Auditor's Annual Report 2024/25

North East London Integrated Care Board

—

19 June 2025

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This report is addressed to North East London Integrated Care Board (the ICB), as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state, those matters we are required to state to them in an auditors' annual report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the ICB, as a body, for our audit work, for this report, or for the opinions we have formed.

We take no responsibility to any member of staff acting in their individual capacities, or to third parties.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

01 Executive Summary

North East London ICB

Executive Summary

Purpose of the Auditor's Annual Report

This Auditor's Annual Report provides a summary of the findings and key issues arising from our 2024-25 audit of North East London Integrated Care Board (the 'ICB'). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office and is required to be published by the ICB alongside the annual report and accounts.

Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014. In line with this we provide conclusions on the following matters:

Accounts - We provide an opinion as to whether the accounts give a true and fair view of the financial position of the ICB and of its income and expenditure during the year. We confirm whether the accounts have been prepared in line with the Group Accounting Manual prepared by the Department of Health and Social Care (DHSC).

Annual report - We assess whether the annual report is consistent with our knowledge of the ICB. We perform testing of certain figures labelled in the remuneration report.

Value for money - We assess the arrangements in place for securing economy, efficiency and effectiveness (value for money) in the ICB's use of resources and provide a summary of our findings in the commentary in this report. We are required to report if we have identified any significant weaknesses as a result of this work.

Regularity - We assess whether expenditure incurred is in line with the purposes for which it was provided.

Other reporting - We may issue other reports where we determine that this is necessary in the public interest under the Local Audit and Accountability Act.

Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities:

Accounts	We issued an unqualified opinion on the ICB's accounts on 19 June 2025. This means that we believe the accounts give a true and fair view of the financial performance and position of the ICB. We have provided further details of the key risks we identified and our response on page 7 – 8.
Annual report	We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the ICB. We confirmed that the annual report has been prepared in line with the NHS Group Accounting Manual (GAM).
Value for money	We are required to report if we identify any matters that indicate the ICB does not have sufficient arrangements to achieve value for money. We identified a significant weakness relating to the risk management arrangements to identify and resolve issues within control systems as a result of the range of high priority recommendations raised by the internal auditor during the year.
Other reporting	We did not consider it necessary to issue any other reports in the public interest.

02
Audit of the Financial Statements

Audit of the financial statements

KPMG provides an independent opinion on whether the ICB's financial statements:

- Give a true and fair view of the state of the ICB's affairs as at 31 March 2025 and of its income and expenditure for the year then ended;
- Have been properly prepared in accordance with the accounting policies directed by NHS England with the consent of the Secretary of State on 23 April 2025 as being relevant to ICBs and included in the Department of Health and Social Care Group Accounting Manual 2024/25
- Have been prepared in accordance with the requirements of the National Health Service Act 2006 (as amended).

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Audit opinion on the financial statements

We have issued an unqualified opinion on the ICB's financial statements on 19 June 2025.

The full opinion is included in the ICB's Annual Report and Accounts for 2024/25 which can be obtained from the ICB's website.

Further information on our audit of the financial statements is set out overleaf.

Audit of the financial statements

The table below summarises the key risks that we identified to our audit opinion as part of our risk assessment and how we responded to these through our audit.

