

**MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE**

**HELD ON 2 MAY 2024 VIA MS TEAMS AT 2.00PM**

<b>Present:</b>		
Sue Sunderland	SS	Non-Executive Director/Audit Chair
Jill Dentith	JD	Non-Executive Director
Margaret Gildea	MG	Non-Executive Director
<b>In Attendance:</b>		
Jason Burn	JB	Interim Deputy Chief Finance Officer
Andrew Cardoza	AC	Audit Director, KPMG
Helen Dillistone	HD	Chief of Staff
Debbie Donaldson	DD	EA to Chief Finance Officer (note taker)
Keith Griffiths	KG	Chief Finance Officer
Donna Johnson	DJ	Acting Assistant Chief Finance Officer
Joel Martin	JM	Project Accountant
Usman Niazi	UN	Client Manager, 360 Assurance
Glynis Onley	GO	Director, 360 Assurance
Suzanne Pickering	SP	Head of Governance
Chrissy Tucker	CT	Director of Corporate Delivery
Timothy Wakefield	TW	Audit Manager, KPMG
<b>Apologies:</b>		
<b>Item No.</b>	<b>Item</b>	<b>Action</b>
<b>AG/2425/001</b>	<p><b>Welcome, introductions and apologies.</b></p> <p>Sue Sunderland as Chair welcomed all members to the meeting.</p> <p>No apologies were received.</p>	
<b>AG/2425/002</b>	<p><b>Confirmation of Quoracy</b></p> <p>The Chair declared the meeting quorate.</p>	
<b>AG/2425/003</b>	<p><b>Declarations of Interest</b></p> <p>The Chair reminded Committee members of their obligation to declare any interest they may have on any issues arising at committee meetings which might conflict with the business of the Integrated Care Board (ICB).</p> <p>Declarations declared by members of the Audit and Governance Committee are listed in the ICB's Register of Interests and included with the meeting papers. The Register is also available either via the Executive Assistant to the Board or the ICB website at the following link:</p> <p><a href="http://www.derbyandderbyshire.icb.nhs.uk">www.derbyandderbyshire.icb.nhs.uk</a></p> <p>No declarations of interest were made at today's meeting.</p>	

EXTERNAL AUDIT	
<b>AG/2425/004</b>	<p><b>External Audit Planning Report</b></p> <p><b>2023/24 External Audit Workplan</b></p> <p>Timothy Wakefield reported that KPMG had received a full set of Accounts including the Annual Report from the ICB, and highlighted the following:</p> <ul style="list-style-type: none"> <li>• KPMG had started transactional testing in M9 and were now topping up testing.</li> <li>• KPMG reported that there was a good working relationship with Joel Martin, Donna Johnson, and the Finance Team.</li> <li>• DDICB had been one of the first ICB's to get a full set of Accounts to KPMG for review.</li> <li>• It was noted that KPMG would try to get as much work closed off by end of this month.</li> </ul> <p><b>The Audit and Governance Committee was reassured by the above and thanked Timothy Wakefield for his update on the 2023/24 External Audit Workplan.</b></p>
INTERNAL AUDIT	
<b>AG/2425/005</b>	<p><b>Internal Audit</b></p> <p><b>Internal Audit Progress Report:</b></p> <p>Usman Niazi reported that since the last Audit and Governance Committee 360 Assurance had:</p> <ul style="list-style-type: none"> <li>• Issued the updated Interim Head of Internal Audit Opinion to meet the NHSE deadline of 24 April 2024.</li> <li>• Issued the final report resulting from the Operational Planning review – limited assurance.</li> <li>• Issued the draft report resulting from the Transformation and Efficiency follow up review.</li> </ul> <p><b>Operational Planning Review (Limited Assurance)</b></p> <ul style="list-style-type: none"> <li>• 5 medium and 6 low risk actions had been raised.</li> <li>• 2 out of the 7 System Strategy and Planning Group meetings reviewed did not have full representation from each of the System partners. This could create a risk of limited discussions and either poorly informed decisions, or decisions potentially being delayed.</li> <li>• A number of comments received from Providers had indicated that decisions were sometimes made outside of the System Strategy and Planning Group with the outcomes then being communicated to the group later on. As a result, plans could become disjointed and disparate with the potential loss of engagement from the group planners.</li> </ul>

