AGENDA

A MEETING OF THE NHS FIFE AUDIT & RISK COMMITTEE WILL BE HELD ON THURSDAY 13 MARCH 2025 FROM 2PM TO 4PM VIA MS TEAMS

Note: There will be a pre meeting of Non-Executive Members only at 1.30pm

Alastair Grant
Chair

				Purpose	
14:00	**1.**	Apologies for Absence ***(AG)***			
	2.	Declaration of Members' Interests ***(AG)***			
	3.	Minutes of Previous Meeting held on Thursday 12 December 2024 ***(AG)***		***(approval)***	(enc)
	4.	Chair's Assurance Report presented to Fife NHS Board on 30 January 2025 ***(AG)***		***(for information)***	(enc)
	5.	Matters Arising / Action List ***(AG)***		***(assurance)***	(enc)
14:10	**6.**	**INTERNAL AUDIT**			
		6.1	Global International Accounting Standards Changes in 2025 ***(JL)***	***(discussion)***	(enc)
		6.2	Internal Audit Progress Report ***(BH)***	***(assurance)***	(enc)
		6.3	Internal Audit – Follow Up Report on Audit Recommendations 2023/24 ***(AB)***	***(assurance)***	(enc)
14:45	**7.**	**EXTERNAL AUDIT**			
		7.1	External Audit – Follow Up Report on Audit Recommendations ***(MM)***	***(assurance)***	(enc)
		7.2	External Auditors Interim Audit Report ***(CB)***	***(assurance)***	(verbal)
		7.3	External Annual Audit Plan ***(CB)***	***(assurance)***	(enc)
		7.4	Patients' Private Funds - Audit Planning Memorandum ***(KB/A Mitchell, Thomson Cooper)***	***(assurance)***	(enc)
15:00	**8.**	**ANNUAL ACCOUNTS**			
		8.1	Initial Annual Accounts Preparation Timeline ***(KB)***	***(assurance)***	(enc)
15:05	**9.**	**RISK**			
		9.1	Corporate Risk Register ***(CM)***	***(assurance)***	(enc)
		9.2	Risks & Opportunities Group Progress Report - March 2025 ***(CM)***	***(assurance)***	(enc)

15:20 **10. GOVERNANCE MATTERS**

10.1	Audit & Risk Committee Self-Assessment Report 2024/25 ***(GM)***	***(discussion)***	(enc)
10.2	Annual Review of Audit & Risk Committee Terms of Reference ***(GM)***	***(assurance)***	(verbal)
10.3	Blueprint for Good Governance Improvement Plan Update ***(GM)***	***(assurance)***	(enc)
10.4	Losses & Special Payments Quarter 3 Report ***(KB)***	***(assurance)***	(enc)
10.5	Procurement Tender Waivers Quarter 3 Report ***(KB)***	***(assurance)***	(enc)

11. FOR ASSURANCE

11.1	Audit Scotland Technical Bulletin 2024/4 ***(KB)***	***(assurance)***	(enc)
11.2	Delivery of Annual Workplan 2024/25 ***(MM)***	***(assurance)***	(enc)

12. ESCALATION OF ISSUES TO NHS FIFE BOARD

12.1	Chair's comments on the Minutes / Any other matters for escalation to NHS Fife Board	(verbal)

13. MEETING REFLECTIONS & AGREEMENT OF MATTERS FOR CHAIR'S ASSURANCE REPORT TO BE PRESENTED TO FIFE NHS BOARD ON 25 MARCH 2025

14. ANY OTHER BUSINESS

15:45 **PRIVATE SESSION**

15. Apologies for Absence ***(AG)***

16. Declaration of Members' Interests ***(AG)***

17.	Minutes of Previous Meeting held on Thursday 12 December 2024 ***(AG)***	***(approval)***	(enc)
18.	Matters Arising / Action List	***(assurance)***	(enclosed)
18.1	Progress on National Fraud Initiative ***(KB)***	***(assurance)***	(verbal)
19.	Counter Fraud Service – Quarter 3 Report ***(KB)***	***(assurance)***	(enc)
20.	Any Other Business		
21.	Private Meeting with Internal / External Auditors		(Discussion)

Date of Next Meeting: **Thursday 15 May 2025 from 2pm - 4pm** via MS Teams

Fife NHS Board

Unconfirmed

MINUTE OF THE AUDIT & RISK COMMITTEE MEETING HELD ON THURSDAY 12 DECEMBER 2024 AT 2PM VIA MS TEAMS

Present:
Alastair Grant, Non-Executive Member (Chair)
Anne Haston, Non-Executive Member
Aileen Lawrie, Non-Executive Member

In Attendance:
Kevin Booth, Head of Financial Services & Procurement
Chris Brown, Head of Public Sector Audit (UK), Azets
Andrew Ferguson, Senior Manager, Azets
Barry Hudson, Regional Audit Manager
Jocelyn Lyall, Chief Internal Auditor
Dr Gillian MacIntosh, Head of Corporate Governance & Board Secretary
Caitlin MacKenzie, Senior, Azets
Margo McGurk, Director of Finance & Strategy *(part)*
Maxine Michie, Deputy Director of Finance *(deputising)*
Audrey Valente, Chief Finance Officer, Health & Social Care Partnership (HSCP) *(deputising)*
Hazel Thomson, Board Committee Support Officer (Minutes)

Chair's Opening Remarks

The Chair welcomed everyone to the meeting. The NHS Fife MS Teams Meeting Protocol was set out and a reminder given that the meeting is being recorded to aid production of the minutes.

1. Apologies for Absence

Apologies were received from routine attendees Carol Potter (Chief Executive) and Dr Shirley-Anne Savage (Associate Director of Risk & Professional Standards).

2. Declaration of Members' Interests

There were no declarations of interest made by members.

3. Minute of the last Meeting held on 12 September 2024

The minute of the last meeting was **agreed** as an accurate record.

4. Chair's Assurance Report Presented to Fife NHS Board on 25 September 2024

The Chair's Assurance Report to the last Board meeting was presented to the Committee for information only.

5. Action List / Matters Arising

The Audit & Risk Committee **noted** the update on the Action List in relation to the corporate risks mapping exercise.

6. INTERNAL AUDIT

6.1 Internal Audit Progress Report

The Regional Audit Manager advised that resource within the Internal Audit Team had been directed to prioritise the production of the Internal Controls Evaluation Report, and that long-term sickness absence within the team has had an impact on delivery of the Internal Audit Plan for the current year. Assurance was provided that a return to a full strength team is expected in January 2025, and that those absences are not linked to workplace issues; the Chief Internal Auditor has been monitoring the position closely. It was reported that the implications on delivery of the Internal Audit Plan is reflected within the risk assessment section of the report. It was agreed to escalate the risk assessment undertaken to determine the decision not to proceed at present with the audits cited below to the NHS Fife Board via the Chair's Assurance report.

An explanation was provided on the deferment of the Supplementary Staffing and Digital & Information Strategy audit reviews, with it being noted that, due to the significance of the audits, these would be undertaken in 2025/26 and not deferred indefinitely. Following questions on the assessment undertaken to identify these two reviews as suitable for deferral, given their overall linkages to RTP work, the Chief Internal Auditor agreed to provide a further paper outwith the meeting that describes the analysis from the initial plan to support the deferment of these audits. This will then be circulated to members for further information.

Action: Chief Internal Auditor

Clarity was provided that both the Internal Controls Evaluation Report and Internal Audit Progress Report are part of the Committee's remit to be presented on a yearly basis, and assurance was provided that any issues arising during the course of the year in relation to delivery of Internal Audit activity would be escalated.

The Committee took a **"moderate" level of assurance** on delivery of key year-end and mid-year reports and took a **"limited" level of assurance** on the remaining reviews within the 2024/25 Annual Internal Audit Plan.

The Committee also **noted** the progress on the 2024/25 Annual Internal Audit Plan and **approved** the removal of the B19/25 Supplementary Staffing and B23/25 Digital & Information Strategy & Governance reviews as part of the risk assessment of the 2025/26 Internal Audit Planning.

6.2 Internal Controls Evaluation Report 2024/25

The Chief Internal Auditor presented the report and advised that once the management responses are added, adequate and appropriate actions will be put in place to address the nine recommendations within the report. An updated report with the management

responses will be circulated electronically once complete and the final report will come back to the Committee in March 2025 for formal approval.

An overview was provided on the contents of the report, and it was noted that the exceptionally challenging circumstances that NHS Fife (and other NHS Scotland Health Boards) are facing have been fully described within the report. It was also noted that the Reform, Transform & Perform programme has been referenced throughout the report, and the theme of ensuring that there is a sustained focus on safe delivery of quality care has also been included. An overview was also provided on the recommendations within the report.

The Committee took a **"moderate" level of assurance** from the report and **agreed** that the Internal Controls Evaluation Report 2023/24 be presented to each Standing Committee in January.

7. EXTERNAL AUDIT

7.1 Annual Audit Plan 2024/25

C Brown, Azets, spoke to the External Audit Annual Audit Plan, noting that it is similar to last year's plan, due to the continuing challenging external environment. It was reported that addressing the financial position is the main risk, and that financial sustainability and financial management will be the main focus of the audit. In terms of the financial statement risks, it was advised that there is an additional risk around the provision of the band 5 nursing pay review.

It was further reported that some improvements have been identified for delivering the audit, mainly around carrying out as much work as possible prior to the year-end period, to release the time pressure for the final audit.

It was reported that the timelines set out within the paper will ensure that the Scottish Government deadline date for approval of the accounts, of 30 June 2025, will be met.

The Committee **approved** the External Audit Annual Audit Plan.

8. RISK

8.1 Corporate Risk Register

The Director of Finance & Strategy provided an update and reported that the Corporate Risk Register was considered in detail at the Standing Governance Committees in November 2024, and that the key updates are provided within the paper. In terms of the update to Risk 2 Health Inequalities, it was advised that NHS Fife was unsuccessful in its application to be selected as a pilot site for Marmot Place. However, feedback received was positive in relation to the work that is being undertaken, and NHS Fife is well advanced in taking forward the Marmot principles. It was also reported that work is underway for a potential new corporate risk for Substance Related Morbidity and Mortality, with it being expected that this risk will be presented within the January Standing Governance Committee cycle.

It was advised that the NHS Fife Board approved the revised Risk Appetite Statement at their November 2024 meeting, and that the Risk Appetite Statement may need to be reviewed in relation to the scale of the challenge we will face following Scottish Government recent budget announcement for 2025/26. It was noted that this will be discussed at the Board Development Session on 17 December 2024.

Following a query in relation to the potential inclusion of a specific mental health services corporate risk, it was advised that this potential risk has not yet been considered in full by the Executive Directors' Group, and that the view of the NHS Fife Board will be sought on how to take that potential risk forward.

The Committee took a **"moderate" level of assurance** that all actions, within the control of the organisation, are being taken to mitigate the risks as far as is possible to do so.

8.2 Risk Management Strategic Framework

The Director of Finance & Strategy reported that a significant review of the Risk Management Strategic Framework was carried out 12 months' ago, and that the delay to finalise the revised document was due to awaiting the recent refresh of the revised Board Risk Appetite Statement. It was noted that there was an opportunity to streamline the documents that support our risk management arrangements, which resulted in all relevant information around systems and processes in relation to risk management across the organisation now being held in the Risk Management Strategic Framework.

