requested feedback with any learning points following the meeting. It was acknowledged that the meeting had covered a wide range of areas and had kept to time. Colleagues were thanked for their contribution.

AC/2024/66 Date and Time of Next Meeting

The next meeting of the Audit Committee was scheduled to take place on 10 October 2024, 10:00 a.m. to 12:00 noon in the Joseph Swan meeting room, Pemberton House.

Meeting Closed: 16:15 p.m.

Signed:

A handwritten signature in black ink, appearing to read 'G. A. Stout', written over a horizontal line.

Position: Audit Committee Chair

Date: 10 October 2024