	<ul style="list-style-type: none"> <li>• From discussions with planning leads from the ICB and three of the Provider leads, it was felt that there was a general lack of engagement/acknowledgement that the planning principles had not been embraced within the planning process. 360 Assurance had recommended that all members of the System Strategy and Planning Group were consulted in the development of an agreement to a core set of planning principles going forwards.</li> <li>• 360 Assurance had found some issues with consistency of calculating whole time equivalent (wte) data across the Providers. 360 Assurance had recommended that adjustments to any part of the workforce activity or finance data be fully transparent and made across all parts of the plan and at a service level rather than purely at a bottom-line adjustment level. This could be supported through prioritisation of activities and scenario planning for best, likely, and worst-case scenarios.</li> <li>• The Chair clarified this work had been based on the 23/24 planning round. It was noted that the original intention was that this work would have been completed sooner so as not to impact on 24/25 planning. The Chair asked why this work had been delayed and whether 360 Assurance had been able to pick up anything from the current round of planning.</li> <li>• Usman Niazi reported that the fieldwork had been concluded in December 23 (before Christmas), and the original plan was to have the exit meeting early in the New Year. 360 Assurance had met with Michelle Arrowsmith to go through the draft report and had agreed a lot of the recommendations within the report. However, there were some recommendations within the report which needed further discussion with the operational team, and this had led to a protracted process of availability of ICB employees.</li> <li>• It was noted that 360 Assurance had hoped to be able to have had these meetings in early January to enable any lessons learned to have been considered for the 24/25 planning round, but unfortunately this had not happened.</li> <li>• Jill Dentith reported that it was disappointing to note the limited assurance regarding this report, but she felt that we were having meaningful and mature conversations within the System and that organisations were engaged in the planning process; hopefully we would be able to take these recommendations forward.</li> <li>• Jill Dentith reported that we had been struggling with workforce, and headcounts as a System, and it would have been helpful to have had this report in preparation before going into the planning process.</li> <li>• Margaret Gildea agreed with the desire to be completely transparent and triangulate operations, finance, and workforce; she felt that the work with System partners had been very encouraging. She reported on a conversation at People and Culture Committee last week regarding workforce and wte calculations. At that meeting, the difficulties, and ways of calculating workforce between different Systems was noted as</li> </ul>	
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	<p>being complex; organisations tracking their own performance used different databases to do so. It was noted that Linda Garnett, Keith Griffiths, and their teams had made huge efforts in this area, but due to these complexities this would not be quick fix.</p> <p><b>The Audit and Governance Committee NOTED the key messages and progress made against the Internal Audit Plan since the last meeting.</b></p> <p><b>Head of Internal Audit Opinion (HOIAO)</b></p> <p>Glynis Onley reported that this was the second Interim Opinion submitted to meet NHSE deadline of 24 April 2024. She highlighted the following:</p> <ul style="list-style-type: none"> <li>• As with the previous Interim Opinion, 360 Assurance were unable to give an overall assurance rating on it at the current time, due to the amount of work that was still ongoing. 360 Assurance were working hard to conclude this work in the background by the end of May.</li> <li>• For the Strategic Risk Management and Board Assurance Framework (BAF), 360 Assurance were able to confirm a Significant Assurance.</li> <li>• The ICB Board had continued to receive the BAF on a quarterly basis as scheduled, with a minor blip in January where for some reason, it did not get presented.</li> <li>• The Corporate Risk Register continued to be reported to the Committees of the Board in line with the Risk Management Policy and the Committee Terms of Reference.</li> <li>• To support 360 Assurance work, they had done a survey of Board Members to understand their views on the effectiveness of governance and risk management arrangements. For the majority of the questions, there was a high proportion of positive responses on the use of the BAF and the Risk Register. However, on the question regarding whether there were clear and effective risk management and escalation processes which were followed throughout the organisation, three respondents had reported as being unsure and one disagreed. It was noted that this had been reflected on internally in the organisation.</li> <li>• It was noted that 360 Assurance had issued a draft report on Risk Management and there had been nothing in there that would alter that Significant Assurance rating for strategic risk management.</li> <li>• In terms of Internal Audit Outturn, 360 Assurance were unable, as yet, to give an opinion due to reviews outstanding. It was noted that one of the key reviews was the S117 payments, unfortunately, 360 Assurance were struggling to get engagement with Local Authority partners in order to get testing underway. Glynis Only reported that she now understood 360</li> </ul>	
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	<p>Assurance had been promised some information to move this on, and 360 Assurance had got some exit meetings set up in mid to late May to make sure they could get those pieces of work out and agreed as soon as possible.</p> <ul style="list-style-type: none"> <li>• Glynis Onley reported that the follow up rate was 90% at first follow up, with an overall rate of 95%. This would give the ICB Significant Assurance for that element of the HOIAO.</li> <li>• In terms of the staff survey, Glynis Onley reported that it was probably one of the best results she had seen of all the organisations she looked after. There had been an 84% response rate, and for the 8 themes when benchmarked against ICBs, DDICB had scored above average for that benchmarking group. The results did show an improvement in scores compared to 2022 against all 8 themes.</li> <li>• In terms of the likely scenario for the Internal Audit outturn, she anticipated that it would be a Moderate Assurance, but Glynis Onley felt that would not impact the overall rating, which was likely to be Significant.</li> <li>• The Chair asked whether 360 Assurance were confident that the work would be completed in order to give the opinion?</li> <li>• Glynis Onley reported that, in her view, if the Local Authority partners did not provide the information required for testing in a timely manner, 360 Assurance could potentially write that report without that information, and she was hopeful that the work would be able to be concluded by the end of May.</li> <li>• The Chair reported her concern that we had got to this point in the year, and we did not have an opinion. She was also surprised that an advisory piece of work was classed as a core review.</li> <li>• Glynis Onley reported that they did have advisory work that was classed as core; it did not preclude it being advisory, it was not unusual, but it did happen on occasion. It was noted that 360 Assurance had to have a piece of work regarding governance or risk management each year, but they also wanted that piece of work to add value where it could.</li> <li>• The Chair asked whether there was any information awaited from the ICB, or anything that Committee needed to be doing to expedite responses?</li> <li>• Glynis Onley reported that there were a couple of reviews that final approvals were awaited on. One of those was the Transformational follow up work; 360 Assurance were awaiting final approval to issue, the other being Delegated Direct Commissioning PODs.</li> <li>• Helen Dillistone reported that the ICB was also chasing up on the S117 support work with the Local Authority as much as we could.</li> </ul>	
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	<ul style="list-style-type: none"> <li>• The Chair felt we needed to reflect in the 24/25 plan that putting something in Q4 that involved other organisations may lead to setting ourselves difficult targets to meet.</li> <li>• Glynis Onley reported that in terms of the 24/25 plan, the Data Security Protection Toolkit was underway to achieve the deadline of 30 June, which was a mandated target. It was noted that a planning meeting for the Elective Recovery Fund had taken place and the draft ToR would be issued shortly. A couple of planning meetings for the Integrated Care Strategy review had taken place, and Kevin Watkins was due to meet with Helen Dillistone to discuss what the review would look like and whether it would add value to the ICB.</li> </ul> <p><b>The Audit and Governance Committee thanks Glynis Onley for the update on the Head of Internal Audit Opinion.</b></p>	
<b>FOR DECISION</b>		
<p><b>AG/2425/006</b></p>	<p><b>2023-24 Accounting Policies</b></p> <p>Donna Johnson presented the proposed Accounting Policies of the ICB, in line with Group Accounting Manual (GAM). A set of draft accounting policies had been adapted for Derby and Derbyshire ICB, using the national template provided by NHS England, at the end of March 2024. It was noted that each policy had been reviewed against local circumstances. Where a policy currently had no relevance, it had been removed (as permitted in the GAM). Additional comments had been added to describe local detail where required.</p> <p>The draft ICB accounting policies were included in the draft 2023-24 statutory accounts.</p> <p>The draft accounting policies were being reviewed by the external auditors as a part of the year-end audit. Any adjustments to the policies would be shared with the Audit Committee prior to approval of the final Annual Report and Accounts on 19th June 2024.</p> <p><b>The Audit and Governance Committee APPROVED the 2023-24 Accounting Policies.</b></p>	
<p><b>AG/2425/007</b></p>	<p><b>Draft ICB Annual Report and Annual Accounts – 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024</b></p> <p>Joel Martin gave a presentation of the draft Accounts (Extracts), a copy of which was included as Item 7.4 within the agenda papers. He reported that the draft Accounts had been reviewed by himself, the Associate Director of Finance, Donna Johnson, and Operational Director of Finance, Jason Burn. A detailed Analytical review exercise had been carried out to explain key movements in the position from the previous year (2022/23).</p>	