An overview was provided on the purpose, remit and key responsibilities of the Audit & Risk Committee in relation to risk management. Discussion took place, and it was agreed that the Committee will carry out a self-assessment on a yearly basis, and include a report of that within the Committee's Annual Statement of Assurance. This will evidence that the Audit & Risk Committee is recognising and taking forward its responsibilities in this important area of governance.

The Committee **endorsed** the Risk Management Strategic Framework for formal approval at the NHS Fife Board.

8.3 NHS Fife Board's Risk Appetite Statement

The Director of Finance & Strategy provided background detail on the progress of refreshing the Board Risk Appetite Statement. It was reported that the revised statement is high-level and linked directly to the introduction of the levels of assurance on all our activity. It was noted that the statement was discussed in detail at the recent NHS Fife Board meeting in November 2024, before being approved.

It was advised that of the Board will not accept risks where the assurance level is below moderate. It was also advised that the financial position and activity around delivering a financial balance will not be met in 2024/25 without significant additional financial support/brokerage from Scottish Government. The Board has tolerated a limited level of assurance for this financial risk throughout this financial year. The importance of regular discussions on the financial risk and ensuring that the NHS Fife Board is being

assured on the position being presented, to then make decisions on the way forward, was noted.

The Committee took a **"moderate" level of assurance** from the updated Risk Appetite Statement.

9. GOVERNANCE MATTERS

9.1 Integrated Joint Board (IJB) Annual Statement of Assurance

The Chief Finance Officer (HSCP) reported that there were no issues or concerns raised around the governance statement, and that there was appropriate disclosure of relevant issues to strengthen financial governance. It was noted that, following the IJB year-end position in 2023/24, a lessons learned action plan has been developed and progress on its delivery will be reviewed at each IJB Audit & Assurance Committee meeting.

The Committee took a **"moderate" level of assurance** from the assurance statement.

9.2 Integrated Joint Board Lessons Learned Report on Year-End 2023/24

The Chief Finance Officer (HSCP) advised that the IJB Lessons Learned Report was commissioned by the IJB Finance, Performance & Scrutiny Committee in response to an increase in the financial shortfall within the last quarter of 2023/24. It was reported that a review, including a root cause analysis, was undertaken, alongside independent scrutiny, to provide an understanding of where there was significant movement between the financial projection and the actual expenditure incurred at year-end. It was advised that the review identified a number of improvement actions that will further strengthen the controls that are already in place.

An explanation was provided on the complex reporting structure, particularly around up-to-date data on financial performance. Assurance was provided that there is regular reporting to the IJB Finance, Performance & Scrutiny Committee and the IJB full Board, and that the frequency of meetings between the Directors of Finance, from both the IJB and NHS Fife, has been increased to consider the in-year position as it develops.

The Committee took a **"moderate" level of assurance** from the report.

9.3 Audit Scotland report: NHS in Scotland 2024 – Finance & Performance

The Director of Finance & Strategy presented the report, and highlighted the recommendations section, which set out that Boards should be setting a balanced financial position in the next three years, identifying realistic recurring savings and reducing the reliance on non-recurring savings by considering fundamental changes to how services are offered. It was noted further discussion will take place at the Board Development Session on 17 December 2024. An overview was provided on topics for discussion at the Board Development Session, including a focus on understanding the core budget and driving forward value for the population of Fife, and the need for transformational change. It was advised that clear impact statements will be prepared as part of the transformational plans going forward.

The Committee **noted** the conclusions of the Audit Scotland report.

9.4 Losses & Special Payments Quarter 2

The Head of Financial Services & Procurement reported that losses and special payments had increased to £211,781 in quarter 2 in comparison to quarter 1 (£196,509) 2024/25. It was advised that there had been no significant findings or concerns raised in relation to those losses and special payments recorded in the quarter. It was noted that ex-gratia compensation payments are likely to increase in the remainder of the financial year.

Assurance was provided that the clinical learnings from legal claims are now being reported into the Organisational Learning Group, who report to the Clinical Governance Committee.

The Committee took a **"significant" level of assurance** from the report.

9.5 Waiver of Competitive Tenders Quarter 2

The Head of Financial Services & Procurement highlighted that during quarter 2, there was one waiver of competitive tender for the CRIS Radiology Information System annual support and maintenance, at a value of £96k, which has been approved in line with NHS Fife's Standing Financial Instructions.

The Committee took a **"significant" level of assurance** that the Procurement process for the waiver of competitive tenders was correctly applied in the period.

9.6 Review of Draft Annual Workplan 2025/26

The Committee **approved** the proposed draft workplan for 2025/26.

8. FOR ASSURANCE

8.1 Audit Scotland Technical Bulletin 2024/3

The Head of Financial Services & Procurement highlighted the fraud and irregularities at section 7 within the bulletin, noting that it provides a summary of an identified fraud within a public sector body due to a weakness in internal controls. Assurance was provided that an assessment against our own internal control process was carried out, and that there is a limited ability for this particular fraud to occur within NHS Fife.

The Committee took a **"significant" level of assurance** from the Audit Scotland Technical Bulletin for 2024/3.

8.2 Delivery of Annual Workplan 2024/45

The Committee took **assurance** from the tracked workplan, noting that two internal audit items have been deferred to the next meeting.

9. ESCALATION OF ISSUES TO NHS FIFE BOARD

It was agreed to escalate to the Board the removal of the two proposed internal audit reviews detailed in Item 6.1, via the Chair's Assurance Report.

10. MEETING REFLECTIONS & AGREEMENT OF MATTERS FOR CHAIR'S ASSURANCE REPORT TO BE PRESENTED TO FIFE NHS BOARD ON 25 SEPTEMBER 2024

The reflections from the meeting & agreement of matters will be considered by the Chair for onward submission to NHS Fife Board. The report will be provided to the following Committee meeting for information.

11. ANY OTHER BUSINESS

There was no other business.

Date of Next Meeting: Thursday 13 March 2025 from 2pm - 4pm via MS Teams.

Meeting: **Audit & Risk Committee**

Meeting date: **12 December 2024**

Title: **Committee Chair's Assurance Report**

1. Committee's Performance against Annual Workplan

The Committee reviewed the workplan for the financial year 2024/25.

The following items have been deferred and rescheduled:

- Internal Audit Framework
- Internal Audit Follow Up Report

The Committee **approved** the proposed workplan for the financial year 2025/26.

2. The Committee considered the following items of business:

2.1 Internal Audit Progress Report

The Committee took a **"moderate" level of assurance** on delivery of key year-end and mid-year reports and took a **"limited" level of assurance** on the remaining reviews within the 2024/25 Annual Internal Audit Plan.

The Committee also **noted** the progress on the 2024/25 Annual Internal Audit Plan and **approved** the removal of the B19/25 Supplementary Staffing and B23/25 Digital & Information Strategy & Governance reviews as part of the risk assessment of the 2025/26 Internal Audit Planning.

2.2 Internal Controls Evaluation Report 2024/25

The report was presented, and the Committee noted that once the management responses are added, adequate and appropriate actions will be put in place to address the nine recommendations within the report. Also noted, an updated report with the management responses will be circulated electronically once complete and the final report will come back to the Committee in March 2025 for formal approval. The Committee took a **"moderate" level of assurance** from the report and **agreed** that the Internal Controls Evaluation Report 2023/24 be presented to each Standing Committee in January.

2.3 Annual Audit Plan 2024/25

The Committee noted that the timelines set out within the paper will ensure that the Scottish Government's deadline date for approval of the accounts, of 30 June 2025, will be met. The Committee **approved** the External Audit Annual Audit Plan.

2.4 Integrated Joint Board Lessons Learned Report on Year-End 2023/24

The Committee were advised that the IJB Lessons Learned Report was commissioned by the IJB Finance, Performance & Scrutiny Committee in response to an increase in the financial shortfall within the last quarter of 2023/24. Also noted, a review was carried out which identified a number of improvement actions that will further strengthen the controls that are already in place. The Committee took a **"moderate" level of assurance** from the report.

2.5 Audit Scotland report: NHS in Scotland 2024 – Finance & Performance

The Committee **noted** the conclusions of the Audit Scotland report.

3. Delegated Decisions taken by the Committee

3.1 The Committee **endorsed** the Risk Management Strategic Framework for formal approval at the NHS Fife Board.

3.2 The Committee **approved** the External Audit Annual Audit Plan.

4. Update on Performance Metrics

N/A.

5. Update on Risk Management

5.1 The Committee took a **"moderate" level of assurance** that all actions, within the control of the organisation are being taken to mitigate the risks as far as is possible to do so.

The Committee noted that NHS Fife Board approved the revised Risk Appetite Statement at their November 2024 meeting, and that the Risk Appetite Statement may need to be reviewed in relation to the scale of the challenge we will face following Scottish Government recent budget announcement for 2025/26

The Committee noted the work underway for a potential new corporate risk for Substance Related Morbidity and Mortality.

5.2 Risk Management Strategic Framework

The Committee noted a review was carried out 12 months' ago, and risk management documents supporting our risk management arrangements have been streamlined, which resulted in all relevant information around systems and processes in relation to risk management across the organisation now being held in the Risk Management Strategic Framework. The Committee **endorsed** the Risk Management Strategic Framework for

formal approval at the NHS Fife Board.

5.3 NHS Fife Board's Risk Appetite Statement

The Committee took a **"moderate" level of assurance** from the updated Risk Appetite Statement.

6. Any other Issues to highlight to the Board:

- NHS Fife was unsuccessful in its application to be selected as a pilot site for Marmot Place, however, feedback was positive in relation to the work that is being undertaken

Alastair Grant
Chair
Audit & Risk Committee

KEY:	Deadline passed / urgent
	In progress / on hold
	Closed

AUDIT & RISK COMMITTEE – ACTION LIST
Meeting Date: Thursday 12 March 2025

NHS Fife

NO.	DATE OF MEETING	AGENDA ITEM / TOPIC	ACTION	LEAD	COMMENTS / PROGRESS	RAG
1.	12/09/24	**Corporate Risk Register**	To provide an update to the Committee, following a further review and mapping exercise, which is being taken forward, in terms of the optimal outcome corporate risk, the three operational risks that sit within the Acute Services and the Whole System Capacity risk.	**SAS**	Work has been carried out on these risks with the Medical Director and Director of Acute Services and is being presented to the Executive Directors' Group in December 2024 for discussion, followed by the Clinical Governance Committee in January 2025. Once agreed, will be brought back to this Committee.	March 2025
2.	12/12/24	**Internal Audit Progress Report**	To provide a further paper that describes the analysis from the initial plan to support the deferment of the Supplementary Staffing and Digital & Information Strategy audit reviews.	**JL**	Closed - The requested paper was circulated electronically to members on 17 January 2025 and the recommendations were agreed by 10 February 2025.	W/b 6 January 2025

NHS Fife

Meeting:	**Audit and Risk Committee**
Meeting date:	**13 March 2025**
Title:	**Global International Accounting Standards Changes in 2025**
Report Author:	**Jocelyn Lyall, Chief Internal Auditor**

Executive Summary:

- New Global Internal Audit Standards (GIAS) were introduced in January 2024. The Standards are supplemented by the Application Note: Global Internal Audit Standards in the UK Public Sector, issued by the Relevant Internal Audit Standards Setters in December 2024. GIAS and the Application note replace the Public Sector Internal Audit Standards (PSIAS) from 1 April 2025.
- From 1 April 2025 all internal audit engagements must fulfil the new standards and audit reports, plans and charters will need to be updated to reflect the standards. Internal Audit will review current working practices and develop an improvement action plan to achieve conformance with the Standards. This improvement action plan will also incorporate recommendations from the External Quality Assessment (EQA) of FTF internal audit, which is anticipated to be published in March 2025. It is proposed that the Audit and Risk Committee monitors progress with the improvement action plan.
- Many aspects of how the internal audit service will be delivered and the principles under which it operates will not change, with current arrangements reflecting the intent of the new Standards and best practice.
- The Chartered Institute of Public Finance and Accountancy (CIPFA) issued an Audit Committee Update 'Helping Audit Committees to be Effective' in November 2024. The Update describes the role of the Audit and Risk Committee in oversight and support of internal audit, in the context of GIAS, and features questions for Committee members to aid understanding of how the internal audit standard changes affect the internal audit service. This guidance is at Appendix 1.

