University Hospitals Birmingham **NHS**

NHS Foundation Trust

AUDIT COMMITTEE
Minutes of the Meeting of 6 May 2010
Board Room, Trust HQ, QEMC

Present:	Mr Stewart Dobson (Chair)
	Mrs Gurjeet Bains ("GB")
	Ms Angela Maxwell ("AM")
	Mr David Ritchie ("DR")
	Ms Clare Robinson ("CR")
	Prof Michael Sheppard
In Attendance:	Mr Mike Sexton, Executive Director of Finance ("EDoF")
	Mr Tim Jones, Executive Director of Delivery ("EDoD")
	Mr Kevin Bolger, Chief Operating Officer ("COO")
	Mr David Burbridge, Director of Corporate Affairs ("DCA")
	Mr Julian Miller, Deputy Director of Finance ("DFD")
	Mrs Fiona Alexander, Director of Communication ("DComm") – left the meeting after discussion of item 9
	Mrs Kay Fawcett, Chief Nurse ("CN") – joined the meeting after discussion of item 14
	Mr Trevor Rees, KPMG
	Mr Bob Hibberd, Head of Governance ("HoG")
	Mrs Sheena Taylor, Risk Management Advisor ("RMA")
	Mr Mike Gennard, RSM Tenon (Internal Audit)
	Ms Lynsey Philpott, RSM Tenon (Internal Audit)
	Mr Bradley Vaughan, RSM Tenon (Counterfraud)
	Mrs Berit Reglar, Senior Manager Corporate Affairs ("SMCA")

A11/01 **Apologies for Absence**
Apologies for absence were received from Prof. David Bailey.

A11/02 **Minutes of the last meeting – 18 March 2010**

Resolved: The minutes of the previous meeting held on 18 March 2010 were approved as a true record.

It was noted that the Action List annexed to the minutes had been updated since the last meeting and it was agreed that items A08/68, A09/04, A09/11 and A10/17 could also be taken off the list as appropriate action had been taken. The DCA agreed to check the minutes of the meeting on 19 March 2009 so as to establish whether item A09/30 was still required and to send an extract of the Assurance Framework Report (see item A10/808) to all Committee members with a view to identifying the elements to be reported on in the future.

ACTION: DCA

The EDoD confirmed that another paper on sickness/absence records would be presented to the Committee in September.

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ACTION: EDoD

A11/03   **Matters arising**

There were no matters arising.

A11/04   **Monitor Annual Report 2009/10 DRAFT**

The Committee considered the Draft Monitor Annual Report presented by the DComm who explained that Monitor's drafting guidance had only been received 5 days prior to the meeting. It was agreed that a more comprehensive report would be drafted and sent to all Non-Executive/Executive Directors in the week commencing 24 May with a view to collating their comments prior to the compilation of the final version which is to be signed off by the Board of Directors on 3 June.

ACTION: DComm

The Committee subsequently discussed some generic points in relation to Appendix 2, including the appointment/re-appointment process for Executive Directors. It was agreed that the Executive Appointments and Remuneration Committee should in due course be asked to confirm the current position taken by the Trust which deviates from Monitor's guidance.

ACTION: DCA

Resolved: To receive the first DRAFT report.

A11/05   **Internal Audit – Progress Report**

The Committee considered the Internal Audit – Progress Report, presented by Lynsey Philpott from RSM Tenon.

The Committee expressed its approval of the new format of the report, but requested a change to Appendix B so as to incorporate the new Trust strategy into the far left column.

The Committee discussed the timing and presentation of the IG Toolkit Audit Report referred to on page 9. Mike Gennard from RSM Tenon explained that this particular audit report had been commissioned in order to assist the Trust in the submission of the final IG Toolkit Assessment. It had been written while the IG Toolkit evidence gathering was still ongoing and did not therefore necessarily reflect the current position. The HoG added that a robust reporting system is already in place and that all evidence streams are discussed at the Information Governance meeting. In light of this, it was agreed that it would suffice to submit a summary report to the Audit Committee, the format of which should be discussed once Connecting for Health had

issued version 8 of the IG Toolkit. Irrespective of any changes to the format, the Chair requested that the recommendations and action plans would still form part of the new report submitted to the Committee.

ACTION: DCA/HoG/RSM Tenon

The EDoD provided a brief verbal update on the revision of the current PDRS.

Resolved: To accept the report.