	<p>It was noted that the 12 months of the ICB Accounts had been compared to the Annual result for 2022/23 eg Q1 CCG + Q2-4 ICB for 2022/23.</p> <p>The Accounts, analytical review and associated documents were all submitted to NHSE by the agreed timescales.</p> <p>Joel Martin gave the following presentation:</p> <p><u>Note 21 – Financial Performance.</u></p> <ul style="list-style-type: none"> <li>• The ICB reported a £1m surplus for the year (£15m deficit 2022/23).</li> <li>• Capital spend was within the resource limit.</li> <li>• The ring-fenced revenue did not exceed ring fenced allocations.</li> <li>• Running cost expenditure did not exceed our running cost allocation.</li> <li>• At the time of compiling this presentation, ICB directions were awaited and therefore it was possible that some of these disclosures may change for the final accounts.</li> </ul> <p><u>BPPC</u></p> <p>It was noted that due to the Financial Control teams continued efforts and hard work, we had once again surpassed the BPPC target to pay 95% invoices within 30 days of receipt. Over 99% of NHS and 97% of non-NHS invoices were paid within 30 days of receipt by the team.</p> <p><u>Statement of Comprehensive Net Expenditure</u></p> <p>Details were provided on the slides under Note 2, 4 and 5. The prior year numbers were provided but as these were for just a 9-month period, we had added the Q1 of the CCG to the prior year to give a 12-month comparison. (These comparators had been identified in the shaded area on the slide).</p> <p><u>Note 2 – Income</u></p> <ol style="list-style-type: none"> <li>1. Education – decreased by £0.9m due to one off income received last year from Health Education England for workforce development.</li> <li>2. Prescription income and charges, increased to £12.6m due to the newly delegated responsibility for pharmacy and associated income.</li> <li>3. Likewise due to the delegation of responsibility for Dental services to the ICB, Dental fees and income was now reported eg £16.2m for the year.</li> <li>4. Other Contract income – decreased by £1.4m, largely due to one-off income received in 2022/23 from NHSE and from NECS eg support for GPIT capital expenditure (£0.7m); and 'transformation funds' profit share (£0.5m).</li> </ol>	
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Note 4 Employee Benefits

Permanent Staff costs and numbers had decreased slightly over the year. The vacancy freeze, in readiness for the restructure planning, was close to implementation, and had more than offset the increase in 2023-24 pay deal and increase in clinical leads. Staff numbers were an average for the year, with the vacancy freeze making a greater impact as the year progressed.