1 Purpose

This report is presented for:

- Assurance
- Discussion
- Decision

This report relates to:

- Legal requirement
- Government policy / directive
- NHS Board Strategic Priority:

  To Deliver Value & Sustainability

This report aligns to the following NHSScotland quality ambition(s):

- Effective

2 Report summary

2.1 Situation

This report provides a high level overview and summary of the key features of GIAS, and the implications for the role of the Audit and Risk Committee.

The GIAS, developed by the Institute of Internal Auditors (IIA), are designed to guide the professional practice of internal auditing and serve as a basis for evaluating and elevating the quality of the internal audit function. GIAS will replace the PSIAS on 1 April 2025 and while full compliance is not expected at that date, conformance will be evidenced during 2025/26 and will be measured through an annual self-assessment exercise, with a periodic independent external inspection every five years.

FTF was externally assessed by the Chartered Institute of Internal Auditors (CIIA) between November 2024 and January 2025. The assessment was undertaken against the PSIAS and with signposts provided to some areas for consideration in preparation for GIAS. It is not, however, a readiness review against the GIAS. The final report is anticipated to be issued in March 2025.

Recommendations are set out in section 2.4

2.2 Background

GIAS guides the professional practice of internal auditing and serve as a basis for evaluating the quality of the internal audit function. At the heart of the Standards are 15 guiding principles that enable effective internal auditing. Each principle is supported by standards that contain requirements, considerations for implementation, and examples

of evidence of conformance. Together, these elements help internal auditors achieve the principles and fulfil the Purpose of Internal Auditing. The role of the internal audit service is envisaged as one that enhances an organisation's ability to serve the public interest, by providing it with independent, risk-based and objective assurance, advice, insight and foresight.

2.3 Assessment

The GIAS are based on 15 guiding principles across five domains:

1. **Purpose of Internal Auditing**: The purpose statement sets out that 'internal auditing strengthens the organisation's ability to create, protect, and sustain value by providing the Board and Management with independent, risk-based, and objective assurance, advice, insight, and foresight'. It describes the benefits of internal audit and the circumstances in which internal audit is most effective.

2. **Ethics and Professionalism**: this domain replaces the IIA's former Code of Ethics and outlines the behavioural expectations for professional internal auditors. The domain focuses on integrity, objectivity, competence, confidentiality and due professional care. Specific reference is made to 'professional courage', defined as communicating truthfully and taking appropriate action when confronted with dilemmas and difficult situations requiring the exercise of professional scepticism. This domain also covers competency and protection of information.

3. **Governance of the Internal Audit function**: this domain covers independence and the requirements for oversight and authorisation of the work of Internal Audit by those charged with governance. This domain outlines the requirement for the Chief Internal Auditor to work closely with the Audit and Risk Committee and its Chair to establish the internal audit function, position it independently and oversee its performance. The domain also outlines senior management's responsibilities that support the Audit and Risk Committee's responsibilities and promote strong governance of the internal audit function.

4. **Managing the Internal Audit function**: this domain sets out a required strategic approach to planning, involving extensive consultation with senior management and for resourcing constraints to be addressed within the Audit Charter. There is a requirement to develop an effective Internal Audit Strategy and adopt a risk-based approach that places equal emphasis on performance and value as well as conformance. This domain also covers building relationships and communicating with stakeholders.

5. **Performing Internal Audit Services**: this domain defines the standards that should be applied when conducting all aspects of an audit engagement (assignment). Linked to the prioritisation of 'value added' is the requirement to report audit findings in terms of significance, likelihood and impact, providing an engagement 'conclusion' as opposed to an 'opinion'. This conclusion must summarise the internal auditors' professional judgement about the overall significance of the aggregated engagement findings.

Summary of Main Changes

4.8. Many aspects of how the internal audit service will be delivered and the principles under which it operates will not change, with current arrangements already reflecting the intent of the new Standards and best practice.

4.9. The GIAS formalises internal audit requirements and there are several key changes, which include:

- a new Purpose statement
- a requirement for internal auditors to demonstrate 'professional scepticism' under expanded standards on Ethics and Professionalism
- clearer roles and responsibilities for senior management and the Audit and Risk Committee
- requirement to develop an Internal Audit Mandate and Charter for approval by Audit and Risk Committee
- requirement to develop and implement an Audit Strategy
- requirement to develop an updated audit manual
- requirement for oversight of wider assurance sources
- requirement to develop skills and technology within the function to ensure delivery of an effective internal audit service
- requirement to report where recommendations are not agreed
- requirement for formal review processes

Internal Audit Mandate and Charter

4.11. One new requirement within the GIAS is the development of an Internal Audit Mandate and Charter. The revised Charter must focus on the mandate under which the service is delivered. Specifically, this section of the Charter sets out the authority as well as the principle of independence. The Charter also sets out roles, responsibilities and expectations regarding management support of the internal audit service. GIAS require this Mandate to be approved by the Board or delegated committee i.e. the Audit and Risk Committee. FTF Internal Audit has a Charter in place which sits within the Internal Audit Framework. This will be updated to include the Mandate and to conform with GIAS. The CIIA has provided a guide and model charter for Public Sector use.

4.12. The revised Internal Audit Framework, incorporating the revised Charter, will be presented to the May 2025 Audit and Risk Committee for approval.

Audit Strategy

4.16. GIAS requires development of a Strategy for internal audit that supports the strategic objectives and success of the organisation. The strategy should help guide the internal audit function towards fulfilment of the internal audit Mandate and must include a vision, strategic objectives and supporting initiatives for the internal audit function. FTF does not currently have a Strategy and development of this will be prioritised within the improvement action plan.

Role of the Audit Committee and Senior Management

4.20. The role of Audit Committees is set out in some detail in Domain Three "governance of the Internal Audit function". It sets out the requirement for the Chief Internal Auditor to work closely with the Audit and Risk Committee to establish the internal audit function, and for the Committee to promote internal audit independently and oversee its performance. The domain also sets out senior management responsibilities that support

the Audit and Risk Committee's responsibilities and promote strong governance of the internal audit function. The main elements are:

Audit and Risk Committee

- approve the Internal Audit Charter, which includes the Internal Audit Mandate and the scope and types of internal audit services
- obtain assurance that the internal audit service is fulfilling its mandate
- approve the internal audit plan, budget and resource plan
- specify that the Chief Internal Auditor (CIA) reports to a level in the organisation that allows the internal audit function to fulfil the Mandate
- meet periodically with the CIA without senior management present
- champion and demonstrate support for Internal Audit
- review the governance, management and reporting arrangements of the internal audit service
- collaborate with senior management to provide the internal audit function with sufficient resources to fulfil the Mandate and achieve the plan
- assist with setting audit priorities and approve the internal audit functions performance objectives, at least annually
- consider the results of the internal audit function's quality assurance and improvement programme
- review and approve arrangements for the external assessment.

Senior Management

- meet with the CIA on a periodic basis
- support recognition of the internal audit function throughout the organisation
- enable the internal audit function unrestricted access to required data and personnel
- engage with the Audit and Risk Committee and CIA on any issues of insufficient resources and how to remedy the situation.

Next Steps

The Audit and Risk Committee Terms of Reference are currently under review, as per the usual annual refresh cycle. The Board Secretary is working with Internal Audit to ensure all required updates arising from the application of GIAS are incorporated into the revised Terms of Reference, to be presented for approval to this Committee in May 2025.

Internal audit functions are not expected to be fully compliant with the new standards on 1 April 2025, but during 2025/26 Internal Audit will gradually evidence compliance with GIAS. Until audits are completed and the outcomes reported, the evidence of practical conformance will not be there.

From 1 April 2025 all internal audit engagements (assignments) must fulfil the new standards and reports, plans and charters will need to be updated to reflect the standards. The 2024/25 Internal Audit Plan, and the 2024/25 Annual Internal Audit Report will be prepared in line with PSIAS.

Internal Audit is reviewing current working practices to develop an improvement action plan to achieve conformance with the GIAS. This improvement action plan will also incorporate recommendations from the EQA of FTF internal audit, which is anticipated to be published in March 2025. Time to develop and implement the improvement action plan will be required in the 2025/26 Internal Audit Plan. It is proposed that the Audit and Risk Committee monitor

progress with the improvement action plan. The 2025/26 Annual Internal Audit Report will include an assessment of whether the service is fully conforming with the standards and identify any improvement areas.

This report provides the following Level of Assurance:

	Significant	Moderate	Limited	None
Level		X		
Descriptor	There is robust assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.	There is sufficient assurance that controls upon which the organisation relies to manage the risk(s) are suitably designed and effectively applied. There remains a moderate amount of residual risk.	There is some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk, which requires further action to be taken.	No assurance can be taken from the information that has been provided. There remains a significant amount of residual risk

2.3.1 Quality, Patient and Value-Based Health & Care

The Institute of Healthcare Improvement Triple Aim (Better population health, better quality of patient care, financially sustainable services) is a framework that describes an approach to optimising health system performance and is a core consideration in planning all internal audit reviews.

2.3.2 Workforce

Management responsibilities, skill sets and structures are a core consideration in planning all internal audit reviews.

2.3.3 Financial

Financial Governance is a key pillar of the Annual Internal Audit Plan and value for money is a core consideration in planning all internal audit reviews.

2.3.4 Risk Assessment / Management

The risk 'Compliance with Internal Audit Framework' is recorded on the FTF risk register and is described as:

'There is a risk that due to the cumulative effect of resource challenges and complexity of audits with generally higher risks and control issues, internal audit may not comply fully with the Internal Audit Framework, comprising the Audit Charter and the Specification for Internal Audit Services. This includes:

- Compliance with Public Sector Internal Audit Standards - replaced by GIAS from 1 April 2025
- Compliance with the Service Specification, specifically:
  - Delivery of the agreed Annual Internal Audit Plan
  - Provision of assurance throughout the year
  - Achievement of quality and performance measures

- Provision of an opinion to the Chief Executive as Accountable Officer for yearend assurance.

This risk is scored as Moderate, and 13 controls have been identified to mitigate the risk.

To mitigate this risk, as noted in the assessment section of this report, audit work related to the delivery of the Annual Internal Audit Report to support the CIA's annual opinion has been prioritised.

