

**MINUTES OF THE AUDIT AND GOVERNANCE COMMITTEE**

**HELD ON 19 JUNE 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 (part)
Andrew Cardoza	AC	Audit Director, KPMG
Craig Cook	CCo	Director of Acute Commissioning Contracting and Performance/JUCD Chief Data Analyst (part)
Chris Clayton	CC	Chief Executive Officer (part)
Helen Dillistone	HD	Chief of Staff
Debbie Donaldson	DD	EA to Chief Finance Officer (note taker)
Keith Griffiths	KG	Chief Finance Officer
Lisa Innes	LI	Associate Director of Procurement – East (AGEM) (part)
Donna Johnson	DJ	Acting Assistant Chief Finance Officer
Chris Leach	CL	Assistant Director of Emergency Preparedness Resilience and Response (EPRR) (part)
James Lunn	JL	Assistant Director of Human Resources and Organisational Development (part)
Usman Niazi	UN	Client Manager, 360 Assurance
Glynis Onley	GO	Assistant 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/2425/018</b>	<b>Welcome, introductions and apologies.</b>  Sue Sunderland as Chair welcomed all members to the meeting.  No apologies were received.	
<b>AG/2425/019</b>	<b>Confirmation of Quoracy</b>  The Chair declared the meeting quorate.	
<b>AG/2425/020</b>	<b>Declarations of Interest</b>  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).  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><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>	
<b>CORPORATE ASSURANCE</b>		
<b>GOVERNANCE</b>		
<p><b>AG/2425/021</b></p>	<p><b>Procurement Highlight Report</b></p> <p>Lisa Innes presented the procurement highlight report which provided an overview of the status of each project from 24/25 workplan and progress to date.</p> <p>The report illustrated the ICB's status of clinical and transactional (non-clinical) projects in terms of services being in progress and completed projects. The status of the project was indicated via a RAG rating, identifying the level of risk exposure based on the ICB decisions in terms of process (timeline), contracting and compliance with the Regulations. Following legislation changes from PCR15 to PSR from 1 January 2024, rationale for decisions may include both sets of legislation dependent on when decisions were made.</p> <p>Projects with Medium/High risk at present for the ICB were as follows:</p> <p><b>Clinical In-progress:</b></p> <p>Talking Therapies (Amber) – The service had currently enacted a 12-month option of a 2-year extension option term. There had been a slight delay in going out to procurement, but this potential risk was being managed.</p> <p>Nurse led School Service (Amber) – This service was due to be in place by 1 September. Procurement was working closely with the ICB. Commissioners were considering a direct award which could result in non-compliance of PSR.</p> <p><b>Transactional In-progress:</b></p> <p>Clinical Advice and Guidance (Red) – Original contract extended until March 2024 to allow for a new procurement to be undertaken. A decision was awaited from ICB Execs as to whether services were to continue due to legal challenges – a decision was expected by end of June 2024.</p> <p>Mobile phones (Amber) – The existing contract had expired July 2022 with continuation of service delivery confirmed. ITT closed 11 November 2022 with 4 bids received. The contract was not awarded following evaluation and moderation. A new procurement was expected to be undertaken July/August 2024 following a review of need by the ICB. There was a risk associated with rolling over existing contracts year on year as cumulative contract value exceeded PCR15 threshold.</p>	

	<p>Primary Care SMS re-procurement (Contract Red) – An evaluation had been completed and an outcome report approved by ICB (May 2024). Procurement was awaiting confirmation of a signed contract. BT had advised that prices would increase if the contract was not signed, the deadline was 1st May 2024. Chrissy Tucker reported that the Primary Care SMS contract had been signed off today without any increase in price.</p> <p>It was noted that AGEM and the ICB were working together to agree a workplan for 2024-25. The ICB had opted for a Unit of activity model with 15 units purchased for 2024/25. Capacity of the workplan was being monitored (on a monthly basis) regarding prioritisation of projects undertaken within the units allocated. AGEM staffing levels had reduced slightly to support the ICB to achieve efficiencies.</p> <p>Jill Dentith highlighted her concerns regarding capacity to deal with procurement issues, bearing in mind the timescales involved, and referred to Arden and Gem CSU's workplan; there may be a need for the ICB to flex the workplan in 24/25 as a result of the ICB's need to achieve 5% of efficiencies for the System.</p> <p>Craig Cook referred to the workplan and how the ICB was formalising it with Arden and Gem CSU's input. He reported that he had set up a group that connected senior commissioning leads to review the current projects that Arden and Gem were delivering on our behalf, but also to review the forward look pipeline. It was noted that when the group met earlier this week, it had been agreed that the pipeline and the work programme for 24/25 and going into 25/26 would be firmed up by end of July. Craig Cook agreed to bring this back to Committee as part of Lisa Innes's formal report to a future meeting.