Other staff numbers had increased largely as the result of POD services being delegated to the ICB resulting in an increase of almost 10 staff. Whilst the numbers of staff had increased the average cost per wte had decreased by £34k and this reflected a freeze on the use of high earning agency and seconded staff.

Termination benefits – as a result of the restructure planning a provision of £335k had been made. This compared to the one case provided for in the CCG which had been utilised in 2022/23. The new provision had not been disclosed as ICB exit packages as no redundancies had been agreed at the date of reporting.

Note 5 – Operating Expenses

1. FTs – increase of £105m:
  - £56m Pay awards/net inflation/ERF.
  - £15m Industrial action
  - £12m CDC/Capacity recovery
  - £17m – delegation of secondary care dental and pharmaceutical services
  - £25m Out of Area/LVA increases (inc. £22m relating to Sherwood Forest, Tameside & Glossop, Stockport, and Manchester) including increases for pay award, net inflation and ERF.
  - (£24m) Covid reductions
  
2. Services from other NHS Trust increase of increase of £15m:
  - £4m Pay awards/net inflation/ERF.
  - £15m Capacity recover/Ambulance/PTS
  - (£5m) Covid reductions
  
3. Purchase of healthcare from non-NHS bodies – increase of £15m:
  - £4m Ophthalmology activity increase
  - £10m Activity and caseload increases - LD S117; PICU; CAMHS.
  
4. Dental; Pharmaceutical; General ophthalmic services – total increase of £104m due to delegation of POD services to the ICB from 1 April 2023.



	<p>5. GPMS etc – increased by £18m:</p> <ul style="list-style-type: none"> <li>• £6m due to national contract increases (inc FYE of Glossop) - as per national GP contract.</li> <li>• £8m ARRS spend (Additional Roles Reimbursement Scheme - recruitment).</li> <li>• £4m enhanced access transferred from GP transformation.</li> <li>• £4m capacity and access (a new payment)</li> <li>• These increases were offset by GP transformation £(2m); and Reduction of £(2m) in winter funding and main Asylum Centre contract.</li> </ul> <p>6. Supplies and Services: general– decrease by £2m:</p> <ul style="list-style-type: none"> <li>• £1m Reduction in scope and scale of the STP programme due to reduced funding compared to 2022/23.</li> <li>• Balance related to MHIS funds returned to NHSE; and one-off support for MH patient and staff support in 2022/23.</li> </ul> <p>7. Establishment – reduction of £0.9m:</p> <ul style="list-style-type: none"> <li>• In the main related to the Reduction in GPIT capital purchases (£0.7m in 22/23).</li> </ul> <p><u>Operating Expenses – 2</u></p> <p>It was noted that these were all small numbers.</p> <p><u>Statement of Financial Position:</u></p> <p><u>Note 9 Property Plant and Equipment</u></p> <p>An addition of £248k of corporate IT equipment had been purchased, this related to laptops, accessories, software, and mobile phones.</p> <p><u>Note 10 Leases</u></p> <p>1) Right of Use Asset Note:</p> <ul style="list-style-type: none"> <li>• Depreciation – we see the annual depreciation charge.</li> <li>• Disposals - We also have a lease modification as part of the ICB, as we have given notice on the East Wing of Cardinal Square, departing end of May 2023. Therefore, we had formally changed the lease term and hence the value of the asset.</li> <li>• Derecognition - Early terminations of contract were made in May 2023 and 31 March 2024, for the Meeting Room corridor and the North floor respectively. This resulted in the asset values and lease liabilities being reduced for early termination and were reflected in the accounts for this year.</li> </ul> <p>2) Lease liability note:</p>	
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	<ul style="list-style-type: none"> <li>• The repayments of lease liabilities for the year included interest, remeasurement for a review of the liability, and cash repayments of the liability.</li> <li>• There was also derecognition for the early terminations mentioned on the previous slide.</li> <li>• The note at the bottom splits the maturity of the liability between one year and over one year. As we are now in the final year, there were no leases &gt;1 year. Alongside detailing where leases were owed to the DHSC group.</li> </ul> <p><u>Note 11 Trade and other Receivables.</u></p> <p>Trade and other receivables had increased by £10.9m overall.</p> <ol style="list-style-type: none"> <li>1. Non-NHS and other WGA contract receivable not yet invoiced – increase of £9.9m – due to year-end accrual for Dental income, Dental service being a part of the new delegated POD services.</li> <li>2. Non-NHS and Other WGA receivables – increase of £0.8m <ul style="list-style-type: none"> <li>• Increased outstanding balances with Derby City Council and Derbyshire County Council.</li> </ul> </li> <li>3. Non-NHS and other WGA accrued income increased by £0.8m <ul style="list-style-type: none"> <li>• Central prescribing DOAC rebate arrears for M7-12</li> </ul> </li> <li>4. VAT decreased by £0.6m <ul style="list-style-type: none"> <li>• March 23 included DHU 111 retrospective reclaims that were now collected monthly.</li> </ul> </li> </ol> <p><u>Note 13 – Trade and other Payables.</u></p> <p>Overall, our trade payables had changed little, however, there were a number of movements:</p> <ol style="list-style-type: none"> <li>1) NHS Payables: Revenue decrease of £11.7m and NHS accruals – increased by £15.2. There is some trade-off with less invoices from UHDB and CRH being received on time and being on the Payables system (amount of £12m) and hence having to accrue. The balance of additional accruals related to NCA £2.1m and an additional £1.4m for SFH; Notts University Hospital and Greater Manchester ICB.</li> <li>2) Non-NHS and Other WGA payables: Revenue increased by £1.4m – increased balances with Derby City Council of £0.9m relating to complex Children and Young People care placements; Trent PTS £0.5m.</li> <li>3) Non-NHS and Other WGA accruals – although a change of £1.7m this represented a 2% change on the previous year.</li> </ol>	
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- 4) Other payables and accruals decreased by £3.3m and largely related to the accrual put into March 2023 relating to the pay award, subsequently paid in 2023/24.