2.3.5 Equality and Human Rights, including children's rights, health inequalities and Anchor Institution ambitions

All internal audit reviews which involve review of policies and procedures examine the way in which equality and diversity is incorporated in Board documentation.

2.3.6 Climate Emergency & Sustainability Impact

Not applicable

2.3.7 Communication, involvement, engagement and consultation

All papers have been produced by Internal Audit and shared with the Director of Finance and Strategy.

2.3.8 Route to the Meeting

This paper has been produced by the Chief Internal Auditor and reviewed by the Director of Finance and Strategy.

2.4 Recommendation

This paper is provided to members for a **"moderate" level of assurance** that FTF Internal Audit will develop an improvement plan to ensure conformance with the new GIAS during 2025/26, and to ensure action to address recommendations from the EQA is implemented.

Members are asked to **discuss** the requirements and responsibilities of the new Global Internal Audit Standards, the Application Note: Global Internal Audit Standards in the UK Public Sector applicable from 1 April 2025, as summarised in this paper.

Members are also asked to **discuss** the CIPFA Audit Committee Update 'Helping Audit Committees to be Effective' (Appendix 1).

Members are asked to:

- **Agree** that the Audit and Risk Committee Terms of Reference will be updated to reflect the GIAS requirements.
- **Agree** that the internal audit improvement plan will be monitored by the Audit and Risk Committee.

3 List of appendices

The following appendices are included with this report:

- Appendix No. 1, CIPFA Audit Committee Update ‘Helping Audit Committees to be Effective’

Report Contact
Jocelyn Lyall
Chief Internal Auditor
Email jocelyn.lyall2@nhs.scot

Audit Committee Update

Helping audit committees to be effective

Issue 40
November 2024

Oversight and support of internal audit – the role of the audit committee

Table of contents

Introduction

Dear audit committee member,

Welcome to the latest issue of Audit Committee Update from the CIPFA Better Governance Forum. This resource aims to support audit committee members in their role by helping to keep them up to date.

In this issue, we consider the forthcoming changes to the internal audit standards and consider how that will impact on audit committee members. CIPFA will be issuing more updates and resources over the next few months. Ask your head of internal audit for the latest position.

There is also a summary of resources and links to help audit committee members in their work.

I hope you will find this issue interesting, and helpful in your work on the committee.

Best wishes,

Diana Melville
CIPFA Better Governance Forum

Sharing this document

Please circulate this briefing widely to your organisation's audit committee members and colleagues. It can also be placed on an intranet.

Audit Committee Update is covered by CIPFA's copyright and so should not be published on the internet without CIPFA's permission. This includes the public agendas of audit committees.

This issue is open to all, but other issues of Audit Committee Update are restricted to the organisations that subscribe to the Better Governance Forum.

Receive our briefings directly

A link to this briefing will be included in the CIPFA Better Governance Forum subscribers' newsletter. It can then be shared with that organisation's audit committee members.

If you have an organisational email address (for example, jsmith@mycouncil.gov.uk), then you will also be able to register on our website and download any of our guides and briefings directly. To register, please visit cipfa.org/register.

Internal audit standards

Changes impacting on your internal audit service

This article will help audit committee members understand the changes to internal audit standards and the transition your team will be making.

What's changing and when?

From 1 April 2025 internal audit teams in the public sector will be working to new internal audit standards. These will be a combination of the Global Internal Audit Standards (GIAS) and the Application Note, Global Internal Audit Standards in the UK Public Sector. The consultation on the Application Note closed at the end of October, and it is anticipated that the final version will be published before the end of the year.

How significant a change is this?

It is a significant change that will mean your internal audit team must update their charter and audit manual to reflect the new standards. They will also need to provide training to team members. They will need to review their working practices to make sure they comply with the standards or have an action plan to achieve that conformance.

While much of the day-to-day practice of undertaking audit engagements will not change, the team will need to make sure those engagements fulfil the new standards. Reports, plans and charters will need to be updated to reflect the standards.

Do the standards expect more from the team?

An internal audit team that fully conforms with the current standards (the Public Sector Internal Audit Standards or PSIAS) should have most of the practices it needs. There are some additional requirements, and the Application Note should help with those. But time will still be needed to make the transition and build familiarity. The introduction of new standards is an opportunity to look ahead to see what both the team and the organisation need.

Examples of changes:

- One of the new requirements is a 'mandate' for internal audit (Standard 6.1). However in local government, internal audit's primary mandate comes from statutory regulations issued by the national governments. Most internal audit charters already refer to this mandate in their charters. With some changes, an up-to-date mandate and charter can be agreed.
- GIAS Standard 9.2 requires an internal audit strategy. This is new, but the service should be able to build on the existing requirement in PSIAS (2010 Planning) for a strategic statement of how the service will be delivered and developed.
- The standards on ethics and professionalism have been expanded including new sections on professional courage and professional scepticism. This will require training for the team.
- Internal audit plans (Standard 9.4) should support the achievement of the organisation's objectives. Many teams already demonstrate that link.

Each head of internal audit should be able to update the audit committee on the specific work they need to undertake.

How can the audit committee know if the internal audit service conforms with the new standards?

The standards come in on 1 April 2025 and the first evidence of their use is likely to be the update of the charter, including the mandate, the audit strategy and plan. Each of these will be brought to the audit committee for agreement.

As the 2025/26 year progresses the service will gradually be able to evidence their conformance with standards:

- Engagements will be completed and reported to the client in accordance with the standards.
- Updates to the audit committee will include not only issues arising from engagements, but other matters required by the standards, such as significant changes to audit plans.
- Progress updates on the transition.
- At the end of 2025/26, when the head of internal audit completes their annual conclusion and report, they should be able to assess whether they are fully conforming with the standards and identify any improvement areas.

It is important to realise that no internal audit team will be fully in conformance with the standards on 1 April 2025/26. Until audits are completed and the outcomes reported, the evidence of practical conformance will not be there. Your head of internal audit should be able to update you on progress.

Will the service need to go through a new external quality assessment?

The standards continue to require an external quality assessment (EQA) at least once every five years. You don't need to amend your cycle, so if the service had an EQA two years ago, then the next will be due in three years' time.

If the EQA is due in 2025, then this will present some practical problems. Until engagements are completed and reports made to the audit committee etc, the evidence of conformance will not be there, even though methodologies may be in place. The assessment will be more relevant at the end of the year.

If you buy in internal audit services or use an audit partnership rather than have an in-house team, then a different approach to the EQA will be needed. The standards require the EQA to consider all aspects of internal audit, including its governance. An internal audit provider's EQA will need to be specific to each client, or each client will need to commission their own EQA. As the standards are implemented EQA providers will amend their approach.

Does the audit committee need to change?

Possibly.

To achieve conformance with the standards the organisation will need to demonstrate that all aspects of the standards are met, including the governance of internal audit. This covers the oversight and support for internal audit from the audit committee and senior management.

To assist local government bodies achieve conformance, CIPFA will be introducing a new Code of Practice on the Governance of Internal Audit in Local Government (the Code). This is currently out for consultation until 28 November. The Code draws on existing CIPFA guidance for audit committees and support for the head of internal audit in public sector organisations and aligns these with the expectations that are set out in the GIAS. Further

details on how the Code aligns are in Comparison of Code to existing guidance. CIPFA welcomes comments from audit committee members on the consultation.

If your audit committee is currently working to CIPFA's recommended practice for audit committees in local government, then the provisions of the Code should be achievable. The terms of reference of the committee should be updated to make this clear.

If you have new members on the committee, or you are not sure about your responsibilities towards internal audit, then training or briefings will help. When you prepare your annual report for the committee, or conduct an effectiveness review or self-assessment, the committee should reflect on how well it fulfils the Code and whether actions are needed to support internal audit more.

After the Code is finalised, CIPFA will provide a separate briefing for audit committee members.

Some suggested questions for audit committee members

The following questions will help you understand how the changes to internal audit standards affects your internal audit service:

1. What steps are being taken to prepare the internal audit service for the implementation of new standards?
2. Does the service have the support it needs from the organisation to make the transition?
3. Does the head of internal audit have any concerns about achieving conformance?
   If so, how are these being addressed?
4. What can the audit committee do to support internal audit with the transition?
5. When will the committee next review its own effectiveness, including its role regarding internal audit?

Further reading

CIPFA's guidance to audit committees is supported by the Ministry of Housing, Communities and Local Government (MHCLG), the Home Office and the Welsh Government.

Position statement: audit committees in local authorities and police 2022

Free download

Audit committees: practical guidance for local authorities and police (2022 edition)

The guidance includes a handbook for audit committee members. It is a digital edition and can be shared multiple times within the organisation. Ask your head of internal audit or head of finance to arrange this for you.

Recent developments and resources

Financial reporting and audit in local authorities (England)

Audit committees in English authorities will be aware of new regulations to enforce a backstop date for the completion of outstanding audit reports.

CIPFA has issued Bulletin 18 Local audit backlog in England to explain what this means for local authority audits.

A further set of FAQs to support audit committee members will be issued shortly.

Local government finance workforce action plan

CIPFA collaborated with the Local Government Association (LGA) to examine the key workforce challenges facing the finance profession, including internal audit, in English councils. The report makes recommendations for action at a local regional and national level: Local government finance workforce action plan for England (2024).

Balancing local government budgets in Scotland

A research report from the LGIU and CIPFA to examine how chief finance officers in Scotland are addressing the financial challenges and the actions available to balance budgets: Balancing Local Government Budgets in Scotland (2024).

Guidance for audit committees on cloud services

A resource from the National Audit Office for audit committees explaining cloud services. It provides some questions for audit committees to ask management on strategy, implementation and management of cloud services: Guidance for audit committees on cloud services (2024)

Making public money work harder

Insight from National Audit Office work, including evidence of what works as well as root causes of failure. A helpful resource for considering value for money in areas such as asset management, procurement, reducing fraud and error and making best use of data: Making public money work harder (2024)

Accessing training and networking opportunities

CIPFA would encourage audit committee members to access any available training and networking opportunities. Regional forums for audit committee chairs have been established with assistance from the LGA and Welsh Local Government Association (WLGA), and each of these is running a programme of meetings and training events. CIPFA has been happy to speak at a number of these sessions already, and we will support where we can.

CIPFA's training webinars are listed below, and in-house training delivered locally or by webinar is also available.

Webinars and training for audit committee members from CIPFA

Introduction to the knowledge and skills of the audit committee

The role and responsibilities of the audit committee and key aspects of the terms of reference.

Introduction to the knowledge and skills of the police audit committee

The role and responsibilities of the audit committee and key aspects of the terms of reference.

Understanding local authority accounts for councillors

A webinar to support the review of the financial statements.

Update for police audit committee members

This webinar is suitable for members of the joint audit committees supporting police and crime commissioners (PCCs) and chief constables.

Update for local authority audit committee members

Full programme details and booking information for webinars will be available on the CIPFA website. Webinars are usually published about eight weeks in advance, but enquiries can be sent to customerservices@cipfa.org at any time.

