



**North East and  
North Cumbria**

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

**Minutes of the meeting held on Monday 22 April 2024 at 14:00  
via MS Teams**

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

**In attendance:** David Chandler, Chief Finance Officer, ICB  
Deborah Cornell, Director of Corporate Governance and Board Secretary  
Richard Henderson, Director of Finance, Corporate, ICB  
Lynda Hutchinson, Head of Corporate Governance, ICB  
Carl Best, Associate Director, AuditOne  
Gillian Robson, Group Audit Manager, AuditOne  
Martyn Tait, Counter Fraud Specialist, AuditOne  
Cameron Waddell, Partner, Mazars  
Joanne Leadbitter, Executive Assistant, ICB (minutes)

**AC/2024/001 Welcome and introductions**

The Chair welcomed all those present to the meeting.

**AC/2024/002 Apologies for Absence**

Apologies for absence were received from Simon Clarkson, Counter Fraud Specialist, AuditOne and Claire Riley, Chief Corporate Services Officer, ICB.

**AC/2024/003 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/2024/004 Declarations of interest**

The non-executive member and Chair of the Finance, Performance and Investment Committee declared an interest in relation to individual funding requests. The Chair confirmed the interest was not material and did not affect the individual taking part in the discussion and any decisions made.

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

if any other interests were raised, they would be dealt with accordingly.

**AC/2024/005 Minutes of the previous meeting held 11 January 2024**

**RESOLVED:**

The Committee **AGREED** that the minutes from the meeting held on 11 January 2024 were a true and accurate record.

**AC/2024/006 Matters Arising from Minutes**

In relation to item AC/2024/139 ICB Board Assurance Framework, it was confirmed that the BAF had been included in the cycle of business for the Finance, Performance, and Investment Committee for review. The assigned governance lead would contact the FPIC Chair to progress.

It was reported that due to a change in the Chair of the Quality and Safety Committee, this would have an impact in relation to business matters arising from the Quality and Safety Committee to the Audit Committee.

**AC/2024/007 Action Log Updates**

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

AC/2023/118 - noted as complete, this was included as part of the internal audit progress report at the meeting on 11 January 2024.

**AC/2024/008 Review of Draft Annual Report and Accounts 1 April 2023 to 31 March 2024 and National Audit Office Checklist**

It was agreed that the Review of the Draft Annual Report and Accounts and National Audit Office Checklist would be jointly considered under this agenda item.

The Head of Corporate Governance and Board Secretary presented the Draft Annual Report and Accounts from 1 April 2023 to 31 March 2024 and the National Audit Office Checklist highlighting the key points.

This was the first draft of the annual report and national audit office checklist drafted and developed in line with the direction and guidance from NHS England in accordance with the Department of Health and Social Care Manual for Accounts.

The annual report included a performance report, accountability report and financial statements.

- The performance report included a performance overview with the statement of activity.
- The accountability report provided details of the corporate governance, remuneration and staff reports.

- The draft Head of Internal Audit Opinion was included in the corporate governance report.

The members were informed that the ICB was not required to complete the Parliamentary accountability and audit report.

This was the first draft of the report with some sections of the report not complete due to the timing of the report. The performance data had a caveat that it would be updated prior to final submission in June 2024.

In relation to the ICB annual assessment, NHSE would use the annual report as the main source of evidence for assessing ICBs and NHSE had issued a separate checklist to ensure the report reflected all necessary requirements.

The Annual Report was shared with Health and Wellbeing Board Chairs and feedback had been received which would be considered by the narrative authors to the revision of the report.

A comment was raised in relation to the performance content to consider improvements by removing abbreviations to enable a full understanding to the key issues.

It was acknowledged that some of the performance charts did not provide the full year data and that additional updates would be progressed in the revised draft reports.

An easy read version of the report would be developed, supported by animations, to ensure a user-friendly version is available for members of the public.

The Prime Ministers salary noted in the report is to be reviewed and revised to reflect the current amount.

The interim National Audit Office Checklist forms part of the preparation process and is included for assurance for submission of the 1st draft annual report.