A11/06   **Internal Audit – Annual Report 2009/10**

The Committee considered the Internal Audit - Annual Report, presented by Mike Gennard of RSM Tenon who reiterated that significant assurance could be given on the basis that the Trust has in place a generally sound system of internal control which is designed to meet the organisation's objectives, and that controls would generally be applied consistently.

Resolved: To accept the report.

A11/07   Internal Audit – LCFS Work Plan

The Committee considered the LCFS Work Plan, presented by Bradley Vaughan of RSM Tenon. Mr Vaughan confirmed that the Trust had been one of 11 Trusts on which the National Prevention Team had conducted a detailed financial analysis on agency invoices and concluded that the Trust had not been a victim of over- or under-charging, although some minor miscalculations of VAT were identified.

Mr Vaughan further confirmed that, despite all reasonable efforts, the Trust had not gained permission from the Police to carry out surveillance in the canteen where money had been taken from a till. However, the Trust has now brought disciplinary proceedings against the suspect.

In relation to one incident, the Trust had requested information from another Hospital in order to establish whether a member of UHB staff had worked at the same hospital while being on sick leave. In the event that this information was not forthcoming, the Trust might try and use section 35 of the Data Protection Act which stipulates that personal data is exempt from the non-disclosure provisions where the disclosure is necessary for the purpose of, or in connection with, any legal proceedings (including prospective legal proceedings).

Resolved: To accept the report.

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A11/08 **Pre Audit Set of Financial Statements**

The Committee considered the pre-audit set of Financial Statements, the final version of which will be submitted to the Committee on 3 June.

Resolved: To accept the set of Statements.

A11/09 **Draft Statement on Internal Control and Assurance Framework**

The Committee considered the Draft Statement on Internal Control and Assurance Framework Report, presented by the DCA who advised that since preparation of this report, Monitor had issued another guidance document, the impact of which still needed to be explored.

It was agreed that an updated version would be sent to all Executive and Non–Executive Directors in advance of the next meeting so as to incorporate their comments into the final version which has to be signed off at the next BOD meeting on 3 June.

ACTION: DCA

Resolved: To accept the report.

A11/10 **Financial Risks Associated with the New Hospital**

The Committee considered the Report on Financial Risks Associated with the New Hospital. The EDoF advised that the external valuation of the New Hospital could potentially differ from the current 10 year forecast and that he would present to the Committee a more comprehensive report, incorporating the final external valuation of the New Hospital, at the next Audit Committee meeting.

ACTION: EDoF

Resolved: To accept the report.

A11/11 **Assurance Framework High Level Risks and High Level Assurance/Compliance Monitoring Report**

The Committee considered the Assurance Framework High Level Risks and High Level Assurance/Compliance Monitoring Report. The DCA explained that in future the two reports would be presented in an amalgamated version once all risks, controls and assurances had been fully aligned. In the current High Level Assurance/Compliance Monitoring Report several irrelevant assurances had been taken off and one new assurance had been added to take account of risks associated with the New Hospital Project.

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It was agreed that the Committee would be presented with an update report on Document Control as the assurance level had slightly dipped.

ACTION: SMCA

Resolved: To accept the report.

A11/12 **Risk Management Report**

The Committee considered the Risk Management Report.

The HoG advised that the Trust has a robust system of root cause analysis in place.

The EDoD provided the Committee with some background information in relation to "Missing Medical Records Incidents":
- Vascular and Rheumatology are now also on the portal which can be viewed by specialty;
- The majority of new clinical information has been digitised with certain laboratory results being one of the exceptions;
- The Trust aims to take the manual/hard copy notes out of clinics by December 2010 and this project is currently on schedule.

The Committee briefly discussed the Medication Incidents in section 7 of the report.

The Committee was content with the presentation of the report, but it was requested that each section should include the same data analysis in future: The current data should be compared to the data of the last month, as well as the data of the same month of the previous year.

ACTION: RMA/HoG

Resolved: To accept the report.

A11/13 **Quarterly Clinical Governance Audit Activity Report**

The Committee considered the Quarterly Clinical Governance Audit Activity Report. The HoG explained that neither the DoH, nor the CQC provide a definite list of National Audits which should be attended by Trust staff. Consequently, the Trust sends representatives to all audits. However, due to the constantly growing number of audits this approach might not be sustainable. The Medical Director has therefore initiated a scoping exercise so as to establish the importance of these audits and an updated report will be presented to the Committee once all data are available.

ACTION: HoG

Resolved: To accept the report.