In-house training for your audit committee

In-house training, webinars and guidance tailored to your needs are available. Options include:

- key roles and responsibilities of the committee
- effective chairing and support for the committee
- working with internal and external auditors
- Internal Audit Standards and the governance of internal audit (Code)
- corporate governance
- strategic risk management
- value for money
- fraud risks and counter fraud arrangements
- reviewing the financial statements
- assurance arrangements
- improving impact and effectiveness.

Assessing the effectiveness of the audit committee

We can also undertake an effectiveness review of the committee, providing feedback on areas the committee can improve on and supporting the development of an action plan.

For further information, email diana.melville@cipfa.org or visit the CIPFA website for further details on our support for audit committees.

Previous issues of Audit Committee Update

Subscribing organisations can download all the previous issues from the CIPFA Better Governance Forum website. Click on the links below to find what you need.

Principal content	Link
Please note the content from some earlier issues has been replaced by more recent issues and so they are not listed below.	
Issues from 2012	
Commissioning, procurement and contracting risks	Issue 8
Reviewing assurance over value for money	Issue 9
Issues from 2015	
What makes a good audit committee chair?	Issue 16
The audit committee role in reviewing the financial statements	Issue 17
Issues from 2016	
Delivering good governance in local government: framework (2016), appointing local auditors	Issue 19
CIPFA survey on audit committees (2016)	Issue 20
The audit committee and internal audit quality	Issue 21
Issues from 2017	
Developing an effective annual governance statement	Issue 22
Issues from 2018	
Developing an effective annual governance statement	Issue 25
Issues from 2019	
Focus on local audit, National Audit Office report on local authority governance	Issue 27
The audit committee role in supporting counter fraud and anti-corruption	Issue 28
CIPFA statement on the role of the head of internal audit, external audit arrangements for English local government bodies	Issue 29
Issues from 2020	
CIPFA Financial Management Code, responding to the Redmond Review: results of CIPFA's survey on audit committees	Issue 30
Compendium edition: reviewing the audit plan, self-assessment and improving effectiveness, developing an effective annual governance statement and focus on local audit	Issue 31
The head of internal audit annual opinion for 2020/21, the Redmond Review: issues for English audit committees	Issue 33

Issues from 2021	
The annual governance statement for 2020/21, local auditors and internal audit working together	Issue 34
Supporting improvements to risk management arrangements, defining the relationship between the audit committee and the scrutiny function, new consultation on local audit and audit committee arrangements	Issue 35
Issues from 2022	
New CIPFA guidance on audit committees in local authorities and police, Internal audit: untapped potential	Issue 36
Issues from 2023	
Assessing audit committee effectiveness	Issue 37
Financial risk and the audit committee, the audit committee role in internal audit standards	Issue 38
Issues from 2024	
Assurance and the audit committee	Issue 39

77 Mansell Street, London E1 8AN
+44 (0)20 7543 5600

cipfa.org

11/2024

NHS Fife

Meeting:	**Audit and Risk Committee**
Meeting date:	**13 March 2024**
Title:	**Internal Audit Progress Report**
Report Author:	**Barry Hudson, Regional Audit Manager** **Jocelyn Lyall, Chief Internal Auditor**

Executive Summary:

- Provide the Audit and Risk Committee with moderate assurance on the progress on the 2024/25 Internal Audit Plan.
- Amendments to the 2024/25 Internal Audit Plan have been approved electronically by the members of the Audit and Risk Committee.
- In addition, this progress report includes updates on staffing, External Quality Assessment (EQA), Audit Follow Up, Internal Audit Standards and Internal Audit Framework.

1 Purpose

This report is presented for:

- Assurance
- Discussion

This report relates to:

- Local policy

This report aligns to the following NHSScotland quality ambition(s):

- Safe
- Effective
- Person Centred

2 Report summary

2.1 Situation

The purpose of this report is to provide the Audit and Risk Committee with:

- Moderate Assurance that the CIA's year end opinion on adequacy and effectiveness of internal controls will be provided through the 2024/25 ICE,

the Annual Internal Audit Annual Report and the audits delivered during 2024/25

2.2 Background

The internal audit year runs from May to April. Under the supervision of the Chief Internal Auditor the Internal Audit Team has progressed the 2024/25 Internal Audit Plan. Audit work undertaken supports the Chief Internal Auditor's annual opinion on the Board's internal control framework.

The work of Internal Audit and the assurances provided by the Chief Internal Auditor in relation to internal control, risk management and governance are key assurance sources considered when the Chief Executive undertakes the annual review of internal controls, and forms part of the consideration of the Audit and Risk Committee and the Board prior to finalising the Governance Statement which is published in the Board's Annual Accounts.

2.3 Assessment

Progress

The Internal Audit team continues to progress the 2024/25 plan. We have agreed two 2024/25 audits to be included as part of planning for 2025/26 plan and for all remaining 2024/25 audits we will aim to make efficiencies in delivery.

Staffing

Across the wider FTF structure an Auditor commenced on 11 February 2025, principally to work within the Forth Valley team but providing input to other regions as required. FTF is now fully staffed. The two members of the Fife team on long term sickness absence leave have now returned to work.

External Quality Assessment (EQA)

The EQA of Internal Audit against the extant Public Sector Internal Audit Standards (PSIAS) is nearing completion. Initial feedback from the Chartered Institute of Internal Auditors (CIIA) independent review was provided to the Chief Internal Auditor on 14 January 2025 and the FTF Management Team met with the CIIA assessors on 25 February 2025 to progress the report clearance process. When the draft report has been agreed it will be considered by the FTF Partnership Board prior to finalisation. Thereafter the final EQA report will be reported to the Audit and Risk Committee. We had originally anticipated that this would be at the 13 March 2025 meeting, however, given the more recent timelines, the outcome of the EQA will be reported to the 15 May 2025 Audit and Risk Committee meeting.

Audit Follow Up

Progress on implementation by management of agreed internal audit actions is monitored by Internal Audit through the Audit Follow-Up System and is reported regularly to the Audit and Risk Committee and Executive Directors Group. The March 2025 Audit Follow-up report is a separate agenda item.

Amendment to 2024/25 Internal Audit Plan

The Internal Audit Progress Report presented to the Audit and Risk Committee on 12 December 2024 reported an unprecedented level of staff resource pressures due to high levels of sickness absence. Lack of staff resource has significantly impacted on delivery and the 2024/25 Annual Internal Audit Plan has now been flexed to reflect available audit days.

A paper was provided electronically to all Audit and Risk Committee members, and agreement was reached to change the plan as follows:

- Risk assessment of B19/15 Supplementary Staffing and B23/25 eHealth Strategy and Governance as part of the 2025/26 Internal Audit Plan.
- Amalgamation of internal audits B21/25 Sustainability and B22/25 Savings, to be delivered in 2024/25.

Internal Audit Standards

From 1 April 2025, the extant PSIAS is being replaced by the 'Global Internal Audit Standards' (GIAS) supported by an 'Application Note - Global Internal Audit Standards in the UK Public Sector'. *The Application Note "provides a framework for the practice of internal audit in the UK public sector when taken together with the Global Internal Audit Standards (GIAS) issued by the Institute of Internal Auditors (IIA). It sets out interpretations and requirements which need to be applied to the GIAS requirements, in order that these form a suitable basis for internal audit practice in the UK public sector*."

A separate agenda item provides the detail of the new standards.

Internal Audit Framework

Ordinarily Internal Audit bring the Audit Framework, including the Audit Charter for the following year to the March Audit and Risk Committee. As this is a transition period to GIAS, the Internal Audit Framework and Charter will be brought to the May 2025 Committee. This will allow the document to reflect the outcome of the EQA and the requirements of GIAS.

This report provides the following Levels of Assurance:

Delivery of the full 2024/25 Internal Audit Plan

	Significant	Moderate	Limited	None
Level		x		
Descriptor	There is robust assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.	There is sufficient assurance that controls upon which the organisation relies to manage the risk(s) are suitably designed and effectively applied. There remains a moderate amount of residual risk.	There is some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk, which requires further action to be taken.	No assurance can be taken from the information that has been provided. There remains a significant amount of residual risk

2.3.1 Quality, Patient and Value-Based Health & Care

The Institute of Healthcare Improvement Triple Aim (Better population health, better quality of patient care, financially sustainable services) is a framework that describes an approach to optimising health system performance and is a core consideration in planning all internal audit reviews.

2.3.2 Workforce

Management responsibilities, skill sets and structures are a core consideration in planning all internal audit reviews.

2.3.3 Financial

Financial Governance is a key pillar of the Annual Internal Audit Plan and value for money is a core consideration in planning all internal audit reviews.

2.3.4 Risk Assessment / Management

The process to produce the Internal Audit Plan takes into account inherent and control risk for all aspects of the Internal Audit Universe. Individual internal audit assignments identify the key risks at the planning stage and our work is designed to evaluate whether appropriate systems are in place and operating effectively to mitigate the risks identified. Legislative requirements are a core consideration in planning all internal audit reviews.

The risk 'Compliance with Internal Audit Framework' is recorded on the FTF risk register and is described as:

'There is a risk that due to the cumulative effect of resource challenges and complexity of audits with generally higher risks and control issues, Internal Audit may not comply fully with the Internal Audit Framework, comprising the Audit Charter and the Specification for Internal Audit Services. This includes:

- Compliance with Public Sector Internal Audit Standards
- Compliance with the Service Specification, specifically:
  - Delivery of the agreed Annual Internal Audit Plan
  - Provision of assurance throughout the year
  - Achievement of quality and performance measures
  - Provision of an opinion to the Chief Executive as Accountable Officer for year-end assurance.

This risk is scored as Moderate, and 13 controls have been identified to mitigate the risk. This risk will be reviewed to consider the EQA findings the transition to GIAS.

2.3.5 Equality and Human Rights, including children's rights, health inequalities and Anchor Institution ambitions

All internal audit reviews which involve review of policies and procedures examine the way in which equality and diversity is incorporated in Board documentation.

2.3.6 Climate Emergency & Sustainability Impact

N/A

2.3.7 Communication, involvement, engagement and consultation

All papers have been produced by Internal Audit and shared with the Director of Finance and Strategy.

2.3.8 Route to the Meeting

This paper has been produced by the Regional Audit Manager and reviewed by the Chief Internal Auditor.

2.4 Recommendation

This paper is provided to members for a **"moderate" level of assurance** and for noting that the change to the 2024/25 Internal Audit Plan has been electronically approved by the Audit and Risk Committee.

3 List of appendices

The following appendices are included with this report:

Appendix A – Internal Audit Progress Report highlighting:

- Finalised Internal Audit reports
- Internal Audit reports issued in draft at the time of submission of papers for the Audit and Risk Committee
- Internal Audit Work in Progress and Planned
- A summary of Internal Audit Reports issued since the last Audit and Risk Committee.

Report Contact
Barry Hudson
Regional Audit Manager
Email: barry.hudson@nhs.scot

FTF Internal Audit Service

Internal Audit Progress Report

Introduction

This report presents the progress of Internal Audit activity to 3 March 2025.

Internal Audit Activity

The following, with the audit opinion shown, has been issued since the last progress report to the Audit and Risk Committee on 12 December 2024.