**RESOLVED:**

The Committee **RECEIVED** and **REVIEWED** the first draft ICB Annual Report 2023/2024 and completed National Audit Opinion (NAO) disclosure checklist and **NOTED** the annual assessment requirements for 2023/24.

**AC/2024/009**

**Summary Memorandum and Draft Annual Accounts 2023/24**

It was agreed that the Summary Memorandum and Draft Annual Accounts would be reviewed and considered at this stage.

The Director of Finance (Corporate) presented the Summary Memorandum and Draft Annual Accounts and highlighted the key points.

The ICB accounts would be merged with the annual report document for final submission on 28 June 2024 with the inclusion of the accounts briefing note which provides a basic understanding of the ICB accounts for the period, with an explanation of the significant balances. A recommendation was noted to review this document in addition to the accounts.

It was reported that the accounts were based on a standard national template, similar to that of the previous year, which is familiar in terms of form and content.

There were four primary statements within the accounts with a number of supporting notes providing further analysis of income and expenditure, along with asset and liability balances held at the end of the period.

- The statement of comprehensive net expenditure summarised the income and expenditure of the ICB during the year which did not include the ICB's main funding allocation.
- Operating income had increased significantly from the previous year, and a breakdown was included, however this did not include core funding allocations. The statement included expenditure breakdown of staff costs and other operating costs.
- The statement included a breakdown of exit packages during the financial period; a total of £3.3m across fifty people within the expenditure. The majority of this related to people who had left the ICB under the voluntary redundancy scheme, with a small number of people at risk of compulsory redundancy, as part of the transition to ICB 2.0.
- The statement of financial position showed the assets and liabilities of the ICB as of 31 March 2024 with a large net position noted.

An update was relayed to the increase in receivables due to a number of Local Authority invoices raised during last quarter of the year. An increase in NHS accruals was noted due to a number of late funding allocations and transactions agreed with foundation trusts.

Critical judgements and key sources of estimation uncertainty were required to be set out, which, for the ICB would include estimates around CHC costs and prescribing. These figures would be updated with final numbers ahead of submission on 24 April 2024.

The related party transactions section is a standard disclosure which showed transactions with all organisations identified as related parties of ICB board members. All of those transactions had been undertaken within the normal course of business and it was advised that there was no requirement to disclose transactions or balances with other Department of Health bodies. In relation to financial performance targets, this showed how the ICB fared

against its financial performance. The ICB had achieved all relevant financial duties during the year and delivered a surplus of just under £4.5m which included an underspend on running costs of just over £1.5m.

There had been a marked increase in legal fees with a real cost pressure to the ICB. The key issues were around deprivation of liberties, continuing healthcare due to the transition to ICB 2.0. This work has been transitioned to the ICB with recognition of the significant amount of duplication, an efficiency review will be carried out.

It was noted that there has been an increase in premises, a further review would be undertaken with an update to be provided at the next meeting, it was noted that the vast majority was due to void space within clinical buildings rather than ICB office space. The Committee was informed that estates was part of the programme of work for the Financial Sustainability Group.

**ACTION:**

The Director of Finance (Corporate) to explore and identify practical examples of the void space within clinical buildings and discuss with the ICB's Chief Medical Officer the potential of using the clinical space more efficiently and effectively. A further update to be provided to a future Audit Committee when appropriate.

**RESOLVED:**

The Committee **RECEIVED** and **REVIEWED** the draft annual accounts and summary memorandum prior to submission to NHS England by 24 April 2024.

**AC/2024/010      Head of Internal Audit Opinion**

The Associate Director, AuditOne presented the second draft Head of Internal Audit Opinion prepared for submission on 24 April 2024 as part of the national timetable.

The document set out the current status of work but did not contain an overall assurance level.

Individual issues and risks arising from audit work would be reported separately as part of item 12.2 on the agenda.

**RESOLVED:**

The Committee **RECEIVED** the Head of Internal Audit Opinion (draft) for information.

