

**UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST  
BOARD OF DIRECTORS  
THURSDAY 25 JULY 2013**

<b>Title:</b>	<b>AUDIT COMMITTEE REPORT</b>
<b>Presented by:</b>	David Burbridge, Director of Corporate Affairs
<b>Contact:</b>	Berit Reglar, Senior Manager Corporate Affairs, Ext 14324
<b>Purpose:</b>	To provide the Board of Directors with assurance on the system/processes considered by the Audit Committee and highlight any areas of concern.
<b>Confidentiality Level &amp; Reason:</b>	None
<b>Annual Plan Ref:</b>	None
<b>Key Issues Summary:</b>	There are no areas of concern. SAGE 100 is now fully implemented and live since 17 May 13.
<b>Recommendations:</b>	The Board of Directors is asked to note the content of the report.
<b>Approved by:</b>	<b>Date: 17 July 2013</b>

**UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST**  
**BOARD OF DIRECTORS**  
**THURSDAY 25 JULY 2013**  
**AUDIT COMMITTEE REPORT**  
**PRESENTED BY THE DIRECTOR OF CORPORATE AFFAIRS**

1. This report aims to provide the Board of Directors with formal assurance on the Trust systems/processes reviewed by the Audit Committee in accordance with the Committee's annual cycle and to highlight any areas of concern.
2. The Audit Committee is authorised to review the establishment and maintenance of a system of internal control and risk management and may investigate any activity of the Trust with assistance from Internal and/or External Audit to establish the systems' robustness and effectiveness.
3. Since the last report the Audit Committee has met on two separate occasions, 2 May and 23 May 13.

**Meeting on 2 May 2013**

- 3.1 At the 2 May meeting the Audit Committee received the following compliance reports:
  - Complaints, Claims and Incidents (Aggregate Report) (quarterly)
  - Research Governance Report (annual)
  - Health & Safety Report (bi-annual)
  - Combined NHSLA and CQC Compliance and Assurance Report (quarterly)
  - Clinical Governance Audit Activity Report (quarterly)
  - Recommendation Tracking Report (quarterly)
- 3.2 In preparation of the submission of the Annual Report and Annual Accounts, the Audit Committee also received the following draft reports:
  - Internal Audit Annual Report DRAFT
  - Draft Annual Governance Statement (AGS)
  - Pre-Audited Annual Accounts 2012/13
  - Pre-Audited Trust Annual Report 2012/13
  - Assessment of Compliance against Monitor's Code of Governance

**Meeting on 23 May 2013**

4. At the last Audit Committee meeting (23 May) the Audit Committee considered and subsequently recommended to the Board formal ratification of the following reports:
  - Annual Report (including the AGS which was considered as a separate item)
  - Annual Accounts

- Audit Committee Annual Report

### **External Audit**

5. KPMG issued the External Audit ISA 260 Report and the External Audit Report on the Quality Accounts with the recommendation to submit the ISA260 Report to Monitor in support of the Trust's Annual Report and Annual Accounts. The Finance Department is in the process of implementing the two recommendations deriving from the Report on Quality Accounts ('Off payroll' arrangements' (medium) and 'Agreement on Balances Exercise' (low)).

### **Internal Audit**

6. The Audit Committee further received the following Internal Audit reports:
  - Head of Internal Audit Opinion 2012/13
  - Local Counter Fraud Annual Report; and
  - Local Counter Fraud Plan 2013/14
  - IT/Data Security Report
7. The Head of Internal Audit Opinion provided 'Substantial' assurance on 12 of the 13 reports issued in 2012/13. One element of the Key Financial Controls audit process only received 'Limited' assurance owing to the continuous delay in implementing the SAGE finance system upgrade. Subsequent volume testing of the system was successful and SAGE 100 has gone live on 17 May. It was agreed that a further Internal Audit report on key financial controls would be commissioned in the FY13/14, encompassing SAGE, from which the Committee could draw assurance.
8. Due to the tight agenda it was decided to postpone the review of the IT/Data Security Report which will now be considered at the Audit Committee meeting on 23 July 13.

### **General Compliance/Governance**

9. The Audit Committee received the Annual Report on Hospitality Declarations and Directors' Interest.

10. **Recommendations**

The Board of Directors is asked to note the content of this report.

David Burbridge  
**Director of Corporate Affairs**