Risk	Procedures undertaken	Findings
Fraudulent expenditure recognition Auditing standards suggest for public sector entities a rebuttable assumption that there is a risk expenditure is recognised inappropriately. We recognised this risk over manual non-NHS accruals.	We inspected a sample of invoices of expenditure, in the period after 31 March 2025, to determine whether expenditure has been recognised in the correct accounting period and whether accruals are complete. We have not identified and issues with our testing; We vouched a sample of payments, in the period immediately after 31 March 2025, to supporting evidence to determine whether expenditure has been recognised in the correct accounting period and whether accruals are complete. We have not identified and issues with our testing; We inspected journals posted as part of the period end close procedures that decrease the level of expenditure recorded in order to critically assess whether there was an appropriate basis for posting the journal and the value can be agreed to supporting evidence. We have not identified and issues with our testing. We compared a sample of items that were accrued at 31 March 2024 to those accrued at 31 March 2025 in order to assess whether any items of expenditure not accrued for as at 31 March 2025 have been done so appropriately; and We vouched the CHC Accruals to appropriate supporting evidence in order to determine if the accrual is accurate.	Our testing of the CHC accrual during the year included obtaining and reviewing a list of payments made after year end, relating to the period of March 2025, for which we noted a difference of £8m. As this does not represent a factual error (as payments can still be made in future months relating to March 2025 still), since this is not material, we have not requested a correction by management but have reported it as an uncorrected misstatement.

Audit of the financial statements (cont.)

The table below summarises the key risks that we identified to our audit opinion as part of our risk assessment and how we responded to these through our audit.

Risk	Procedures undertaken	Findings
Management override of controls We are required by auditing standards to recognise the risk that management may use their authority to override the usual control environment.	• Evaluated the design and implementation of controls over journal entries and post closing adjustments; • Assessed the business rationale and the appropriateness of the accounting for significant transactions that are outside the component's normal course of business, or are otherwise unusual; and • Identified journal entries and other adjustments with characteristics that indicate that they may be inappropriate or unauthorised and therefore may have been used to manipulate the financial statements (which we refer to as 'high-risk journals and other adjustments'), using KPMG Clara Journal Entry Analysis and perform procedures to test the appropriateness of these entries and adjustments.	We did not identify any material misstatements relating to this risk.

03
Value for Money

North East London ICB

Value for Money

Introduction

We are required to consider whether the ICB has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or 'value for money'. We consider whether there are sufficient arrangements in place for the Trust for the following criteria, as defined by the National Audit Office (NAO) in their Code of Audit Practice:

Financial sustainability: How the Trust plans and manages its resources to ensure it can continue to deliver its services.

Governance: How the Trust ensures that it makes informed decisions and properly manages its risks.

Improving economy, efficiency and effectiveness: How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

Approach

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

We are required to report a summary of the work undertaken and the conclusions reached against each of the afore mentioned reporting criteria in this Auditor's Annual Report. We do this as part of our commentary on VFM arrangements over the following pages.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Trust.

Summary of findings

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
Commentary page reference	12 – 13	14 – 16	17 – 19
Identified risks of significant weakness?	No	Yes	No
Actual significant weakness identified?	No	Yes	No
2023-24 Findings	No significant weakness identified	Significant weakness identified	No significant weakness identified
Direction of travel	⇔	⇩	⇔

Value for Money

NATIONAL CONTEXT

Following the general election in July 2024 the Labour government commissioned reviews in order to determine the causes of challenges within the sector and where priorities were for improvement. A 10 year plan is currently being developed to set out the strategy for transforming health care services in the future.

Operational performance across the sector has continued to be significantly below constitutional standards, continuing a trend that began during the Covid-19 pandemic. In March 2025 25% of patients attending A&E waited more than the four hour target and 60% of patients awaiting planned care had a wait of more than 18 weeks. While mental health performance improved year on year in a number of areas the backlog for treatment nationally has grown by a further 11% year on year, with 1.7 million referred patients awaiting their second contact.

During the year a revised timetable was announced for the New Hospital Programme, the national capital project to build 40 new hospitals. For a number of hospitals this has meant delays to the timetable for their construction deferred to the 2030s.

Financial performance

Local NHS systems continued to face challenging financial targets in 2024-25. Budgets across the 42 integrated care systems in England had a combined £500m deficit compared to the funding that was available at the beginning of 2024-25. By February 2025 (the latest national data available when this report was drafted) the forecast performance of all systems was a £604m overspend against the agreed figures.