</p> <p>The Chair referred to the Young Adults Service on P11 of the pack, it appeared that there were some issues that delayed matters on this, and she wondered whether we had picked up any learning from that?</p> <p>Lisa Innes reported that we had experienced a couple of financial issues in terms of the financial model templates and inaccuracies. She added that procurement had been able to conclude the evaluation process and the award report was now going through the ICB's Governance Committee in the next week or two. In terms of the lessons learned, procurement was working with the finance leads and team, to ensure that they could simplify and be proportionate in terms of the level of engagement required in the market for this service. It was noted that in this instance, it was a bit complex for the market, and it was hoped that we could prevent this from happening again going forwards.</p> <p>The Chair highlighted the nurse led school service, where it looked like it could result in non-compliance with PSR. The Chair reported that this had been raised in previous Committee meetings, where the ICB was agreeing to go at risk on something. It was noted that it would be helpful if the procurement highlight report could flag up</p>	<p>CCo</p> <p>LI/CCo</p>
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	<p>on what basis that assessment had been made, and why it was felt we could go at risk.</p> <p>Craig Cook reported that there was more work to do on this project and would need to go to the Executive Team to validate the approach that the team were proposing was appropriate; this was why the project had been flagged as Amber at this stage.</p> <p>It was noted that there had been a similar issue with the mobile phone procurement. The Chair asked whether future reports could flag up the reasoning behind some of the decisions where it looked like we were going for non-compliance on any aspect.</p> <p>The Chair referred to the 111 Contract, discussed at a previous Committee meeting. It was noted that a report was going to come back to Committee on the learning from that, as far as she was aware, it was still sitting as a Board level outstanding action. Chrissy Tucker agreed to chase up this action to ensure that it came back to the next meeting of this Committee.</p> <p>Keith Griffiths highlighted the issue regarding going out to tender and asked why we were driven to indicate how much money we had to spend on contracts; he felt it stopped us getting value for money/best price. In the current climate the ICB needed to save money, and by declaring up front how much money we had got for the contract, he felt we were preventing ourselves from being able to get that best value.</p> <p>Lisa Innes responded that we were obliged to give a financial indication as to what the service value was. It was noted that the moment we put a figure on it, that became the benchmark that everyone aligned to. It was noted that procurement could, when going out to advert, put an upper and lower threshold of the budget available and make it clear that we were looking for efficiencies and best value for money. It was noted that we could also state that if tenderers came in on the advertised value, they would score nothing – but this needed to be clearly stated within the procurement process. Lisa Innes agreed to have a conversation with Keith Griffiths and Craig Cook outside of this meeting regarding other options that could be applied.</p> <p><b>Audit and Governance Committee:</b></p> <ul style="list-style-type: none"> <li>• <b>REVIEWED</b> the highlight report for Derby and Derbyshire ICB.</li> <li>• <b>NOTED</b> status of projects – current clinical and transactional procurements and completed projects.</li> <li>• <b>REVIEWED</b> key issues and activities over the current period.</li> </ul> <p><b>Lisa Innes and Craig Cook left the meeting.</b></p>	<p>CT</p> <p>LI/KG/ CCo</p>
<p>AG/2425/022</p>	<p><b>Audit and Governance Committee – Annual Report and Self-Assessment</b></p>	

	<p>The Chair presented the Audit and Governance Committee Annual Report and Self-Assessment.</p> <p>Jill Dentith felt the report had been very positive and demonstrated that Audit &amp; Governance Committee was fulfilling its role effectively. This was helpful assurance given that with the move to the ICB the decision was made to combine Audit and Governance into a single Committee. The self-assessment confirmed that combining the two Committees had not impacted on the coverage of either Audit or Governance elements.</p> <p><b>The Audit and Governance Committee:</b></p> <ul style="list-style-type: none"> <li>• <b>APPROVED the Committee's Annual Report 2023/24; and</b></li> <li>• <b>NOTED the Committee's Self-Assessment 2023/24.</b></li> </ul>	