NHS Fife Completed Audit Work

Audit 2024/25	Opinion on Assurance	Recommendations	Draft issued	Finalised
Corporate Governance				
B13/25 Environmental Management	Moderate	Two Moderate One Merits Attention	25 February 2025	4 March 2025

NHS Fife Work in Progress and Planned:

Audit 2024/25		Status	Target Audit & Risk Committee
Governance and Assurance			
B02/25	Audit Management & Liaison with Directors	Y/E Report	May 2025
B03/25	Liaison with External Auditors	Y/E Report	May 2025
B04/25	Audit and Risk Committee	Y/E Report	May 2025
B08/25	Board, Operational Committees and Accountable Office	Y/E Report	May 2025

Audit 2024/25		Status	Target Audit and Risk Committee
Governance and Assurance continued			
B09/25	Audit Follow Up	Y/E Report + AFU report to each meeting	March 2025; May 2025
B10/25	External Quality Assessment	Draft Final	May 2025
B11/25	Structures of Assurance	Y/E Report	May 2025
B12/25	Risk Management	Y/E Report	May 2025
B14/25	Health and Social Care Integration	Y/E Report + summary of reports when completed	May 2025
B15/25	Operational Planning	Planning	June 2025
Clinical Governance			
B16/25	Public Health Committee	Planning	May 2025
B17/25	Medicines Management	Fieldwork	May 2025
B18/25	Recruitment	Fieldwork	May 2025
B20/25	Sickness Absence	Fieldwork	May 2025
B21 and 22/25	Financial sustainability and Savings	Planning	June 2025

Summary of Audit Findings

This section provides a summary of the findings of internal audit reviews concluded since the December 2024 Audit and Risk Committee.

B13/25 Environmental Management	Level of assurance: Reasonable

Good progress has been made to implement, deliver and monitor the requirements of DL (2021)38 - A Policy for NHS Scotland on the Global Climate Emergency and Sustainable Development, with investment in staff to deliver the sustainability agenda. Statutory reporting to the NHS Fife Board and Public Health and Wellbeing Committee (PHWC) is currently in place and operating well. Operational governance and scrutiny arrangements are being reset through the proposed establishment of a Sustainability Programme Board, which will review strategic sustainability priorities for escalation to the PHWC and to the Board. It has been recognised by the sustainability team that the previous operational governance arrangements need to be enhanced to ensure the ongoing delivery of the DL now that the sustainability team has now been established.

The known reductions in capital and revenue funding for Climate Change and the resultant risk will be a key consideration for the Board and will require careful management to mitigate the impact on the sustainability agenda. A reduction in climate funding may impact on the Board's ability to address the environmental pressures it is currently facing, as well as investing in longer-term environmental reform.

Management have agreed the following actions to address the findings identified during the review:

1. Governance: Internal Audit highlighted that the governance arrangements and supporting groups need to be clarified to ensure the drive to meet the regulatory standards is maintained and to ensure related targets within the RTP Framework are achieved. Management agreed and the Head of Sustainability has developed an report to be presented to EDG & PHWC, to consider an enhanced governance arrangement to improve climate decisions and issues.
2. Funding: Internal Audit highlighted that the controls and actions to mitigate the environmental funding and risks will require careful monitoring, with appropriate escalation of risks to the PHWC as the responsible Standing Committee and to the Finance, Performance and Resources Committee through finance reports. Management responded that " NHS Fife are engaging with the private sector to install renewable technology on our sites which will save us money and generate an income. Head of sustainability is working closely with national procurement and the Scottish Government with this, as well as other boards. This may support progression of funding for our estate. There are risks within the corporate risk register that relate to sufficiency of capital funding and delivering our climate targets and obligations. These will be considered by the committees as part of their regular review of relevant corporate risks."
3. Statutory Reporting: Internal Audit highlighted that the NHS Fife Annual Climate Emergency and Sustainability Report 2023/24 should be published on the NHS FIFE website. Management have agreed to ensure that this is published. within the sustainability section of the website.

NHS Fife

Meeting:	**Audit and Risk Committee**
Meeting date:	**13 March 2025**
Title:	**Internal Audit – Follow Up Report on Audit Recommendations 2023/24**
Report Author:	**Barry Hudson, Regional Audit Manager** **Andy Brown, Principal Auditor**

Executive Summary:

- Progress continues to be made by management in implementing actions to address recommendations made in internal audit reports.
- Overall, there are just four recommendations remaining from reports published more than 12 months ago. We are content that the approved revised target implementation dates are reasonable.
- This paper is provided to members for:
  - **Assurance** – This report provides a **Significant** Level of Assurance on the progress being made in implementing actions to address recommendations made in internal audit reports.
  - **Discussion** – Consider the status of Internal Audit recommendations recorded within the AFU system.

1. Purpose

This report is presented for:

- Assurance
- Discussion

This report relates to:

- Legal requirement

This report aligns to the following NHSScotland quality ambition(s):

- Safe
- Effective
- Person Centred

2 Report summary

2.1 Situation

Good practice guidance, as laid out in the Audit and Assurance Committee Handbook, emphasises the importance of effective follow up processes to ensure that the actions agreed by management to address control weaknesses identified by the work of Internal and External Audit are actually implemented.

The Blueprint for Good Governance in NHS Scotland (second edition) includes the following guidance regarding the follow-up of actions to address internal audit recommendations:

> *'It is important that the Audit and Risk Committee adopt a robust approach to the oversight of the completion of actions identified in the audit reports. Where possible, actions should be dealt with in the current financial year rather than being carried forward from one financial year to the next. Any exceptions to this should be closely scrutinised by the Audit and Risk Committee who should seek assurance that the timeline proposed for addressing the risks or issues identified by the auditors is both reasonable and achievable.' [Section D13 – page 59]*

2.2 Background

The EDG consider the progress on internal audit actions in line with the Audit Follow Up (AFU) protocol with Directors being reminded of the need to ensure good progress is made in clearing outstanding issues.

External Audit recommendations are followed up by the NHS Fife Finance Directorate and Internal Audit continue to review progress against External Audit recommendations where relevant to internal audit fieldwork.

Internal Audit validate the evidence supplied by responding officers for internal audit actions they have reported as complete, to confirm that those actions address the recommendations made.

Where an action is reported by the Responsible Officer as delayed, the AFU Protocol dictates that a reason for the delay must be provided and the proposed extension is subject to approval as follows:

Finding/Recommendation Assessment of Risk	**1st Extension Approval**	**2nd Extension Approval**	**Subsequent Extension Approvals**
Merits Attention	Internal Audit	Executive Director	Director of Finance or CEO
Moderate	Executive Director	Director of Finance or CEO	
Significant	Director of Finance or CEO		
Fundamental	Director of Finance or CEO		

The tables and graphs included clearly show the actions related to recommendations that were reported more than one year ago, so that particular attention can be focussed on clearing these.

2.3 Assessment

We include reports which have actions with a status of Extended, Outstanding, or Not Yet Due. Reports with all actions either completed and validated or superseded are not included. This is to promote focus on addressing the remaining recommendations.

The table below shows the status of all remaining internal audit recommendations, including ICE and Annual Report recommendations, at 13 February 2025, with comparable figures from the last Audit Follow-Up (AFU) report at 31 August 2024 (Ext = Extended, O/S = Outstanding, and NYD = Not Yet Due).

	Feb 2025			Aug 2024		
Remaining Actions	**30**			**29**		
	Ext	O/S	NYD	Ext	O/S	NYD
Recommendations more than 1 year (*Appendix C)*	3	1	0	4	0	0
Recommendations less than 1 year	2	12	12	6	2	17

Progress summary

The following reports have been removed from the follow-up process since the last follow-up report was presented:

Report Removed	Reason
B13/21 Risk Management	All actions completed and validated.
B14/23 Strategic Planning - Development	Action superseded.
B23/24 Financial Process Compliance	All actions completed and validated.

The role of Internal Audit in the follow-up process is to maintain a record of responses received by management and to assess and validate responses. Appendix E records actions where we have concluded that evidence provided was insufficient to allow us to validate that action as complete, and where further information has been requested.

We have assessed progress to date for remaining recommendations with extended target implementation dates and a RAG status is included to aid prioritisation.

Where no appropriate or sufficient response is received from the responsible officer we liaise with the Director of Finance and Strategy and the Board Secretary to escalate.

AFU Report Content

Appendices C and D provide detailed information on progress with all remaining recommendations that have had their target implementation date extended. Appendix C includes those that are **more** than a year old and Appendix D includes those that have a fundamental or significant priority and are **less** than a year old.

This report provides the following Level of Assurance:

	Significant	Moderate	Limited	None
Level	X			

Descriptor	There is robust assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.	There is sufficient assurance that controls upon which the organisation relies to manage the risk(s) are suitably designed and effectively applied. There remains a moderate amount of residual risk.	There is some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk, which requires further action to be taken.	No assurance can be taken from the information that has been provided. There remains a significant amount of residual risk

2.3.1 Quality, Patient and Value-Based Health & Care

The Institute of Healthcare Improvement Triple Aim (Better population health, better quality of patient care, financially sustainable services) is a framework that describes an approach to optimising health system performance and is a core consideration in planning all internal audit reviews.

2.3.2 Workforce

Management responsibilities, skill sets and structures are a core consideration in planning all internal audit reviews.

2.3.3 Financial

Financial Governance is a key pillar of the Annual Internal Audit Plan and value for money is a core consideration in planning all internal audit reviews.

2.3.4 Risk Assessment / Management

The Internal Audit follow-up process mitigates against the risk of control weaknesses remaining because appropriate action hasn't been taken to address Internal Audit recommendations.

Risk 2928 – Compliance with Internal Audit Framework recorded on DATIX is relevant as if it materialised it would impact on the Internal Audit service's ability to maintain the follow-up system. The risk is currently rated as 9 – Moderate with a target of 6 – Low.

2.3.5 Equality and Human Rights, including children's rights, health inequalities and Anchor Institution ambitions

All internal audit reviews which involve review of policies and procedures examine the way in which equality and diversity is incorporated in Board documentation.

2.3.6 Climate Emergency & Sustainability Impact

Not applicable

2.3.7 Communication, involvement, engagement and consultation

The content of the report was discussed with the Chief Internal Auditor and the Director of Finance and Strategy ahead of submission to the Audit and Risk Committee

2.3.8 Route to the Meeting

Not applicable

2.4 Recommendation

This paper is provided to members for a **"significant" level of assurance** on the progress being made in implementing actions to address recommendations made in internal audit reports.

Members are asked to **discuss** and **consider** the status of Internal Audit recommendations recorded within the AFU system.