**AC/2024/011      Comments in relation to risk from committee chairs (by exception)**

The Chair invited the members to raise any comments, by exception, in relation to risk management from the individual committees that may be relevant to the Audit Committee.

It was reported that there had been a recent change to the Chair of the Quality and Safety Committee.

A question was asked as to whether a decision had been reached to the allocation of the £28m of funding. It was advised that agreement had been made that this funding would be allocated to North Cumbria NHS Foundation Trust.

A performance oversight group was being arranged to include attendance from acute trust Chief Operating Officer's (COOs). Further clarity would be required as to whether this would be a subcommittee of the Executive Committee and how information would be fed into the Finance, Performance, and Investment Committee (FPIC).

**ACTION:**

The Director of Corporate Governance and Board Secretary to explore the role and reporting lines of the newly developed Performance Oversight Group.

**RESOLVED:**

The Committee received the update for assurance purposes.

**AC/2024/012**

**Board Assurance Framework and Risk Management Report**

The Director of Corporate Governance and Board Secretary presented the Board Assurance Framework and Risk Management Report.

The report provided an update on the ICB's risk management position as of 09 April 2024 with the refreshed Board Assurance Framework for 2024/25 providing an update of the Corporate Risk Register and place risks (partial or limited control) with a residual risk score of 12 and above. The Committee were advised that all risk reports would have the same cut of point with the team exploring the potential of moving the risk reporting to quarterly.

An agreement was reached by the Executive Committee that each Executive Director would review the corporate risks with their new teams and realign to the appropriate owners to reduce any duplication and review for closure. A process has been implemented to review this and follow up on any required actions.

The report set out the changes during the current period to the risk scores and the new corporate risks identified. No corporate risks have been reported as closed, there will be a greater focus to ensure that risks are closed in a timely manner.

A point of accuracy was raised in relation to the scoring on "Longer and Healthier Lives" as they appeared differently on the individual sheet and the summary chart.

**ACTION:**

The Director of Corporate Governance and Board Secretary to review the risk scores registered on "Longer and Healthier Lives" for accuracy and provide the Committee with an update.

A question was raised to the uniformity of place risks, it was noted a conversation has taken place with the Chief Delivery Officer regarding holding one risk register and this would be reviewed as part of delivery team meetings going forward.

It was noted that place risk 128, "Ambulance Handover Delays" was over 59 minutes, and that Tees Valley is an outlier with a score of 20.

**ACTION:**

The Director of Corporate Governance and Board Secretary to review the details registered in relation to place risk 128 – "Ambulance Handover Delays" and provide the Committee with an update.

**RESOLVED:**

The Committee was **SATISFIED** that the BAF accurately reflected the principal risks to achieving objectives as well as their current mitigations; **RECOMMENDED** the approval of the BAF for 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 and with partial or limited control by the ICB.

**AC/2024/013**

**Conflicts of Interest Compliance Report**

The Director of Corporate Governance and Board Secretary presented the Conflicts of Interest Compliance Report for 2023-24 which provided an overview of the ICB's declaration of interests' and register of interest process.

The ICB have a robust approach to the management of Gifts and Hospitality. The register is published on the ICB's website.

The annual conflicts of interest audit had commenced and was expected to be completed in May 2024.

It was reported that the previous CCG COI e-learning and NHS-wide guidance did not account for the change in the statutory framework for the introduction of ICBs and was no longer fit for purpose.

In December 2022, an interim measure had been introduced via a set of training slides for staff to read and confirm they had understood the content to provide assurance that any conflicts were being identified and managed in line with the ICB's policy. This was in place until a specific e-learning module was developed.

An ESR training module is available through NHS England and would be launched to ICB employees for completion during April 2024.

A question was raised around the entries on the conflicts of interest register that had been faded out. The Committee were informed that these entries related to past declared conflicts of interest, which need to remain on the register for six months.

A comment was made around the significant number of staff in the ICB who participated in charitable work.

A suggestion was raised in relation to seeking additional clarity regarding the relevance of declarations and who should be declared as an interest, i.e., close contacts.

It was confirmed that the full declarations of interest list were not made available publicly, the ICB was required to publish a list of decision makers, as specified in the Annual Report.