Note 14 – Provisions

Key movements of this note:

- 1) Dilapidations – (Cardinal Square and Scarsdale – putting assets back to how they were required to be after use) small reversal due to correction on opening balance, unwinding in calculating the present value of money and the impact of change discount rate (level of inflation) for remaining years.
- 2) Estates and Technology Transformation, Digital Transformation - had all been made in relation to legal obligations but had been largely delayed. Utilised £47k for digital transformation. These provisions continued to be reviewed against updated data and forecasts. As a result, we had reversed most of the ETTF provision, which was no longer required, leaving just £29k. We had also reversed as unused £44k for digital transformation, leaving £250k remaining.
- 3) Corporate Education – continued pressures had left a backlog of training needs, and therefore this provision remained.
- 4) Minor surgery backlog – A reassessment of the need resulted in the full provision of £79k being reversed.
- 5) EMAS PTS – this provision was no longer required as there was no longer an ICB liability for the termination of the vehicle leases that were previously identified.

Note 18 Related Party Transactions

Related parties based on declarations made by Board members as to related parties with whom the ICB had transactions during the 12-month period.

- Payments made; what was owed to the Related Party Transactions at 31 March.
- What the ICB had received; what the ICB was owed at 31 March.
- The starred items were transactions with bodies for which the DHSCC had identified related parties.

**Annual Report:**

Senior Manager Remuneration

Remuneration of senior managers (those in a position of influence) must be disclosed in salary bands of £5k, alongside taxable expenses, bonuses, and pension related benefits. This had been