3 List of appendices

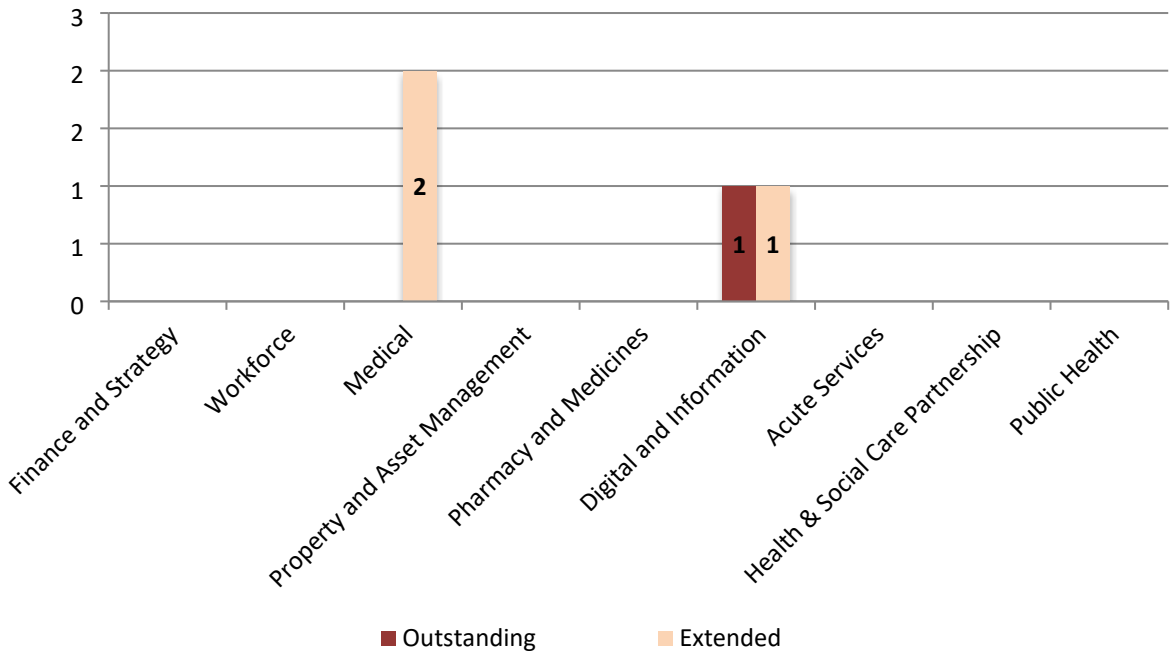
The following appendices are included with this report:

Report Contact

Barry Hudson
Regional Audit Manager
Email: barry.hudson@nhs.scot

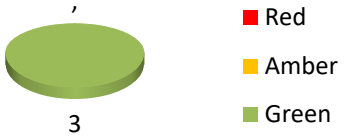
Recommendations More Than 1 Year

Outstanding and Extended by Directorate

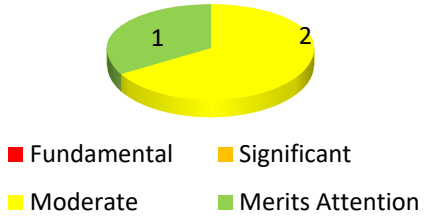


Extended Recommendations RAG Status and Priority

RAG Status

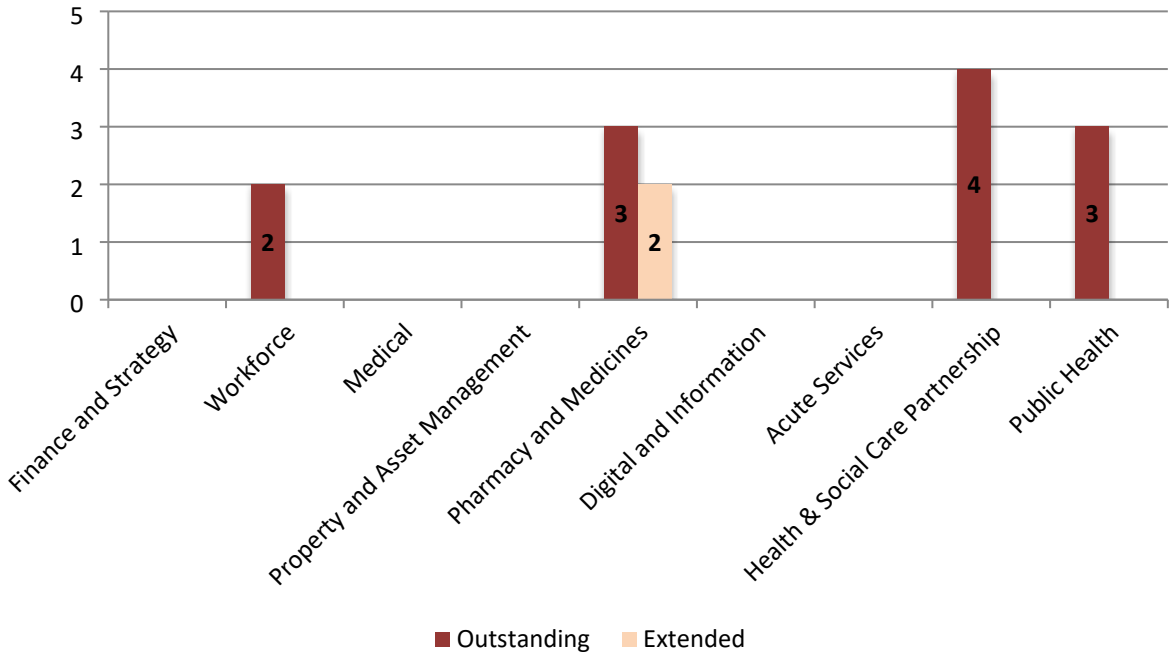


Priority

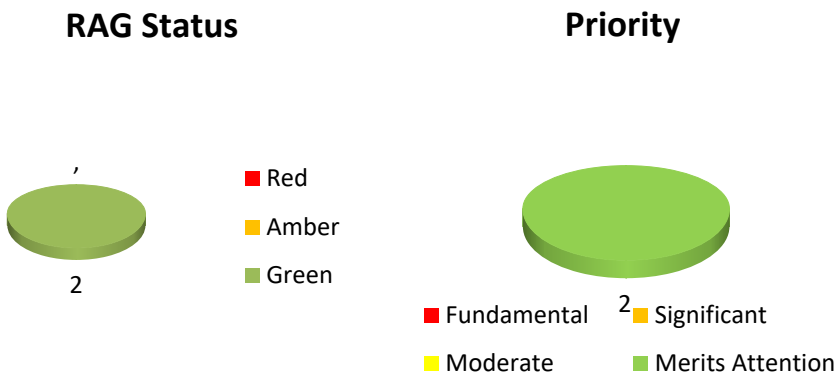


Recommendations Less Than 1 Year

Outstanding and Extended by Directorate



Extended Recommendations RAG Status and Priority



Internal Audit Reports with Remaining Actions	Date of Issue	Total Recs.	Complete	Superseded	Remaining		Extended	Outstanding	Not Yet Due		Not Validated
2022/23											
B13/23 Business Continuity Arrangements	Feb-24	5	2	0	3		0	3	0		-
B17/23 Workforce Planning	May-24	8	2	0	6		0	2	4		-
2022/23 Totals		**13**	**4**	**0**	**9**		**0**	**5**	**4**		**0**
2023/24											
B06/24 Annual Report – 2022-23	Jun-23	11	8	0	3		2	1	0		-
B08/24 ICE – 2023-24	Dec-23	6	4	1	1		1	0	0		
B20A/24 Follow-up of B21/20 Transport of Medicines	May-24	6	1	0	5		2	3	0		-
B24/24 Patients' Funds	May-24	10	7	0	3		0	3	0		-
2023/24 Totals		**33**	**20**	**1**	**12**		**5**	**7**	**0**		**0**
2024/25											
B06/25 Annual Report – 2023-24	Jun-24	3	2	0	1		0	0	1		-
B07/25 ICE – 2024-25	Jan-25	9	0	1	8		0	1	7		-
2024/25 Totals		**12**	**2**	**1**	**9**		**0**	**1**	**8**		**0**
Overall Totals (Actions from reports where recommendations remain unaddressed)		**58**	**26**	**2**	**30**		**5**	**13**	**12**		**0**

Report	Rec Number	Priority	Brief Description	Responsible Officer & Executive Director	Original and Extended Due Dates	RAG Status	Reason for Extension from Responsible Officer
2023/24 Extended							
B06/24 Internal Audit Annual Report 2022/23	1a	M	Greater use of risk appetite in decision making at standing committees.	**Associate Director for Risk and Professional Standards** **Medical Director**	~~31 Mar 24~~ ~~30 Sep 24~~ ~~31 Mar 25~~ 30 Sep 25		The Board's revised Risk Appetite was agreed in November 2024. Further time is required to allow the use of this appetite in practice to be evident in Board/Committee papers and minutes. Following discussions with responsible officers the due dates have been extended.
	1b	M	Risk Management Deep Dive reports to include further analysis including: • further assessment as to which key management actions will impact on the target score with success criteria stated. • focusing only on key controls and providing overt assurance and an overt conclusion on the effectiveness of implemented controls. • assessing the proportionality of proposed actions and whether they should be sufficient to achieve the target score.	**Associate Director for Risk and Professional Standards** **Medical Director**	~~31 Mar 24~~ ~~30 Sep 24~~ ~~31 Mar 25~~ 30 Sep 25		This is not yet fully in place but the format of the deep dives is currently being reviewed. Following discussions with responsible officers the due dates have been extended.

Report	Rec Number	Priority	Brief Description	Responsible Officer & Executive Director	Original and Extended Due Dates	RAG Status	Reason for Extension from Responsible Officer
B08/24 ICE 2023/24	4b	M A	Monitoring of timing of distribution of IG&SSG and D&I Board Papers to comply with 5 days ahead of meeting date stipulation included in their Terms of Reference.	**Director Digital & Information**	~~30 Apr 24~~ 30 Apr 25		Extension required to allow monitoring timing of distribution of IG&SSG and D&I Board Papers to comply with 5 days ahead of meeting date stipulation included in their Terms of Reference and for this to be reported in the IG&SSG and D&I 2024/25 Annual Assurance Reports/Statements.
Total > 1 Year Extended	**3**						
2023/24 Outstanding							
B06/24 Internal Audit Annual Report 2022/23	6b	M	Resource & financial assessment regarding the likelihood of the revised D&I Strategy being delivered within the stated timescale and the risks associated with non-delivery.	**Director Digital & Information**	~~31 Jul 24~~ ~~31 Jan 25~~ TBC		The timescale for the development of the D&I Strategy (now D&I Framework) has been changed and a date for presentation of the framework to Fife NHS Board is to be determined.
Total > 1 Year Outstanding	**1**						

Report	Rec Number	Priority	Brief Description	Responsible Officer & Executive Director	Original and Extended Due Dates	RAG Status	Reason for Extension from Responsible Officer
Year- Extended							
Only actions associated with recommendations that are considered Fundamental or Significant will be included in this section (ie actions that have implementation dates within 12 months from their publication that have been extended or are outstanding). For this reporting cycle there are no such actions to report.							
Year Extended							
Total < 1 Year	**0**						

Audit Year/Report	Rec. Ref.	Finding & Recommendation	Priority	Responsible Officer, Executive Director & Action by Date	Follow-up Response	Internal Audit Opinion on Further Evidence Required to Allow Action to be Recorded as Complete [*This further evidence will be requested from the Responsible Officers through the Follow-up Process*]
For this reporting cycle there were no recommendations where Internal Audit required further evidence from the validation process.						