<p><b>AG/2425/023</b></p>	<p><b>Fit and Proper Person Test Submission</b></p> <p>Helen Dillistone reported that in accordance with the NHS England Fit and Proper Person Framework, the ICB was required to submit the Annual Fit and Proper Person Test (FPPT) reporting template.</p> <p>On 10 August 2023, this Committee received a report outlining the requirements of the a Fit and Proper Person Test (FPPT) Framework for Board members to assess the appropriateness of an individual to discharge their duties effectively in their capacity as a Board member.</p> <p>For existing Board members, the FPPT required the completion of an annual a Fit and Proper Person Self Attestation Form, to confirm adherence with the FPPT requirements, with the outcome being entered onto the Electronic Staff Record (ESR). The ICB Chair being required to submit outcomes of the test for each Board member to the NHSE Regional Director.</p> <p>Alongside the Framework, a new NHS Leadership Competency Framework (LCF) had been introduced to help inform the 'fitness' assessment in the FPPT. The LCF was designed to support Chairs, Chief Executives, and Board members to self-assess against six competency domains and identify development needs.</p> <p>The LCF was due to be aligned to a new Board appraisal framework, which was expected later this year.</p> <p>In the meantime, all Board members were asked to self-assess against the LCF and discuss findings with their line manager as part of the 2023/24 annual appraisal. This conversation would help guide personal development plans for 2024/5.</p> <p>The template was required to be approved and signed off by the ICB Chair, and the deadline for submission was 28<sup>th</sup> June 2024.</p> <p><b>The Audit and Governance Committee NOTED the ICB position in relation to the Fit and Proper Person Test Submission.</b></p>	

	<p><b>James Lunn left the meeting.</b></p>	
<p><b>AG/2425/024</b></p>	<p><b>EPRR and Business Continuity Report</b></p> <p>Chris Leach gave an update to Committee on the progress of the Integrated Care Board (ICB) in relation to Emergency Preparedness, Resilience and Response and Business Continuity processes internally and for the system.</p> <p><b>Corporate Resilience Assurance Group (CRAG):</b></p> <p>Chris Leach reported that due to limited attendance at the established EPRR Assurance Group, the EPRR Team had reviewed its processes, to ensure effective usage of working time, propose the establishment of the CRAG. This would bring together all aspects of corporate resilience to ensure effective oversight and reporting to Audit &amp; Governance Committee of resilience processes and would include the below three main aspects:</p> <ol style="list-style-type: none"> <li>1. EPRR and Business Continuity</li> <li>2. Health, Safety and Fire</li> <li>3. On Call ICB Team</li> </ol> <p>Chris Leach agreed to ensure one consolidated report covering Corporate Resilience was provided to this Committee at the reporting frequency agreed. The Terms of Reference was attached for approval (Appendix 4), and the Audit &amp; Governance ToR would be updated to account for this change to this sub-group.</p> <p>The Chair reported that she was pleased with this suggestion as she felt the Assurance Group had not functioned well, and it had been hard for this Committee to take assurance that it was fulfilling its role.</p> <p><b>Industrial Action:</b></p> <p>Chris Leach reported that the ICB had commenced planning for further industrial action planned by Junior Doctors from 27 June – 1 July 2024.</p> <p>Chris Leach reported that the ICB had commenced planning for potential Primary Care Medical Industrial Action predicted around the 1 August 2024. This planning was led by EPRR however was a multi-disciplinary team including the SCC and Primary Care Teams.</p> <p>Updates would follow any future industrial action.</p> <p>Chris Leach highlighted the following three documents, for annual review:</p> <p><b>DDICB New and Emerging Infectious Diseases and Pandemics Plan:</b></p>	

	<p>The plan had been updated for 2024 in line with NHS England requirements changes this year including:</p> <ul style="list-style-type: none"> <li>• Additional information around commissioning arrangements during incident response</li> <li>• High consequence infectious diseases (HCID) management processes</li> <li>• Excess Deaths planning and assumption</li> </ul> <p>This plan was tested on the 22/05/2024 at Exercise Nergal, a system exercise to respond to an incident involving botulism. (Appendix 1)</p> <p><b>DDICB On Call Policy:</b></p> <p>This document had been updated for 2024, updates included:</p> <ul style="list-style-type: none"> <li>• Inclusion of additional supportive annexes around training compliance and claiming of overtime payments</li> <li>• Further detail had been included reinforcing the role of the 1<sup>st</sup> and 2<sup>nd</sup> on call managers in relation to EPRR and system management.