	<p>compiled using payroll data and pension data from Business Services Authority.</p> <p><i>All pension related benefits = assumption a lump sum would be paid on retirement and pension for 20 yrs. Therefore, this all pension related benefits was calculated as the (real increase in pension x 20 years) + (real increase in lump sum) over the 2022-23 year (less employee's personal contributions).</i></p> <p><u>Senior Manager Pension Benefits</u></p> <p>Pension Benefits were presented in the (annual report) – with data from Pensions Agency (BSA). It included accrued pension, lump sum accrued and cash equivalent transfer value, and the real increases of such during the period.</p> <p><u>Fair Pay Multiples</u></p> <p>Very little had changed from the previous year. These ratios compared staff salaries to the highest paid Director. If we listed the full-time equivalent salary of all staff, and cut it into 3 sections:</p> <ul style="list-style-type: none"> <li>• Top of the first section was the 25<sup>th</sup> percentile. The highest paid Director earns 7 times that salary.</li> <li>• The top of the second section was the median. The highest paid Director earns 4 times that salary.</li> <li>• The top of the third section was the 75<sup>th</sup> percentile. The highest paid Director earns 3 times that salary.</li> <li>• The salary at the median point and the 75<sup>th</sup> percentile were very similar hence the outcomes of those ratios.</li> </ul> <p><u>Next Steps</u></p> <ul style="list-style-type: none"> <li>• External Audit to review.</li> <li>• Draft ISA 260 issued.</li> <li>• Audited Accounts to Committee for Approval – 19 June 2024.</li> <li>• General ledger re-opens for audit changes (17-20 June)</li> <li>• Confirmation that General Ledger agrees to the approved accounts.</li> <li>• Issue of signed Audit Opinions.</li> <li>• Audited Accounts submitted to NHS England by 9am, 28 June 2024.</li> <li>• Published Audited Accounts and Annual Report on website.</li> </ul> <p>Joel Martin took the opportunity to thank the Financial Control staff, including Natalie Breeze, Jayne Mellor, and Donna Johnson, who have been involved in the production of the Accounts and Analysis, and the wider Finance Team for their support in delivering what we needed to do to get to this end result. The last 12 months had brought its own set of challenges, including the transfer of POD, delegated commissioning, and the System consideration as part of the timetabling.</p>	
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	<p>Joel Martin reported that the team would now regroup to learn lessons from the 2023/24 Annual Accounts.</p> <p>Donna Johnson thanked Joel Martin for his work in preparing the Annual Accounts. The Chair and Keith Griffiths also thanked Joel Martin, Donna Johnson, and the Finance Team for getting the Accounts prepared in such a short space of time.</p> <p>The Chair reported that she was very happy with how the Accounts were looking so far and looked forward to hearing the conclusion of the Audit.</p> <p><b>Annual Report</b></p> <p>Suzanne Pickering reported that the Annual Report covered the period 1st April 23 to 31st of March 24. It had been produced in accordance with NHSE guidance and templates, and in line with the National Audit Office, and disclosure guidance. It had been submitted on the 23 April ahead of the deadline to NHSE and the External Auditors. It was noted that we had received feedback from NHSE at 9:00am on the morning of 25th April, with minor amendments. An example of an amendment was that if we had not got any fraud losses, then we just needed to state that there were none, in addition we needed to state that we had no air travel.</p> <p>The introduction of the Annual Report clearly sets out the journey of the ICS, the ICP and ICB. The Chief Executive wanted that journey setting out so we could articulate the difference of the ICB Annual Report. In terms of the performance analysis section the overall performance showed that we had met 6 constitutional standards, this did compare against other ICBs, and last year we had achieved 5, and those achievements were all around mental health.</p> <p>Suzanne Pickering reported that we had also included in the Annual Report the remuneration and staff information, there would be further clarity on those over the coming weeks as they were finalised. Other gaps included in the draft (we had up to Q3 of the validated data) and we would get Q4 data throughout May.</p> <p>At the next meeting on 19 June, the completed Annual Report would be presented. Suzanne Pickering had meetings arranged with the Chief Executive every couple of weeks up to the Audit Committee on 19 June, where obviously Chris Clayton would attend to sign off the Annual Report and Accounts.</p> <p>Helen Dillistone thanked Suzanne Pickering and the broader team for their hard work in preparing the Annual Report.</p> <p>The Chair felt that the Annual Report was a good read, and liked the fact that it contained more on environmental sustainability net zero; there were clear signs of progress in this area.</p>	
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	<p>Donna Johnson reported that she needed to bring an issue to the Committee's attention regarding the confidential litigation for £120k, which she had to disclose in the Accounts. We had not yet got Treasury approval; we had been chasing this for several months now, and she believed that we had provided all the information they needed. This was a potential regularity issue, and Donna Johnson reported that she would keep pursuing it with the Treasury. The Chair reported that it was important that Committee knew this was still outstanding.</p> <p><b>The Audit and Governance Committee:</b></p> <ul style="list-style-type: none"> <li>• <b>APPROVED</b> the Draft Annual Accounts 2023/24.</li> <li>• <b>APPROVED</b> the draft NHS Derby and Derbyshire ICB Annual Report for the 1 April 2023 to 31 March 2024 reporting period.</li> <li>• <b>Members AGREED</b> to provide any additional comments and feedback to the Finance and Corporate Governance Team.</li> </ul>	
<b>CORPORATE ASSURANCE</b>		
<b>GOVERNANCE</b>		
<p><b>AG/2425/008</b></p>	<p><b>Board Assurance Framework Q4 Closing Position 2023/24</b></p> <p>Helen Dillistone presented the BAF Q4 year-end closing position for 2023/4 and reported that this would go to public ICB Board at its next meeting on 16 May.</p> <p>It was noted that there had been quite a bit of change throughout Q4, and Committees had continued to evaluate in detail the Strategic Risks. There had been a particular focus piece between January and March looking at what had been achieved, what the changes were and what those changes and impacts had been on the risk scores. The Risk descriptions had also been reviewed and updated and this report had summarised those main areas. The changes and updates had been highlighted in different colours.</p> <p>Helen Dillistone reported that we wanted the ICB Board to note the decrease in scores around Strategic Risks 1 and 3, the explanation, and mitigations that had been put in place to support that decrease and recommendations from those particular Committees.</p> <p>Members were aware of the pressure and risks associated around our workforce, and the People and Culture Committee, led by Margaret Gildea, had done some quite detailed work on Strategic Risk 5 to accurately reflect that risk now, compared to when that risk was first described. It was noted that there had also been some changes to the description for Risk 6.</p> <p>The Chair reported that she felt that the BAF reflected the discussions that we had been having and gave clear evidence of it being used as a live document and was working in practice and guiding the work we were doing to reduce risks.</p>	