**RESOLVED:**

The Committee **RECEIVED** the declarations of interest compliance report, along with the updated register of interests for assurance.

**AC/2024/014**

**Data Security and Protection Toolkit**

The Director of Corporate Governance and Board Secretary presented the Data Security and Protection Toolkit report and highlighted the key points from the report.

Work was underway to collect evidence in preparation for the baseline submission and Audit report. The baseline submission data was likely to highlight further evidence would be required to enable the ICB to submit a standard met before the final submission deadline. This was not unexpected as the submission of the audit take place a significant amount of time before the final submission.

The last submission was undertaken less than twelve months prior; a number of assertions would be re-submitted as supporting evidence.

The final submission for 30 June 2024 remained on target and AuditOne would commence final audit in April with a further report to be returned in May 2024.

**RESOLVED:**

The Committee **RECEIVED** the update for assurance purposes; **NOTED** the timeline and **NOTED** the progress towards the final submission was expected to complete with no foreseeable issues.



**AC/2024/015 Annual Review of ICB Seal Report**

The Director of Corporate Governance and Board Secretary introduced the annual review of ICB Seal report which provided information on the key areas of use for the ICB Seal during 2023-24.

It was reported the ICB Seal was used in line with the ICB approval of Standing Orders in the execution of documents where necessary and used only when requested, rather than as a matter of course.

A question was raised as to an entry on the register for the use of the Seal on 19 October 2023 with the Executive Area Director (North and North Cumbria) authenticating its use, which was outwith the usual authority route. It was confirmed that this course of action had been approved by the ICB's Chief Finance Officer.

**RESOLVED:**

The Committee **RECEIVED** the annual update and review of the ICB Seal in according with the execution of documents and **NOTED** the key areas that the ICB Seal had been used, for assurance purposes.

**AC/2024/016 ICB Finance Update Report**

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

The report included information the headline financial performance of the ICB for month eleven; tender/quotation waivers approved by the ICB and month twelve, the ICB Board approval for the non-recurrent reduction in the ICB surplus of £28m.

In relation to the medium-term financial plan, a System Recovery Board had been established to oversee the delivery of system wide savings, with four key workstreams reporting into the Board.

It was reported that there had been one additional loss/write-off approved at a gross value of £1,053.16 relating to a salary overpayment. This related to gross salary sacrifice figures in relation to an ICB employee who transferred from NHSE to the ICB under TUPE regulations. There had been a number of complexities in the transfer process.

Following a review of the circumstances, a number of specific actions had been agreed to improve processes and in recognition of the specific extenuating circumstances of the case.

The ICB procurement policy was being updated to reflect the Provider Selection Regime (PSR) regulations and the waiver process had been updated to reflect that waivers would only apply, where appropriate, to any

goods or services falling outside the scope of the PSR regulations.

Aged debtors had increased by £0.9m compared to 30 November 2023, however there had been a reduction in overdue debtors, particularly those overdue by more than six months. A conversation took place on the Cumberland Council aged debt and whether this was likely to be written off.

Consideration to be given as to what the Audit Committee should receive routinely in relation to tender waivers and procurement.

A comment was made in relation to NHS Property Services being the largest creditor at £3.5m. It was noted that this was predominantly for the void space rather than space that the ICB or CCGs had occupied, and this figure was significantly lower than in other areas.

**ACTION:**

The Director of Corporate Governance and Board Secretary to review process for tender waivers and procurement reporting to the Audit Committee and provide an update at the next meeting.

**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; **NOTED** the loss/write-off of £1,053.16 which has been approved in line with ICB Financial Delegations.

**AC/2024/017 Internal Audit Progress Report**

The Group Audit Manager, AuditOne, presented the Internal Audit Progress Report and highlighted the key points.

It was reported that nine final and two draft reports had been issued and for the core work required for the head of audit opinion a further two audits had been completed and in review, with a third expected in the coming days. Progress had been impacted due to staff sickness absence and work had been reassigned to focus on delivery of the core programme of work.

