

**AGENDA ITEM NO:****UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST  
BOARD OF DIRECTORS  
THURSDAY 28 MARCH 2013**

<b>Title:</b>	<b>AUDIT COMMITTEE REPORT</b>
<b>Presented by:</b>	David Ritchie, Chair of Audit Committee
<b>Contact:</b>	Berit Reglar, Senior Manager Corporate Affairs, Ext 14324
<b>Purpose:</b>	To provide the Board of Directors with assurance on the 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>	
<b>Recommendations:</b>	The Board of Directors is asked to note the content of the report and if thought fit, approve the Audit Committee's Annual Cycle (Annex A).
<b>Signed:</b>	<b>Date: 19/03/2013</b>

**UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST**  
**BOARD OF DIRECTORS**  
**THURSDAY 28 MARCH 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. **Internal Audit**
4. At its last meeting (13 March 13) the Audit Committee considered the following Internal Audit reports:
  - Progress Report
  - Key Financial Controls – Financial Transactions and Disaster Recovery
  - Insight into Payroll
  - Savings Plan
  - Junior Specialist Doctors Recruitment
5. 'Substantial assurance' was provided in relation to all processes bar the following:

Key Financial Control – Disaster Recovery

  - 5.1 Only limited assurance was provided in relation to the 'Disaster Recovery' element on the basis that the SAGE Finance System upgrade had had to be delayed following unsuccessful volume load testing where large numbers of multiple users access the system concurrently. The Audit Committee raised concerns over the delay of the system upgrade and considered all reasons in great detail (see A12/141 in the minutes).
  - 5.2 However, additional testing has recently been carried out with success and it is anticipated that the new go-live date (17 May 2013) will be met. The Audit Committee was therefore satisfied that a progress update on the dry-run at the meeting on 2 May and a full progress update at its meeting on 23 May 13 would suffice to gain assurance in relation to this internal control. If, following these meetings, there remains doubt as to the robustness of the system, the Committee shall make more specific recommendations at the end of May meeting.
  - 5.3 The External Auditors, however, noted that the upgrade would have disrupted their work in completing the final audit, so the delay had been longer than it might have been otherwise, in order to avoid this disruption.

## **6. Annual Cycle of Business**

- 6.1 In light of the recent BOD seminar with Mr Andrew Corbett Nolan, the Audit Committee's Annual Cycle requires approval by the Board of Directors.
- 6.2 The Annual Cycle in Annex A is based on the annual cycle and submitted papers of previous years, and takes account of any changes in processes/responsibilities, e.g. the new joint CQC and NHSLA compliance monitoring reporting.

## **7. General Compliance/Governance**

- 7.1 The Audit Committee was assured that the process for managing controlled documents within the Trust is robust and follows the Board approved 'Policy for the development and Management of Controlled Documents' without exception.
- 7.2 The Audit Committee commended the improvement in relation to compliance against the Freedom of Information Act and Environmental Information Regulation. 86% of all requests received between 1 April 2012 and 28 February 2013 were responded to within the deadline. There has been no official complaint to the Information Commissioner's Office and there has been only one internal review during the aforementioned time period.
- 7.3 The Audit Committee was satisfied that the process for producing the Information Toolkit score of 80% is rigorous and efficient.

## **8. Recommendations**

The Board of Directors is asked to note the content of this report, and if thought fit, approve the Audit Committee's Annual Cycle.

David Ritchie  
**Chair of Audit Committee**