Each year NHS entities are delegated efficiency targets through funding allocations and contracting guidance. Across England there was a £539m shortfall in the identified efficiencies compared to those required based on the agreed levels of funding delegated to systems.

Structures

Significant changes to the structure of the health system have been announced, to be implemented between 2025 and 2027. ICBs have been set running cost targets, with many expected to pursue mergers or large restructurings in order to achieve these. Providers are expected to reverse 50% of their corporate cost growth since Covid-19. During 2025-26 all NHS entities will therefore need to reassess their structures, which can impact on management bandwidth, stability of controls and morale.

LOCAL CONTEXT

North East London ICB was formed on 1 July 2022 following the revisions to health structures introduced in the Health and Care Act 2022, bringing together the commissioning operations from seven boroughs within the North East of London.

The ICB is responsible for leading the integrated care system in North East London, which hosts three acute providers (Bart's Healthcare NHS Trust; Barking, Havering and Redbridge NHS Trust and Homerton University Hospital NHS Foundation Trust) and two mental health and community trusts (North East London NHS Foundation Trust and East London NHS Foundation Trust).

The system has inherited a high level of financial challenge and has incurred deficits across the system since the termination of Covid-19 financing arrangements. While the deficits have being incurred within the provider entities within the system the ICB has a responsibility within the Health and Care Act to act as a system leader and to work with the provider entities in order to ensure that the system reports a balanced position in line with the targets delegated to it by NHS England.

In line with national requirements the ICB undertook a significant restructuring during 2023-24 and 2024-25 in order to achieve a requirement to achieve 30% reductions in its running costs. The ICB has therefore operated with a revised structure during 2024-25. Following announcements made during 2025 of the need for all ICBs to work towards a target running cost based on the size of their population the ICB will need to consider the ways in which it can find the efficiencies that are required during 2025-26 in order to attain the target cost.

Financial Sustainability

How the ICB plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- How the Trust ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Trust plans to bridge its funding gaps and identifies achievable savings;
- How the Trust plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Trust ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the Trust identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

ICB 2024-25 financial planning

The ICB had set a final financial plan for 2024-25 based on making £0.6m surplus based on the resource limit allocated to it by NHS England. This is based on a resource allocation of £4.771bn.

The ICB continued to face financial pressures to deliver a balanced financial position, and within the financial plan for 2024-25 the ICB was required to achieve efficiencies of £69.2m, of which £46m were planned to be delivered recurrently and the remaining elements through non-recurrent measures. This also included, at the time of approval, £15m of unidentified CIPs.

There was appropriate scrutiny through the ICB's governance structures of the financial plan for the ICB prior to submission, with regular updates provided and clear commentary on the risks within the financial plan and the mitigations that were being implemented in order to manage those risks. We noted that there was clear discussion about the size of the challenge faced by the system and the emerging challenges that it was facing. The ICB has followed national guidance when developing the plan – planning guidance and uplifts have been applied, delegated primary care funded and it was planned for the mental health investment standard to be met.

During May 2024, the ICB presented its 2nd five-year plan since the establishment of the ICB and builds upon the first plan approved during June 2023, by refreshing and updating challenges in meeting the health and care needs of the local population. It includes collaboration with the wider ICS partners and addresses urgent service pressures, collaborative efforts to improve health and reduce inequalities, and the development of key enablers such as estate, digital infrastructure, and financial sustainability. The plan was challenged by the board and after review, was approved.

Performance against plan

At year end, the ICB reported a surplus of £12m against the planned surplus of £0.6m, which was mainly achieved through releasing additional allocations that were received late in the year. While the ICB has faced challenges in delivering planned efficiencies in some areas, in particular continuing healthcare, it has been able to offset these pressures through the release of non-recurrent efficiencies.

North East London ICB

Financial Sustainability

2025-26 financial planning

During May 2025, the Board approved the final 2025-26 operating plan of the ICB which included a surplus of £2.5m for the year based on the resource limit allocated to it by NHS England. This is based on a resource allocation of £5.327bn, a 6% increase from the 2024/25 exit run rate / underlying position.