Auditors were available and two planning memos had been issued and there was a level of confidence that the work would be completed.

In relation to audit outcomes, one audit report had been issued with a substantial assurance level and five audit reports with good assurance. Two draft audit reports had been issued with a reasonable assurance level and were under discussion with the ICB.

The Committee were informed of the two proposed changes to the audit plan.

The Interim Data Security and Protection Toolkit would not commence as scheduled due to information not being available from NECS and work would be deferred to the final audit.

The Digital Maturity audit was longer considered to be useful by the ICB's Chief Digital and Infrastructure Officer and an alternative audit had been proposed for agreement by the Audit Committee.

It was reported that a further request for the delay of the Data Quality audit had just been received with the suggestion for the audit to be rescheduled to six-twelve months' time.

The continuing healthcare with resolutions is still to be agreed. It was reported that escalation had taken place and work was ongoing to agree solutions to the outstanding recommendations.

A question was asked around who would make the final decision on the three proposed changes to the audit plan as highlighted. It was advised that as the Audit Committee approved the work plan, it would be appropriate for the Audit Committee to make the decision on delayed audits.

**RESOLVED:**

The Committee **RECEIVED** the Internal Audit Progress Report as a form of assurance.

The Committee **AGREED** that should any revisions to the plan be required, the Chair of the Audit Committee would be given the authority to agree the changes, following discussion with the ICB's Director of Corporate Governance and Board Secretary and the Associate Director, AuditOne, and report back to next Audit Committee.

The Committee **AGREED** to the proposed changes made to the audit plan on the Interim Data Security and Protection Toolkit and Digital Maturity audits.

**AC/2024/018 Internal Audit Strategic/Annual Plan and Detailed Programme of Work**

The Associate Director, AuditOne presented the Draft Internal Audit Plan 2024-25 which detailed the approach of internal audit activity for 2024-25.

The draft plan had been drawn up following review of the Board Assurance Framework and Risk Registers, with consideration of previous audit coverage and discussions with executive and non-executive directors.

The plan for 2024-25 had been separated into a number of components and set out the core internal audit coverage and assignments and additional assurance and advisory audits. The plan included a good range of coverage, with new areas built in, and built on the work undertaken during 2023-24.

The plan was slightly reduced with approximately twenty-five audit areas, the main reduction was on the sizeable contingency in last year's programme which had been largely unused.

There was no allocated contingency within the plan and the Chair was comfortable with that. The Committee was happy with the size of the programme and distribution of the work.

**RESOLVED:**

The Committee **APPROVED** the Internal Audit Strategic/Annual Plan of work for 2024-25 and **NOTED** there would be an opportunity to review at the June meeting, if required.

**AC/2024/019      Audit Strategy Memorandum**

The Partner, Mazars, presented the Audit Strategy Memorandum (ASM) for the audit of the ICB accounts for the year ended 31 March 2024.

There was little change to the approach adopted this year with the need for an opinion to be formed and expressed on whether the financial statements were prepared, in accordance with the DHSC Group Accounting Manual.

The team remained unchanged from that of previous years and the timeline was broadly consistent, with sign-off expected to take place at the end of June 2024, if not earlier.

The National Audit Office had issued a consultation on proposed changes to the Code of Audit Practice in relation to timeline and it was advised that there were unlikely to be any implications for the ICB.

An area not covered in the report was around exit packages, which would be treated as sensitive by nature. The approach would be that every individual package in the remuneration report would be tested, and those with a figure above £100k tested individually, anything not tested below that figure would be tested at random.

It was reported that there had been an increase in fees due to the inclusion of work on the mental health investment standard and the exit packages work.

In relation to materiality and misstatements a consensus had been reached at a previous meeting that a capping headline of £100m was not an unreasonable approach. This could be set at 2% of total expenditure which would headline at approximately £150m, however the decision had been made to leave the capping headline at £100m. A discussion took place on the likelihood of breaching the £100m materiality capping headline.

It was suggested that there would be a need to update the Chair of the Remuneration Committee that the testing of exit packages was underway. It was confirmed that in case of any query the first point of contact would be the ICB's Chief Finance Officer.