</li> </ul> <p>This document as a policy would now be given a 3-year review date in line with ICB Policy on document management. (Appendix 2)</p> <p><b>DDICB Evacuation and Shelter Policy:</b></p> <p>This document had been updated for 2024, updates included:</p> <ul style="list-style-type: none"> <li>• Bringing together of two existing plans (invacuation and evacuation plans) to form one plan for the ICB.</li> <li>• Inclusion and alignment with Council House policies in relation to evacuation and fire management.</li> </ul> <p>This document as a policy would now be given a 3-year review date in line with ICB Policy on document management. (Appendix 3)</p> <p>Jill Dentith referred to the Business Continuity section summary, it appeared we had four completed and signed off assessments in terms of the ICB itself, and then three outstanding. She asked how we had four completed and three outstanding when she would have thought there should have been some cross referencing/overlap between them.</p> <p>Chris Leach reported that four had been generated at the time of writing the report; since then, pressure had been applied and he could now report that all the business impact assessments were now completed.</p> <p>Chris Leach reported that there was a need to concentrate on cyber security and he would be working closely with ICS digital to ensure we had a cyber response in place reflective of the incidents in London this week. Jill Dentith asked about the timescales of this</p>	
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	<p>work, as we needed to ensure that we were as safe and secure as possible.</p> <p>Chris Leach reported that NHSX had proposed that an ICS Cyber Response Plan was to be in place by August. The Derbyshire digital team needed to pull together a lot of their elements before they could write the EPRR plan. Chris Leach was in discussion with the Chair for the ICS Digital Group on how we would achieve that within a multidisciplinary environment. It was noted that the Emergency Planning Officers were briefed this morning and had returned to their respective organisations to work out where they were up to regarding cyber resilience.</p> <p>Jill Dentith requested that Keith Griffiths and Chris Leach make sure that this was coordinated in terms of the System Finance, Estates and Digital Committee, to ensure they too had a lens on the August deadline for the ICS Cyber Response Plan.</p> <p><b>The Audit and Governance Committee:</b></p> <ul style="list-style-type: none"> <li>• <b>NOTED the EPRR and Business Continuity Update.</b></li> <li>• <b>APPROVED the DDICB New and Emerging Infectious Diseases and Pandemics Plan, DDICB On Call Policy and DDICB Evacuation and Shelter Policy.</b></li> <li>• <b>NOTED that this paper provided assurance around the preparedness steps being taken by the ICB in relation to these key areas.</b></li> </ul> <p><b>Chris Leach left the meeting.</b></p>	
<p><b>AG/2425/025</b></p>	<p><b>Conflicts of Interest Report</b></p> <p>Chrissy Tucker reported that the purpose of this paper was to assure the Audit and Governance Committee of the activity that the ICB had undertaken since the last report in February 2024, regarding managing its conflicts of interest.</p> <p>It was noted that at the time of writing this paper 72% of refreshed declarations of interest forms had been completed. No breaches had been declared, and staff continued to be reminded of the importance of completing the forms; staff would be reminded again in the Staff Bulletin in August. A forward planner for 2024/25 was provided at Appendix 2, to assure the Committee further on the work that was progressing and planned for this financial year.</p> <p>The Chair reported her concerns regarding only receiving 72% of completed forms and asked about the timeline and process for chasing missing forms. Chrissy Tucker reported that the team would be chasing this month.</p> <p>It was noted that with the dissolution of CCGs, the online training module for CCG staff on Conflicts of Interest was retired by NHSE on the 23 December 2022. Following national discussions, a new training module had now been released by NHS England and was being made available to all staff through the ICB's usual mandatory</p>	



	<p>training system. Jill Dentith asked whether we would receive compliance alerts to remind staff to log in and complete.</p> <p>Chrissy Tucker reported that, as far as she was aware, alerts would be sent out to complete this new training.</p> <p><b>The Audit and Governance Committee NOTED and RECEIVED ASSURANCE from the Conflicts of Interest Report.</b></p>	