	<p>Jill Dentith reported that she was supportive of the work that was being done in the background in terms of the Committee conversations. She felt more detailed work was needed in terms of the threats particularly if we were rolling the Strategic Risks forward into the new financial year. She felt that timescales should be clearly stated rather than just stating 'ongoing' so that we could keep an eye on progress made.</p> <p><b>The Audit and Governance Committee:</b></p> <ul style="list-style-type: none"> <li>• <b>RECEIVED the Q4 23/24 closing BAF Strategic risks 1 to 10 and opening Q1 24/25 BAF Strategic risks.</b></li> <li>• <b>NOTED the decrease in risk score for Strategic Risk 1 from a very high score of 16 to a high score of 12.</b></li> <li>• <b>NOTED the decrease in risk score for Strategic Risk 3 from a very high score of 16 to a high score of 12.</b></li> <li>• <b>NOTED the revised risk description for Strategic Risk 5.</b></li> <li>• <b>NOTED the new threat assigned to Strategic Risk 5 owned by the People and Culture Committee.</b></li> <li>• <b>NOTED the closure of Strategic Risk 6 owned by People and Culture Committee.</b></li> </ul>	
<p><b>AG/2425/009</b></p>	<p><b>ICB Corporate Risk Register Report – April 2024</b></p> <p>Chrissy Tucker presented the ICB Corporate Risk Register Report to end April 2024. The following was highlighted:</p> <ul style="list-style-type: none"> <li>• There were 5 Corporate Risks that this Committee was responsible for.</li> <li>• As at end of April, three of those risks were scored highly.</li> <li>• The risks related to sustainability, delegated functions and potential staff anxiety and wellbeing affected by the restructure work.</li> <li>• Approval was sought for Risk 16 to be reduced from a high 9 to a moderate 6. The rationale for this being that the restructure was now complete. Staff had been, and were being, supported through the various processes. Appeals had now largely concluded, and many of the integrating actions had now been undertaken.</li> <li>• It was noted that work continued regarding the risk relating to the secure storage of the HR files. That score was not recommended to change.</li> <li>• Approval was sought to close Risk 5 EPRR and Business Continuity functions. The team was now substantially appointed following the restructure. Work was ongoing to support our resilience in that area, and it was felt this risk was now ready for closure.</li> <li>• Committee members supported the suggestion of closing Risk 5 and the reduction in score for Risk 16.</li> </ul> <p><b>The Audit and Governance Committee:</b></p>	

	<ul style="list-style-type: none"> <li>• <b>RECEIVED</b> the risks which were the responsibility of the Committee as detailed in Appendix 1.</li> <li>• <b>APPROVED</b> the <b>DECREASE</b> in risk score for Risk 16 relating to staff anxiety relating to the review of the ICB structures.</li> <li>• <b>APPROVED CLOSURE</b> of Risk 05 relating to EPRR.</li> <li>• <b>NOTED</b> Appendix 2 which detailed the full ICB Corporate Risk Register.</li> </ul>	
<p><b>AG/2425/010</b></p>	<p><b>ICB Annual Assessment 2023/24</b></p> <p>Helen Dillistone reported that the purpose of this paper was to set out the regional approach and process for the ICB Annual Assessment to the Audit and Governance Committee.</p> <p>It was noted that in accordance with the 2022/23 guidance, the ICB Annual Assessment would consider whether the ICB had met the 8 statutory requirements across 5 domains, using several Key Lines of Enquiry (KLOEs). This was the second year of ICB assessment and there would be no official rating for the 2023/24 Annual Assessment.</p> <p>The approach to the ICB Annual Assessment was set out in a letter from NHSE dated 6 February 2024 attached at Appendix 1.</p> <p>An annual summary of segmentation ratings under NHSE's national oversight framework and the ICB annual assessment would be provided to inform the NHSE Annual Report due for publication in July or early August 2024.</p> <p>The ICB Annual Report, any other relevant documents and intelligence from routine interactions with the ICB during the year would inform NHSE's assessment of ICB effectiveness in delivering against the statutory duties and KLOEs.</p> <p>NHSE would also seek feedback from key stakeholders, as in previous years. NHSE would use the engagement they had with the ICB during May/ June (at the Quarterly System Review Meeting (QSRM) or alternative) to explore the emerging conclusions from the assessment.</p> <p>Supporting evidence of signposting to the ICB Annual Report and other related documents not covered within the draft Annual Report would be submitted to NHSE by the 7 May 2024.</p> <p><b>The Audit and Governance Committee NOTED the ICB Annual Assessment update for information and awareness of the process.</b></p>	
<p><b>AG/2425/011</b></p>	<p><b>Delegation of Specialised Commissioning East Midlands Joint Committee Joint Working Agreement and Terms of Reference</b></p>	



