

UNIVERSITY HOSPITALS BIRMINGHAM NHS FOUNDATION TRUST
BOARD OF DIRECTORS
THURSDAY 6 FEBRUARY 2014

Title:	AUDIT COMMITTEE REPORT
Presented by:	David Burbridge, Director of Corporate Affairs
Contact:	Berit Reglar, Senior Manager Corporate Affairs, Ext 14324
Purpose:	To provide the Board of Directors with assurance on the systems/processes considered by the Audit Committee and highlight any areas of concern.
Confidentiality Level & Reason:	None
Annual Plan Ref:	None
Key Issues Summary:	There are no areas of concern.
Recommendations:	The Board of Directors is asked to receive the report.
Approved by:	Date: 25 January 2014

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BOARD OF DIRECTORS
THURSDAY 6 FEBRUARY 2014
AUDIT COMMITTEE REPORT
PRESENTED BY THE DIRECTOR OF CORPORATE AFFAIRS

1. Introduction

- 1.1. 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.
- 1.2. 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.
- 1.3. Since the last report the Audit Committee has met once on 7 November 2013.
- 1.4. At its last meeting the Audit Committee received the following compliance reports:
 - 1.4.1. Complaints, Claims and Incidents (Aggregate Report) (quarterly);
 - 1.4.2. Health & Safety Report (bi-annual);
 - 1.4.3. Combined NHSLA and CQC Compliance and Assurance Report (quarterly);
 - 1.4.4. Clinical Governance Audit Activity Report (quarterly); and
 - 1.4.5. Recommendation Tracking Report (quarterly).
- 1.5. It was noted that both the new Internal Auditors (KPMG) and External Auditors (Deloitte) had been formally appointed by the Chief Executive and Council of Governors (at the meeting on 4 October 13) respectively. Deloitte would continue to work as Internal Auditors until 31 December 2013 and submit all its outstanding reports to the Audit Committee meeting on 6 February 2014. From 1 January 2014 Deloitte would act as new External Auditors. KPMG had resigned as External Auditors with effect from 1 October 2013 and commenced work as new Internal Auditors on 1 November 2013.

2. External Audit

There were no reports from External Audit.

3. Internal Audit

- 3.1. KPMG presented their Draft Internal Audit Annual Plan for 2013/14 which contained three outstanding reports (BAF, IT controls and Safe Haven). All three reports will be undertaken by the new Internal Auditors (KPMG) following a formal handover by Deloitte.
- 3.2. The outgoing Internal Auditors (Deloitte) presented the following reports:
 - 3.2.1. Internal Audit Progress Report;
 - 3.2.2. Internal Audit Procurement Report;
 - 3.2.3. Internal Audit Consultant Job Plans; and
 - 3.2.4. Internal Audit Patients' Property.
- 3.3. It was noted that the 'core financial reviews' (e.g. Payroll/Payroll Bureau; Payroll Analytics) had been left for the last quarter (Q4), now to be carried out by KPMG, so as to allow for maximum coverage of the financial year and inclusion in the 'Head of Internal Audit Opinion' by the incoming Internal Audit Team.
- 3.4. Although only 'advisory' in nature, the Internal Audit Consultant Job Plans report raised several recommendations (seven level 2 and one level 1 recommendations) which have been logged and are being followed up. In light of the new revalidation process, and when benchmarked against other trusts, the Trust was assured that it already had a robust process in place and that the recommendations concerned the 'fine tuning' of these processes.
- 3.5. The Local Counter Fraud Specialists presented their quarterly update. No serious concerns were raised.

4. General Compliance/Governance

- 4.1. The Audit Committee received the following additional reports:
 - 4.1.1. Draft Long Term Financial Plan;
 - 4.1.2. Review of Losses and Special Payments; and
 - 4.1.3. SAT.
- 4.2. None of these reports raised any concerns. The Committee was advised that the Board would receive an updated Financial Plan for 2014/15 at its February meeting.

5. Recommendations

The Board of Directors is asked to receive this report.

David Burbridge
Director of Corporate Affairs

January 2014