<p><b>AG/2425/026</b></p>	<p><b>ICB Corporate Risk Register Report – May 2024</b></p> <p>Chrissy Tucker reported that the purpose of this paper was to review the risks owned by the Audit and Governance Committee and to receive the full ICB Corporate Risk Register.</p> <p>There were four corporate risks owned by this Committee, Risks 11 and 15 were scored highly and the paper gave an update and actions around them. Risk 7 failure to hold staff files securely and Risk 16 increased staff anxiety due to ICB restructure were low scoring risks.</p> <p>Committee noted that there has been no change in the risk scores of the Audit and Governance Risks during May 2024.</p> <p>The Chair referred to the Green Plan and asked whether there were any additional risks linked to the financial constraints the ICB was in, particularly where some of the changes might require investment upfront to generate the savings. She asked whether we had refreshed the Green Plan based on our finances.</p> <p>Helen Dillistone felt that there was a risk to the delivery of the System Green Plan given a large proportion of the delivery sits within the Provider space. As for the ICB, it was a minimal investment as an organisation, but was something she felt we needed to flag in the wider discussion with our System partners about their level of investment.</p> <p><b>Audit and Governance Committee NOTED that there had been no change in the risk scores of the Risks this Committee was responsible for.</b></p>	
<p><b>AG/2425/027</b></p>	<p><b>Delivering a Net Zero NHS 2024-25 NHSE Letter – to note</b></p> <p>Helen Dillistone reported that the NHSE letter was presented to Committee for assurance and to note.</p> <p>It was noted that the NHSE letter detailed the draft regional ambitions for 2024/25 and confirmed the Derbyshire ICS Systems maturity matrix tiering as Tier 3 - Maturing.</p> <p>It was noted that Appendix 1 of the NHSE letter sets out the NHSE Midlands Regional Support offer and System expectations.</p> <p><b>The Audit and Governance Committee NOTED the Delivering a Net Zero NHS 2024-25 NHSE Letter.</b></p>	

EXTERNAL AUDIT	
AG/2425/028	<p><b>External Audit</b></p> <p><b>Annual Audit Letter</b></p> <p>Andrew Cardoza reported that KPMG had substantially completed their Audit with the caveat that there were still a few things to complete in the background eg Management Representative letters and signed accounts etc. It was noted that it had been a difficult and challenging year for the ICB.</p> <p>Andrew Cardoza reported that it had been a pleasure to work with Joel Martin, Donna Johnson, Keith Griffiths, Darran Green and the finance team. He added that the professionalism that Donna Johnson and the finance directorate had approached the Audit had been exceptional. He reported that the quality of the first draft accounts and working papers had been outstanding and ICB response times had been very efficient.</p> <p>Andrew Cardoza reported that the ICB had an unqualified opinion on the statement of accounts and there were no significant weaknesses on the Value for Money given all the issues that the ICB had faced this past year.</p> <p>Timothy Wakefield highlighted the following:</p> <ul style="list-style-type: none"> <li>• Page 4 of KPMG's report sets out the Audit on a page in terms of summary of risks, summary of misstatements (both corrected and uncorrected), deficiencies, as well as things that were still outstanding.</li> <li>• Expenditure Recognition - there had been an expenditure recognition risk over the completeness of expenditure. KPMG were able to complete that work and confirm that everything was satisfactory. KPMG had extended their testing this year right into May and a lot of work had been done post period end cut off, testing the completeness of what was in there. No issues or technical points were identified from this.</li> <li>• Management Overriding Controls – KPMG had done a substantial amount of journal testing and challenging journals, not just from the ICB, but also those posted by SBS. KPMG had now completed this work and had not identified any management overriding controls in the year.</li> <li>• KPMG did have a minor controlled recommendation from last year which had rolled forward due to the ISFE system and the way it had been set up. This was not significant and would not change the opinion coming from actual testing.</li> <li>• Regularity – at the point of writing this report, a £120k payment was still under discussion pending approval from NHSE and the Treasury. KPMG had raised this as a technical question to ensure that disclosure was appropriate and any regularity impact of agreeing the payment prior to approval. Timothy Wakefield had had a conversation with KPMG's lead technical team yesterday regarding this. The conclusion the technical team made was that as the ICB had withheld the payment and</li> </ul>

	<p>it had not actually had any cash out flow, it should not cause an actual problem this year; this meant the ICB was not going to have a negative regularity impact as a result of this.</p> <ul style="list-style-type: none"> <li>• There was nothing big to report in terms of misstatements.</li> <li>• Outstanding matters (p12) – KPMG had checked the Annual Report consistency against the disclosure check list to ensure that everything was in the Annual Report that KPMG would expect, and that disclosures were transparent and representative of the Accounts as a whole. KPMG had checked that there were no material inconsistencies between what the ICB was saying in the Annual Report and the words expressed in the Accounts. KPMG had not found any material inconsistencies or required significant amendment or reissue. There were a couple of minor disclosure points that had been worked through with Donna Johnson and the team.