Delivery of the break-even position for 2025-26 is reliant upon achieving £37.7m of savings. Of this total, recurrent measures amounted to £23.7m with the remaining of £14m being non-recurrent. Furthermore, of the total savings target, £7.7m is deemed to be high risk. To support the delivery of 2025/26 efficiencies, the ICB introduced a 'Star Chamber' – a structured check-and-challenge mechanism – aimed at testing the feasibility and resilience of CIP schemes.

At the time of reporting we consider that there is a significant risk to the delivery of the ICB's financial plan. While we note that the ICB has been able to deliver surpluses since its formation these are driven through non-recurrent measures and therefore in order for the ICB to continue operating within its allocated resource limit will require that significant recurrent efficiencies are identified and delivered.

We have not concluded in 2024-25 that there is a significant weakness relating to the ICB's financial sustainability as it has identified a pipeline of opportunities for delivery of its efficiencies and because the scale of risk anticipated within the plan is not considered material to lead to a significant weakness in the context of the overall resource allocation of the ICB.

Key financial and performance metrics:	2024-25	2023-24
Planned surplus/(deficit)	£0.6m	£15.4m
Actual surplus/(deficit)	£12.1m	£14.4m
Planned CIP		
- Recurrent	£46.1m	£8.6m
- Non-recurrent	£23.1m	£2.3m
Actual CIP		
- Recurrent	£29.8m	£10.3m
- Non-recurrent	£31.9m	£1.2m
Year-end cash position	£146k	£98k

Governance

How the ICB ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- how the ICB monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the ICB ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the ICB ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour

Risk management

The ICB has a risk strategy and a risk management policy that defines the way that risks are captured, managed and reported and have continued to embed the new risk management structure within the ICB since its formation. Based on criteria set out in the risk management policy, risks are identified along with the current risk rating, significant risks are escalated from the corporate risk register to the Board Assurance Framework (BAF). Risks that are rated as severe (red rated) are escalated to the BAF where that risk is deemed to pose a significant threat to the achievement of the ICS's strategic objectives.

The management of risk across each department is led and reported by the relevant Chief Officer with support from the governance team. Chief Officers are involved in regular reviews of the risk register and the assurance framework. The Chief Participation and Place Officer presents the Board Assurance Framework (BAF) to each ICB Board meeting. Furthermore, the ICB board, which includes ICB Executives, Non-Executive Members, and System Partner members, provides overall oversight on the risk management outlined in its BAF.

Our review of the corporate risk register showed that nearly all risks had a target risk score lower than their current score. However, most risk scores had remained unchanged throughout the year. We did note that target dates had been revised, addressing a prior-year concern that they should be realistic and achievable for the ICB.

A summary of the gaps from target for risks that were held on the corporate risk register included:
- 62 out of 83 risks had a gap from target of at least six; and
- 65 of the 83 risks held on the corporate risk register had a risk score that was the same as or higher than the score when it was first added to the risk register.

This suggests that either target ratings being allocated to risks on the corporate risk register are not feasible or that insufficient action is being taken to manage the risks.

Governance

How the ICB ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- how the ICB monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the ICB ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the ICB ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour

Approval of financial plans

Given the revisions made to the forecast system financial performance during the year we have considered whether there were appropriate governance arrangements relating to the approval of the 2024-25 ICS financial plan. Further details of the system financial position are set out on page 17.

The ICB Board received updates during the planning cycle on the revised financial planning totals that were being developed as part of the work across the system to develop their financial plans.

The final financial plan for 2024-25 was approved by the ICB Board on 24 May 2024. We noted that the support for the request to approve the plan was presented through a verbal update accompanied by a brief presentation that showed the movement from the initial planned position, though did not provide explanation or reconciliation of which elements had been revised.