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A11/14 **Quarterly Complaints Reports**

The Committee considered the Quarterly Complaints Report, presented by the CN. The Committee praised the usefulness of the graph in table 1 and discussed the Learning and Actions column in table 2. It was agreed that in future the report should include examples on how complaints have been followed up, by adding a further column to the table. In addition, the data contained in table 7 should be verified.

ACTION: CN

Resolved: To accept the complaints update and actions identified for all serious complaints.

A11/15 **Research Governance**

The Committee considered the Research Governance Report.

Resolved: To accept the report.

A11/16 **Information Governance Toolkit Report**

The Committee considered the Information Governance Toolkit Report, which had already been discussed as part of agenda item A11/05 (see above).

Resolved: To accept the report.

A11/17 **Single Tender/Quote Approvals 2009/10 – Quarter 4**

The Committee considered the Single Tender/Quote Approvals 2009/10 – Quarter 4 Report, presented by the EDoF. The Committee was advised that the IT single tender had been approved on the basis that, following a proper evaluation process, the product in question had been identified as the most suitable one to meet the Trust's needs. The costs for the Consultant Construction Project Manager had been compared against a benchmark and the chosen individual had proved to be excellent value for money.

Resolved: To accept the report.

A11/18 **Any Other Business**
There was no other business.

A11/19 **Date of Next Scheduled Meeting**

Thursday, 3 June 2010 - THQ Board room

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Time: 11.30am – 12.30pm
11.00am – 11.15am NEDs Pre-Meeting
11:15am – 11:30am NEDs meeting with DCA

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AUDIT COMMITTEE

Action list (as at 15t^h February 2010)

Minute	Action	Date	By	Status
Actions from 12 February 2009				
A09/011	A paper outlining the shortfalls of the current sickness absence monitoring to be presented to the next Committee.		HRD	
Actions from 19 March 2009				
A09/030	To provide the Audit Committee with details on training schedules per staff group.		DD	
Actions from 11 February 2010				
A10/79	To assist the Finance department in obtaining clarity as to whether or not Trust needs to move from IAS standard 17 to IAS standard 39.		KPMG	
A10/80	To provide feedback to the DCA on the aspects to be included in the Assurance Framework Report.		All	
A10/81	To provide a detailed action plan with timescales for the IT Disaster Recovery Plan.		DIT	
A10/82	To consider root cause analysis.		PSM/CN	
A10/83	To carry out an internal audit on recruitment checks.		DCA	
A10/89	To consider whether departments with good patient record management systems should share their experience with other departments		RMA	
A10/93	To provide an update on Dermatology		PSM	
Actions from 18 March 2010				
A10/103	To liaise with Mike Sexton on how the outcome of investigations are to be pursued.		LCFS	
A10/105	To consider whether sufficient time is given to review quarterly progress reports.		DCA/Chair	
A10/106	To revise format and enquire whether review could be done on-line.		DCA	
Actions from 6 May 2010				
A11/02	To provide all Non-Executive Directors with an extract of the Assurance Framework Report with the view to identifying those risks, controls and assurances on which regular reporting is required.	Sept. 10	DCA	
A11/02	To present to the Committee an update on	Sept. 10	EDoD	

Minute	Action	Date	By	Status
	current sickness/absence records.			
A11/04	To provide all Non-Executive Directors with more comprehensive version of the Monitor Annual Report with the view to collating their comments prior to the compilation of the final version.	the week commencing 24 May	DComm	
A11/04	The Executive Appointment and Remuneration Committee to confirm the current position taken by the Trust in relation to the appointment/re-appointment of Executive Directors which deviates from Monitor's guidance.		DCA	
A11/05	To provide the Committee with a summary report on the IG Toolkit.	Sept. 2010	DCA/ HoG/RSM Tenon	
A11/09	To send an updated version of the SIC and Assurance Framework to all Executive and Non –Executive Directors in advance of the next meeting so as to incorporate their comments into the final version.	the week commencing 24 May	DCA	
A11/10	To present to the Committee a more comprehensive report on BNHP – Financial Risks.	3 June 2010	EDoF	
A11/11	To present to the Committee an update report on Document Control.	Sept. 2010	SMCA	
A11/12	To include a data analysis in future reports.		RMA/HoG	
A11/13	To update the Committee on the Trust's position in relation to National Audits.		HoG	
A11/14	In future reports, to include examples on how complaints have been followed up, by adding a further column to the table and to verify data contained in table 7.	Sept. 2010	CN	