	<p>Helen Dillistone reported that following the agreement of the variation of the Joint Working Agreement between the East Midlands ICBs to delegate responsibility for the decision making on Specialised Commissioning to the Joint Committee of the ICBs, the final Joint Working Agreement and Terms of Reference were presented to the Audit and Governance Committee for approval.</p> <p>It was noted that all East Midlands ICBs would be approving the Joint Working Agreement which would then be signed off by ICB CEOs and submitted to NHSE. The draft Terms of Reference had been reviewed and approved by ICB CEOs at their Joint Committee meeting.</p> <p>The delegation of the responsibility took effect from 1 April 2024, with the transfer of supporting staff to host ICBs scheduled to take place from 1 April 2025.</p> <p>The Audit and Governance Committee would provide assurance of the approval of these documents to the ICB Board on the 16 May 2024.</p> <p>Jill Dentith reported that she did not have a problem with the document itself, but asked whether this Committee had delegated responsibility to approve it, subject to recommending it to ICB Board?</p> <p>Helen Dillistone reported that Audit and Governance Committee had authority to approve the documents and ICB Board would give Chris Clayton the authority to sign the agreement.</p> <p>The Chair reported that we had done the same for the PODs, she asked whether there had been anything from the first year of the PODS that had indicated that this was not working, or was it too soon to know whether there needed to be any adjustments?</p> <p>Helen Dillistone reported that this had been discussed with Chris Clayton only this week and it had been suggested that something be brought to ICB Board development session in June, to reflect on the learning, the work and arrangements put in place for PODs. It was noted that this would be raised with the new ICB Chair to see whether she was agreement with this suggestion.</p> <p>Chrissy Tucker reported that on an operational level, we had been struggling to get good operational reporting from the Hub for PODs in some areas. It was noted that we had had discussions with them and would be escalating this through to the Joint Committee. It was noted that when we get Specialised Committee and BSL started acting as our Hub, we needed clarity regarding how this would operate, what information we required, and how we would be holding them to account for the work they would be doing on our behalf; this still needed to be agreed upon.</p> <p><b>The Audit and Governance Committee:</b></p>	
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	<ul style="list-style-type: none"> <li>• <b>APPROVED</b> the Joint Working Agreement for East Midlands ICBs.</li> <li>• <b>APPROVED</b> the Joint Committee of the East Midlands ICBs Terms of Reference.</li> </ul>	
<b>FINANCE</b>		
<b>AG/2425/012</b>	<p><b>ICB Financial Position Review – M12</b></p> <p>Jason Burn reported that this paper presented the financial position of Derby and Derbyshire ICB for period end 31<sup>st</sup> March 2024. It highlighted the key areas where we had particular I&amp;E challenges, as well as summarising the efficiencies position for Derby and Derbyshire ICB.</p> <p>As of 31st March 2024, the ICB had reported a surplus financial position of £1.0m in the return to NHS England (NHSE) which was shown in the statutory duties table. This surplus was in line with the position agreed by the System to achieve the £42.3m stretch deficit target given by NHSE plus the additional liabilities notified to NHSE of £7.2m relating to the removal of PDC benefit in the revaluation of PFI assets under IFRS16 and Health Care Assistant re-banding costs of £8.5m, totalling £58.0m overspent.</p> <p>The surplus was driven by non-recurrent benefits in dental and balance sheet savings in addition to underspends in Running Costs. This was offsetting the overspends including excess inflation pressures in GP prescribing, Mental Health care packages and Continuing Health Care. Including delegated Primary Care Co-Commissioning overspend due to the national contracting arrangements committing the ICB to a level of expenditure greater than the delegated allocation. The ICB were continuing discussions with NHSE regarding this issue.</p> <p>The ICB efficiency delivery at the end of March 2024 was £3.6m over the plan. However, only £21.3m of recurrent efficiencies were realised against an initial plan of £33.2m, this would be an ongoing pressure into 2024/25.</p> <p><b>The Audit and Governance Committee NOTED the M12 Financial Position.</b></p>	
<b>MINUTES AND MATTERS ARISING</b>		
<b>AG/2425/013</b>	<p><b>Minutes from the Audit and Governance Committee Meeting held on 14 March 2024</b></p> <p>The minutes from the meeting held on 14 March 2024 were agreed as a true and accurate record.</p>	
<b>AG/2425/014</b>	<p><b>Action Log from the Audit Committee Meeting held on 14 March 2024</b></p> <p>The action log was reviewed and updated during the meeting.</p>	

CLOSING ITEMS		
<b>AG/2425/015</b>	<p><b>Forward Planner</b></p> <p>The forward planner for 2024/25 was presented and noted.</p> <p><b>The Audit and Governance Committee NOTED the Forward Planner.</b></p>	
<b>AG/2425/016</b>	<p><b>Assurance Questions:</b></p> <p>Has the Committee been attended by all relevant Executive Directors and Senior Managers for assurance purposes? <b>YES</b></p> <p>Were the papers presented to the Committee of an appropriate professional standard, did they incorporate detailed reports with sufficient factual information and clear recommendations? <b>YES</b></p> <p>Has the committee discussed everything identified under the BAF and/or Risk Register, and are there any changes to be made to these documents as a result of these discussions? <b>YES</b></p> <p>Were papers that have already been reported on at another committee presented to you in a summary form? <b>NO</b></p> <p>Was the content of the papers suitable and appropriate for the public domain? <b>NO</b></p> <p>Were the papers sent to Committee members at least 5 working days in advance of the meeting to allow for the review of papers for assurance purposes? <b>YES</b></p> <p>Does the Committee wish to deep dive any area on the agenda, in more detail at the next meeting, or through a separate meeting with an Executive Director in advance of the next scheduled meeting? <b>NO</b></p> <p>What recommendations do the Committee want to make to the ICB Board following the assurance process at today's Committee meeting? <b>NONE</b></p>	
<b>AG/2425/017</b>	<p><b>Any Other Business</b></p> <p>There was no further business.</p>	
DATE AND TIME OF NEXT MEETING		
<b>Date:</b> Thursday 19 June 2024		
<b>Time:</b> 2.00PM		
<b>Venue:</b> MS Teams		

Signed: ..... Dated: .....  
(Chair)