Given the importance of the financial plan and the level of risk associated with its achievement we have considered whether there was sufficient knowledge and communication of the risks associated with the plan both to the Board and to NHS England. We were able to see evidence that the ICB had set out there was c.£150m of risk associated with the plan, including £90m relating to efficiency programmes. We have also been able to see from Board papers during the year that there was clear reporting of the underlying position based on the trajectory in spend and known mitigations even though the forecast had not been formally revised.

Given the limited detail within the papers available to the Board we reviewed minutes of the Board meeting that approved the plan, however these did not include sufficient detail for us to understand the extent of the information provided to the Board or the challenge that was provided due to the brevity of the minutes.

We have performed extensive inquiries with management and members of the Board as well as attending committees where the financial position was discussed and are satisfied that there is evidence that the Board was sufficiently informed about the level of risk associated with the plan and that best efforts were being made across the system to seek to achieve the control total that had been delegated to it and so have not raised a significant weakness, however we have raised performance improvement observations to management to ensure that there is appropriate information provided to allow approval of key decisions and that accurate minutes of discussions are kept with sufficient detail.

Governance

Internal Audit

The ICB has received a head of internal audit opinion for 2024-25 that set out that there were weaknesses in the framework of governance, risk management and internal control. This is a downgrade compared to the previous year's assurance that there was an adequate and effective framework. This was driven by a number of partial assurance reports issued during the year and there being a high number of overdue recommendations, including a number from previous years. In particular a number of high-risk recommendations were raised relating to human resources areas, such as management of temporary staffing and IR35 calculations.

During the year the ICB established a Task and Finish Group to support the resolution of outstanding actions and ensure there was Executive oversight to the implementation of recommendations. However, due to the limited time remaining in the year, the ICB had not yet demonstrated sufficient progress, with several high-priority items still outstanding at year end.

We considered that the breadth of high-risk findings raised during the year and the high-risk recommendations that had not been implemented by the end of the year meant that there had been risks associated with control processes not operating as expected that had not been identified through the ICB's internal risk management processes and insufficient processes were in place to ensure that actions raised from internal audit reviews were implemented within the original planned timescales.

We have considered that this is a significant weakness in the arrangements at the ICB during the year. Refer to the recommendation made on page 20 of this report.

	2025	2024
Control deficiencies reported in the Annual Governance Statement	One	None
Head of Internal Audit Opinion	Weaknesses in the framework of governance, risk management and internal control	Adequate and effective framework, with further enhancements identified
Oversight Framework segmentation	1	1
Care Quality Commission rating	Good	Good

Improving economy, efficiency and effectiveness

How the ICB uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the ICB ensures effective processes and systems are in place in order to develop their cost saving efficiency saving program;
- how the ICB evaluates the services it provides to assess performance and identify areas for improvement;
- how the ICB ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives; and
- where the ICB commissions or procures services, how it assesses whether it is realising the expected benefits.

System financial planning

The ICB is responsible both for planning its own financial performance but also has a system leadership role for ensuring that the overall North East London Integrated Care System delivers financial balance.

The initial financial planning completed at a system level developed a planned deficit of c.£115m, which was submitted to NHS England in March 2025. Further revisions of the financial plan were undertaken throughout April and May 2024, which led to a final break-even plan being submitted. The improvement in the position was developed through a combination of additional funding received from NHS England to support the deficit, other elements of additional funding such as increased specialised commissioning allocations and commitments to increase the level of efficiencies delivered.

In the final financial plan submitted for the system the ICB highlighted that while there was a planned break-even position there was £153m of risk to the achievement of this position, with the most significant elements of risk being made up of £94m relating to efficiencies that may not be delivered. The plan highlighted that £91m of the efficiency plans within the providers were high risk, either due to not yet being identified or there being significant delivery risk.

In approving the 2024-25 system financial plan the ICB Board noted the challenges to the achievement of the plan, which included there being no reserves left to support an ‘unrealistic savings plan’.