**ACTION:**

Non executive directors to ensure the Chair of the Remuneration Committee was updated in relation to the testing of exit packages.

**RESOLVED:**

The Committee **CONSIDERED** and **AGREED** the Audit Strategy Memorandum.

**AC/2024/020 Counter Fraud Progress Report**

The Counter Fraud Specialist, AuditOne, presented the Counter Progress Report providing information to the work that had been undertaken between 22 December 2023 and 02 April 2024.

The report provided an update on the work plan delivery with nine tasks outstanding due to a timing issue around the Easter break. One task remained incomplete which was in relation to the local proactive exercise on pre-employment checks. The work had been completed with field work undertaken and the report was being quality checked and would be circulated for management comments within the next couple of weeks.

It was reported that there were four ongoing cases that remained open.

A1CF/24/0002 – Intelligence reports had been received from NHS Counter Fraud Authority and there was no evidence of fraud against the NHS. The referral remained open to document future intelligence reports.

A1CF/23/0188 – This issue was delayed slightly with enquiries ongoing.

A1CF/22/0055 – This action would remain open pending any financial recovery. A criminal investigation had commenced in line with the evidential threshold and was unlikely to be met.

A1CF/23/0240 – This allegation was being investigated by the NHSCFA and the criminal investigation was ongoing.

**RESOLVED:**

The Committee **RECEIVED** the Counter Fraud Progress report for information purposes.

**AC/2024/021 Counter Fraud Draft Annual Work Plan 2024/25**

The Counter Fraud Specialist, AuditOne presented the Counter Fraud Draft Annual Plan and highlighted the key points.

The Counter Fraud Specialist, AuditOne and the ICB's Head of Corporate Governance and Board Secretary had discussed the local proactive exercise on Conflicts of Interest, which was due to take place towards the end of 2024, early 2025. This would utilise national fraud initiative data match which would

be released in January 2025.

There was a proposal for a local proactive exercise on personal health budgets (PHB) to be undertaken, which would be risk based with PHBs remaining a high fraud risk both locally and nationally. A recommendation was noted in the work plan to conduct a review of ICB sickness management processes.

The final planned area of focus for the year was a risk based national proactive exercise on two areas of procurement, due diligence, and contract management. It was reported that a considerable amount of preparation had taken place in relation to these work areas, and subject to the Committee's approval, work would commence as soon as possible.

The Committee were informed of the potential minimum 10% reduction in the 2025-26 work plan, in line with cuts elsewhere within the ICB and further consideration on the reduction would take place later in the year.

**RESOLVED:**

The Committee **APPROVED** the Counter Fraud Draft Annual Work Plan for 2024/25.

**AC/2024/022 Counter Fraud Bribery and Corruption Policy**

The Counter Fraud Specialist, AuditOne presented the Counter Fraud Bribery and Corruption Policy for comment and approval.

The policy had been updated following the publication of the NHS Counter Fraud Authority (NHSCFA) 2023-2026 strategy and amendments of key role titles.

**RESOLVED:**

The Committee **RECOMMENDED** the Counter Fraud Bribery and Corruption Policy for approval by the Executive Committee.

**AC/2024/023 Cycle of Business**

The annual cycle of business was presented for information and agreement.

**RESOLVED:**

The Committee **AGREED** the Audit Committee annual cycle of business.

**AC/2024/024 Any Other Business**

There were no items of any other business.

**AC/2024/025 Review of the Meeting**

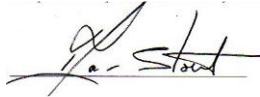
The Chair requested feedback with any learning points following the meeting.

**AC/2024/026      Date and Time of Next Meeting**

The next meeting of the Audit Committee was scheduled to take place on Thursday 13 June 2024, 14:00 to 16:00 p.m., Joseph Swan Room, Pemberton House.

*Meeting Closed: 16:25 p.m.*

**Signed:**

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

**Position:**

Audit Committee Chair

**Date:**

13 June 2024