</li> <li>• Whole Government Accounts - As required by the National Audit Office (NAO) KPMG were required to provide a statement to the NAO on the consolidation schedule. KPMG had checked that the summarisation schedule was consistent with the Annual Accounts.</li> <li>• Value for Money (p14) – due to the ICB's general financial situation and indeed across the whole NHS, KPMG had identified a significant risk in relation to financial sustainability. KPMG had identified this risk across nearly all of its NHS clients and was a particular issue across the Midlands, where NHSE in the Midlands had been very challenging not just to this ICB, but also to other organisations who had experienced quite big pressures. KPMG had set out on P15/16 of their report, the work performed in response to this risk and a summary of their findings. KPMG confirmed that they had not identified any significant weaknesses to be included within the 2023/24 Value for Money report.</li> <li>• Uncorrected Audit Misstatements: Under UK auditing standards (ISA (UK) 260) KPMG were required to provide the Committee with a summary of unadjusted audit differences (including disclosure misstatements) identified during the course of their audit, other than those which were 'clearly trivial', which were not reflected in the financial statements. In line with ISA (UK) 450 KPMG requested that the ICB correct uncorrected misstatements. It was noted however, they would have no effect on the opinion in KPMG's auditor's report, individually or in aggregate. As communicated previously with the Committee, details of all adjustments greater than £300K were shown in the table on p21 of the report.</li> <li>• Under UK auditing standards (ISA UK 260) KPMG were required to provide the Committee with a summary of adjusted audit differences (including disclosures) identified during their audit. The adjustments had been included in the financial statements. KPMG had identified updated presentational updates to the following disclosures:             <ul style="list-style-type: none"> <li>• Pension Benefits Table – update made to the band range of 'Real Increase in Pension Lump Sum at pension age' for single individual.</li> </ul> </li> </ul>	
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	<ul style="list-style-type: none"> <li>• Updates to the Annual Report in line with GAM requirements.</li> <li>• Other minor presentational updates including updates to accounting policies and other accounts checking.</li> </ul> <p><b>Dr Chris Clayton joined the meeting.</b></p> <p>Donna Johnson thanked Andrew Cardoza, Timothy Wakefield, and their Audit Team for the way the Audit had been managed this year. They had gone through a lot of material to get to this point, but the Audit had felt steady and consistent. It was noted that there had been fair challenges from the Auditors and that had helped the ICB to produce a high-quality set of financial statements. There had been a lot of conversations regarding the £120k litigation issue and Donna Johnson had appreciated the stance that had now been taken in KPMG's report. The ICB had done everything it could have to ensure that it had done the right thing, it was unfortunate that we had not had a response from NHSE and the Treasury.</p> <p>The Chair and Jill Dentith requested that their thanks be passed on to the finance team, and asked whether something could be done formally, possibly through the staff team brief, to thank everyone collectively for all their hard work in producing the Annual Accounts and helping with the Audit this year.</p> <p><b>The Audit and Governance Committee NOTED, with pleasure, the KPMG Year End Report for year ended 31 March 2024.</b></p>	
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INTERNAL AUDIT	
AG/2425/029	<p><b>Internal Audit</b></p> <p><b>Final Head of Internal Audit Opinion (HOIAO) and Annual Report 2023/24</b></p> <p>Usman Niazi presented the Final Head of Internal Audit Opinion and Annual Report 2023/24 and highlighted the following:</p> <ul style="list-style-type: none"> <li>• The interim HOIAO had been presented to Committee on 2 May; the final version was included within the agenda papers together with the Annual Report for 2023/24.</li> <li>• It was noted that 360 Assurance was providing an opinion of significant assurance that there was a generally sound framework of governance, risk management and control designed to meet the ICB's objectives. 360 Assurance had found the controls to generally be applied consistently throughout the year.</li> <li>• Strategic Risk Management and Board Assurance Framework It was noted that 360 Assurance was providing an opinion of significant assurance. The ICB had appropriate arrangements to ensure an up-to-date Board Assurance Framework was in place throughout the year.</li> <li>• Internal Audit outturn – It was noted that 360 Assurance was providing an opinion of moderate assurance. 