Following the approval of the financial plan in May 2024 the system reported being behind plan from early in the year, with large deficits against the planned performance despite savings plans being heavily backloaded during the year. By Month 4 the system was reporting a £44m adverse variance to plan of a £75m deficit. The ICB’s reporting showed an extrapolated straight line position of a £246m full year deficit, which was forecast to be a £128m deficit after taking into account known mitigations and implementation of savings. This was largely consistent with the original planned deficit that the ICB had reported when first submitting its financial plan.

Improving economy, efficiency and effectiveness

How the ICB uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the ICB ensures effective processes and systems are in place in order to develop their cost saving efficiency saving program;
- how the ICB evaluates the services it provides to assess performance and identify areas for improvement;
- how the ICB ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives; and
- where the ICB commissions or procures services, how it assesses whether it is realising the expected benefits.

Papers also noted that a number of the system-wide transformation mechanisms needed to establish financial sustainability had not yet been established. In June 2024 the ICB noted that trusts had identified 10 workstreams that could deliver efficiencies that the ICBs could not achieve on their own. Plans were put in place after these for the workstreams to be amended in order to deliver required efficiencies and allocate them to organisations across the system, however were not in place to be able to support the level of savings required in 2024-25.

Following the identification of system financial performance going significantly off plan the ICB established a financial recovery program. A Joint Oversight Committee was established with executive oversight that was responsible for overseeing the efficiency programme, delivery of the control total and holding partners to account.

The North East London system has been allocated to category 4 of the Oversight framework throughout 2024/25. As a result of this the system received mandatory support through the Identification and Intervention system, with advisors providing support on mechanisms through which the system could improve its financial balance. Under the Health and Care Act the ICB has overall responsibility for ensuring that the overall ICS operates within balance.

Key findings from the report included the under-delivery of CIP schemes and with gaps identified in the both the capacity and capability to deliver these schemes. Other areas of concern included workforce growth, medical and nursing temporary pay, non-pay spend controls.

We noted through inspection of FPIC and Board meetings, that work is continuing across the system to address the financial risk held by all system partners. Progress and delivery continues to be monitored across the system through the Financial Sustainability Joint Oversight Committee (FSJOC) and discussed at recovery forums including CFO meetings and the ICB's Financial Sustainability Board.

We have not concluded that there is a significant weakness associated with the processes for achieving efficiency and sustainability within the system overall as we considered the design of the financial recovery process to be appropriate that was implemented during the year, progress to have been made in implementing transformation workstreams and that there is limited ability for the ICB to implement the efficiencies required at the provider organisations.

Improving economy, efficiency and effectiveness

Procurement and contract management

The ICB continued to face a high volume of single tender waivers (STWs) and Non-Complaint Procurements (NCPs) being submitted during the year. Furthermore, we noted concerns being raised within the Audit and Risk Committee on the increase in Retrospective Contract Awards being submitted for endorsement. Efforts are ongoing to improve contract management through staff training and regular contract register reviews. The transition to the Atamis system in January 2024 has added further challenges, particularly for the ICB, despite its wider sector adoption. The ICB reviewed its procurement policy during October 2024 with final revisions planned to be approved during February 2025. Although we have not identified a risk to a significant weakness on this, we have raised a performance improvement observation based on the challenges faced by the ICB.

Recommendations

We raised the following recommendations in response to significant weaknesses identified in our value for money procedures.

#	Recommendation	Management Response
1	**Governance** Management should strengthen oversight and accountability arrangements to ensure timely implementation of internal audit recommendations, particularly those rated as high priority and long-standing, and ensure that where there are gaps in the implementation of controls that the risks associated with these are appropriately considered through the ICB's risk management arrangements.	Agreed. Arrangements have been put in place across the ICB to ensure regular review and timely implementation of recommendations and actions. This includes oversight by the executive management team, establishment of a task and finish group and a standing item on the Audit and Risk Committee agenda to review progress.

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