360 Assurance had issued four reports with a limited assurance opinion three of which were core topic areas.</li> <li>• Implementation of Internal Audit Actions – 360 Assurance was providing an opinion of significant assurance. The ICB's first follow up implementation rate was currently 92% and the ICB had maintained robust internal processes for monitoring outstanding actions.</li> <li>• Annual Report - It was noted that Public Sector Internal Audit Services (PSIAS) required that providers of internal audit services have an independent assessment at least every five years. 360 Assurance's recent external assessment of compliance with the Standards was undertaken by CIPFA in November 2022. This review confirmed that 360 Assurance achieved the highest level of compliance; that they fully conformed to the requirements of the standards.</li> <li>• It was noted that 360 Assurance issued client satisfaction questionnaires following the conclusion of all audit reviews. The questionnaire sought to confirm that the auditee was appropriately engaged in the planning and reporting process and that their approach to the review and subsequent report provided added value to the organisation. Responses received during 2023/24 were summarised in the graph on page 10 of their report. Where 360 Assurance had received comments on specific areas of service, these would be reviewed and action taken, as appropriate, by the relevant client lead. Feedback would be provided to the client lead officer.</li> <li>• It was noted that the Public Sector Internal Audit Standards were changing in January 2025, and would be renamed Global Internal Audit Standards. 360 Assurance agreed to keep Committee up to date with the changes required.</li> </ul>

	<p><b>The Audit and Governance Committee NOTED the 2023/24 Head of Internal Audit Opinion and Annual Report.</b></p>	
<b>FOR DECISION</b>		
<p><b>AG/2425/030</b></p>	<p><b>Final ICB Annual Report and Annual Accounts – 1 April 2023 to 31 March 2024</b></p> <p>The Chair reported that the Audit and Governance Committee received the draft ICB Annual Report and Accounts at its meeting held on the 2 May 2024. The draft Annual Report was signed off and approved by Dr Chris Clayton, Chief Executive Officer and submitted to NHSE and the External Auditors. During May 2024 and June 2024, the draft Accounts had been audited by External Auditors, KPMG, alongside further internal review.</p> <p>This paper detailed the changes made to the Annual Report &amp; Accounts following the Audit &amp; Governance Committee's approval of the draft in May 2024. These changes were as a result of NHSE feedback, further internal review, and identified elements through the external audit by KPMG.</p> <p>There had been no significant changes to the Annual Report &amp; Accounts with regards to their context, financial position, or disclosure. The changes were detailed in Appendix 1 and Appendix 2.</p> <p>One issue remained outstanding with regarding the £120k loss disclosed in the Annual Accounts. NHSE/Treasury approval had not yet been received, and hence the current disclosure reflected this. The disclosure would be amended should approval be received prior to final submission.</p> <p>As well as approving the proposed changes outlined in Appendix 1 and 2, the Committee were recommended to delegate approval of any further minor changes to the Annual Accounts and Annual Report for final submission to Keith Griffiths, Executive Director of Finance and Chris Clayton Chief Executive Officer, respectively. This would include any updated disclosure of the £120k should approval be received.</p> <p>The final Annual Report and Accounts would be submitted to NHSE by 9am on the 28 June 2024, along with the following documentation:</p> <ul style="list-style-type: none"> <li>• Final Head of Internal Audit Opinion.</li> <li>• NAO FReM Disclosure Checklist</li> <li>• Statement of Accountable Officer's Responsibilities; and</li> <li>• Annual Report Certification.</li> </ul> <p>Chris Clayton thanked 360 Assurance and KPMG audit teams for all their work this year. He was incredibly pleased with the significant assurance levels but took seriously the areas with limited assurance; the ICB had picked up actions against all those areas.</p>	

	<p>The Chair reported that this Committee had considered each of these reports during the year; Committee took particular interest in reports with limited assurance. She assured Chris Clayton that Committee had had detailed discussions on all limited assurance reports.</p> <p>It was noted that Committee approved the changes to the Annual Report and Accounts 2023/24 as outlined in Appendices 1 and 2 and approved the final ICB Annual Report and Accounts for 2023/24 as presented at Appendix 3.</p> <p>Committee Delegated approval of any further minor changes to the Annual Accounts and Annual Report for final submission to Keith Griffiths and Chris Clayton respectively.</p> <p><b>The Audit and Governance Committee:</b></p> <ul style="list-style-type: none"> <li>• <b>APPROVED the changes to the Annual Report and Accounts 2023/24, as outlined in Appendices 1 and 2.</b></li> <li>• <b>APPROVED the Final ICB Annual Report and Accounts for 2023/24, as presented at Appendix 3.</b></li> <li>• <b>DELEGATED the approval of any further minor changes to the Annual Accounts and Annual Report for final submission to Keith Griffiths, Executive Director of Finance and Chris Clayton, Chief Executive Officer, respectively.</b></li> </ul>	
<p><b>AG/2425/031</b></p>	<p><b>Service Auditors Reports</b></p> <p>Donna Johnson reported that the following Service Auditor Reports had been received for 2023-24:</p> <p><b>Prescribing Payment Process</b> – NHS Business Services Authority (Unqualified Opinion)  <b>Dental Payment Processing</b> – NHS Business Services Authority (Unqualified Opinion)  <b>Finance and Accounting Services</b> – NHS Shared Business Services (Unqualified Opinion)  <b>HR and Payroll Management</b> – Electronic Staff Record (ESR) (Unqualified Opinion)  <b>Primary Care Support (PCSE)</b> – Capital (Qualified Opinion)  <b>Calculating Quality Reporting Services (CQRS)</b> – NHSE/South Central and West CSU. (Unqualified Opinion)</p> <p>It was noted that the above had been disclosed within the Annual Report. The full reports had been shared with the ICB's External and Internal Auditors and would be made available to members of this Committee for assurance on request. These reports had not formed part of the official papers for this Committee as there had been a restricted circulation.</p> <p>The Chair reported that she did not want to review the SAR, she was satisfied that the ICB's External Auditors had done sufficient testing to not need to rely on the Service Auditor Reports received.</p>	

	<p><b>The Audit and Governance Committee NOTED the Service Auditor Reports (SARs) received.</b></p>	
<b>FINANCE</b>		
<p><b>AG/2425/032</b></p>	<p><b>ICB Financial Position Review – M1</b></p> <p>Keith Griffiths presented M1 ICB Financial Position Review Report and highlighted the following:</p> <ul style="list-style-type: none"> <li>• M1 related to the pre final plan that we had to resubmit to NHSE on 2 June 2024.</li> <li>• This report was predicated on a previous version of what we thought the plan would look like for 24/25. This would change once we got to M3, and it would then align.</li> <li>• M2 would be based on the original plan.</li> <li>• We were on plan for M1, but we needed to recognise there was a profiling issue for CIP delivery in the latter months of the year, therefore the financial challenge would escalate.</li> <li>• We had profiled the efficiency schemes as we believed they would land.</li> <li>• There needed to be conversations with Local Authority (LA) partners regarding the use of adult social care discharge funds (SDF).</li> <li>• It was noted that we had taken the view that the ICB would post a surplus after those deals with LA partners had been agreed. After which that surplus would be moved from the ICB into our Providers.</li> <li>• The Chair reported that it appeared from the report that the Primary Care Co-commissioning allocation issues had still not been resolved.</li> <li>• Keith Griffiths reported that Georgina Mills and her team had done a lot of work to understand primary care funding flows; it was incredibly complicated. There were still ongoing issues with the national team about some of the funding rules, but notwithstanding this, we needed to look at what we could do strategically to make sure we were deploying the funding and working with primary care partners in a supportive way to get best value.</li> <li>• Keith Griffiths felt it may be useful for Committee to have a deep dive into Primary Care Co-commissioning; he agreed to build it into the forward planner for a future meeting.</li> </ul> <p><b>The Audit and Governance Committee NOTED M1 ICB Financial Position.</b></p>	<p>KG</p>



<b>MINUTES AND MATTERS ARISING</b>		
<b>AG/2425/033</b>	<p><b>Minutes from the Audit and Governance Committee Meeting held on 2 May 2024</b></p> <p>Glynis Onley requested that her title be amended to read 'Assistant Director' rather than 'Director' of attendees on P1 of the minutes.</p> <p>The minutes from the meeting held on 2 May 2024 were agreed as a true and accurate record, subject to the above amendment.</p>	
<b>AG/2425/034</b>	<p><b>Action Log from the Audit Committee Meeting held on 2 May 2024</b></p> <p>The action log was reviewed and updated during the meeting.</p>	
<b>CLOSING ITEMS</b>		
<b>AG/2425/035</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/2425/036</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>Yes, Primary Care Co-Commissioning – to be scheduled on forward planner.</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/2425/037</b>	<p><b>Any Other Business</b></p> <p>There was no further business.</p>	
<b>DATE AND TIME OF NEXT MEETING</b>		
<b>Date:</b> Thursday 8 August 2024 <b>Time:</b> 2.00pm <b>Venue:</b> MS Teams		

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