Action Status	
Term	**Definition**
Complete	Client has informed Internal Audit that the action has been implemented
Superseded	Action has been updated within a further audit report
Extended	Client has requested further time to implement the action (see A**ppendix C**)
Outstanding	The original, or extended, due date has passed, and the client has not provided an update or requested an extension to the due date
Not Yet Due	Original action by date has not yet occurred
Not Validated	Client has informed Internal Audit that the action has been implemented but our validation process found that further evidence is required to support this conclusion (see A**ppendix E**)

Recommendation Priority	
Term	**Definition**
Fundamental (F)	Non-Compliance with key controls or evidence of material loss or error. Action is imperative to ensure that the objectives for the area under review are met.
Significant (S)	Weaknesses in control or design in some areas of established controls. Requires action to avoid exposure to significant risks in achieving the objectives for area under review.
Moderate (M)	Weaknesses in design or implementation of controls which contribute to risk mitigation. Requires action to avoid exposure to moderate risks to achieving the objectives for area under review.
Merits Attention (MA)	There are generally areas of good practice. Action may be advised to enhance control or improve operational efficiency.

RAG Status Definitions for Importance of Extended and Outstanding Recommendations		
RAG Status		**Definition**
Red		**Action is imperative to ensure that the objectives for the area under review are met and risks are mitigated.**
Amber		**Stated actions have not been progressed sufficiently to mitigate the identified risk. Completion of updated actions should ensure objectives are achieved.**
Green		**Good progress is being made and completion of updated actions will achieve objectives and mitigate identified risks.**

NHS Fife

Meeting:	**Audit & Risk Committee**
Meeting date:	**13 March 2025**
Title:	**External Audit – Follow Up Report on Audit Recommendations**
Responsible Executive:	**Margo McGurk, Director of Finance & Strategy**
Report Author:	**Kevin Booth, Head of Financial services & Procurement**

Executive Summary:

- Following the 2023/24 Annual Accounts process, External Audit report included two recommendations for NHS Fife to address ahead of the 2024/25 assignment.
- Assurance is provided that Management have taken appropriate steps to address these recommendations and will further review the external auditor's findings during the 2024/25 interim audit.

1. Purpose

This report is presented for:

- Assurance

This report relates to:

- Government policy / directive
- Legal requirement
- Local policy
-

This report aligns to the following NHSScotland quality ambition(s):

- Effective

2 Report summary

2.1 Situation

Ahead of the 2024/25 Annual Accounts and subsequent External Audit process, the paper provides a progress update on the audit recommendations included in the 2023/24 External Audit Report.

2.2 Background

There were two audit recommendations included within the 2023/24 External Audit Plan:

1 – Azets recommended that NHS Fife undertakes a review of general ledger account codes and the associated mappings into the financial statements. This review should look to understand where all codes are mapping to, and where this is inappropriate, take necessary steps to ensure that transactions are appropriately recorded in the financial statements.

2 – Where management identifies that adjustments are required to the financial statement, these should be clearly documented and approved in line with standard adjustments to the financial statements such as manual journals.

The Management response provided by NHS Fife was as follows:
The year-end mapping required between the Trial Balance and the Financial Statements has been a process which has occurred consistently over a number of years. NHS Fife will review this going forward and make the necessary adjustments for improvement as suggested by the auditors. We suggest that an early planning meeting with the auditors in advance of the 2024/25 audit process is arranged to ensure both parties are satisfied with any changes made.

The responsible officer for these recommendations is the Director of Finance & Strategy.

The implementation date was agreed as December 2024.

2.3 Assessment

In response to the 2023/24 audit recommendations, assurance is provided that Management addressed the two audit recommendations through the following actions:

1. Following the conclusion of the 2023/24 Annual Accounts process, a debrief was held with key members of the Finance Directorate on 16/08/24 to address the Annual Accounts process, the external audit and the recommendations included in the final report. The recommendations with regards to the use of appropriate nominal codes and the requirement to process any amendments via journal was agreed and fed back across the Finance Teams.
2. A debrief was held with External Audit on 01/11/24 to feedback lessons learned from the internal Finance Directorate debrief and to discuss improvements and efficiencies that could be made ahead of the 2024/25 audit assignment. In particular agreement was noted to support an enhanced Interim Audit ahead of the 2024/25 year end.
3. As part of the interim External Audit plan in February 2025, a review will be carried out of the income and expenditure in months 1 – 10 to identify any concerns with the coding. Any feedback provided can be subsequently actioned prior to the year end and prior to the completion of the Annual accounts process and the provision of the year end Trial Balance to the external Auditors.

This report provides the following Level of Assurance:

	Significant	Moderate	Limited	None
Level		X		
Descriptor	There is robust assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.	There is sufficient assurance that controls upon which the organisation relies to manage the risk(s) are suitably designed and effectively applied. There remains a moderate amount of residual risk.	There is some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk, which requires further action to be taken.	No assurance can be taken from the information that has been provided. There remains a significant amount of residual risk

2.3.1 Quality, Patient and Value-Based Health & Care

N/A

2.3.2 Workforce

The 2023/24 External Audit Report was widely shared with members of the Finance Directorate to ensure that any lessons were learned from any areas brought to attention by External Audit.

2.3.3 Financial

The addressing of the Audit recommendations will support the work of the external auditor and potentially mitigate the need for additional audit work resulting in additional time and cost to the external audit.

2.3.4 Risk Assessment / Management

All audit recommendations are reviewed timeously to ensure that any appropriate actions can be taken to mitigate any future associated risks.

2.3.5 Equality and Human Rights, including children's rights, health inequalities and Anchor Institution ambitions

N/A

2.3.6 Climate Emergency & Sustainability Impact

N/A

2.3.7 Communication, involvement, engagement and consultation

There are regular communications planned between the External Auditors and NHS Fife Finance Team during the Interim Audit and on the lead up to the Year End to address any issues or concerns as and when they arise.

2.3.8 Route to the Meeting

The Management responses were previously agreed with the Director of Finance & Strategy before presentation to the ARC.

2.4 Recommendation

This paper is provided to members for a **"moderate" level of assurance.**

3 List of appendices

N/A

Report Contact
Kevin Booth
Head of Financial Services & Procurement
Kevin.booth@nhs.scot

NHS Fife

Meeting:	**Audit & Risk Committee**
Meeting date:	**13 March 2025**
Title:	**External Annual Audit Plan**
Responsible Executive:	**Margo McGurk - Deputy Chief Executive / Director of Finance & Strategy**
Report Author:	**Azets – Chris Brown – Audit Engagement Lead**

Executive Summary:

- This is an update version of the Azet's External Audit Annual Plan for the audit of the 2024-25 NHS Fife Annual Report and Accounts.
- This was previously presented to the committee at the last meeting, held on 12 December 2024.
- The report has been updated to include details of the audit fee for the year, following release by Audit Scotland. The fee disclosed has been discussed and agreed with management.
- Our 2024/25 audit fee has been agreed with management as £235,300. This represents an increase of 2.3% on the 2023/24 fee of £229,930. Full details of this are included on page 24 of the report.
- There are no further changes to the plan from that previously presented.

Report Contact

Chris Brown
Azet's Audit Engagement Lead
Email Chris.Brown@azets.co.uk

NHS Fife

External Audit Annual Plan

Year ended 31 March 2025

March 2025

Table of Contents

Introduction

Purpose

This audit plan highlights the key elements of our proposed audit strategy and provides an overview of the planned scope and timing of the statutory external audit of NHS Fife for the year ended 31 March 2025 for those charged with governance.

The main elements of the audit include:

- an audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement;
- an audit opinion on regularity and other statutory information published with the financial statements in the annual report and accounts, including the Performance Report, Governance Statement, and the Remuneration and Staff Report;
- consideration of arrangements in relation to wider scope areas: financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes; and
- provision of an Independent Auditor's Report expressing our opinions on the different elements of the annual report and accounts and an Annual Audit Report setting out conclusions on the wider scope areas.

Responsibilities of the auditor and the Board

The Code of Audit Practice outlines the responsibilities of external auditors appointed by the Auditor General for Scotland and it is a condition of our appointment that we follow it.

Auditor responsibilities are derived from statute, International Standards on Auditing (UK) and the Ethical Standard for auditors, other professional requirements and best practice, the Code of Audit Practice and guidance from Audit Scotland.

The Board has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing a set of annual report and accounts that are in accordance with proper accounting practices. The Board is also responsible for complying with legislation and putting arrangements in place for governance and propriety that enable it to successfully deliver its objectives.

Appendix 2 provides further details of our respective responsibilities.

Adding Value through the Audit

All of our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Board through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the Board promote improved standards of governance, better management and decision making and more effective use of resources.

Feedback

If there are any elements of this audit plan to which you do not agree or you would like to discuss, please let us know as soon as possible.

Any comments you may have on the service we provide, the quality of our work, and our reports would be greatly appreciated at any time. Comments can be reported directly to any member of your audit team.

This plan has been prepared for the sole use of those charged with governance and management and should not be relied upon by third parties. No responsibility is assumed by Azets Audit Services to third parties**.**

Openness and transparency

This report will be published on Audit Scotland's website http://www.audit-scotland.gov.uk/

Audit scope and general approach

Risk-based audit approach

Our objective when performing an audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement and to issue an auditor's report that includes our auditor's opinion.

As part of our risk-based audit approach, we will:

- Perform risk assessment procedures including updating our understanding of the Board and its Group, including its environment, the financial reporting framework and its system of internal control;
- Review the design and implementation of key internal controls;
- Identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement level and the assertion level for classes of transaction, account balances and disclosures;
- Design and perform audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; and
- Exercise professional judgment and maintain professional scepticism throughout the audit recognising that circumstances may exist that cause the financial statements to be materially misstated.

We will undertake a variety of audit procedures designed to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We include an explanation in the auditor's report of the extent to which the audit was capable of detecting irregularities, including fraud and respective responsibilities for prevention and detection of fraud.

Communication with those charged with governance

Auditing standards require us to make certain communications throughout the audit to those charged with governance. These communications will be through the Audit and Risk Committee.

Partnership working

We coordinate our work with Audit Scotland, internal audit, other external auditors and relevant scrutiny bodies, recognising the increasing integration of service delivery and partnership working within the public sector.

Our Audit Scotland appointments include Fife Integration Joint Board and Fife Council. Where practicable and appropriate we will share knowledge between our teams to generate efficiencies in the delivery of our audits.

Audit Scotland

Although we are independent of Audit Scotland and are responsible for forming our own views and opinions, we do work closely with Audit Scotland throughout the audit. This helps identify common priorities and risks, treat issues consistently across the sector, and improve audit quality and efficiency. We share information about identified risks, good practices and barriers to improvement so that lessons to be learnt and knowledge of what works can be disseminated to all relevant bodies.

Audit Scotland undertakes national performance audits on issues affecting the public sector. We may also be required to provide information to Audit Scotland to support the national performance audits and we may review the Board's arrangements for taking action on any issues reported in the national performance reports which have a local impact. We also consider the extent to which the Board uses the national performance reports as a means to help improve performance at the local level.

Internal Audit

As part of our audit, we consider the scope and nature of internal audit work and look to minimise duplication of effort, to ensure the total audit resource to the Board is used as efficiently and effectively as possible.

Shared systems and functions

Audit Scotland encourages auditors to seek efficiencies and avoid duplication of effort by liaising closely with other external auditors, agreeing an appropriate division of work and sharing audit findings. Assurance reports are prepared by service auditors in the health sector covering the national systems / arrangements. We consider the audit assurance reports when evaluating the Board's systems.

Delivering the audit

Hybrid audit approach

We adopt a hybrid approach to our audit which combines on-site visits with remote working; learning from the better practices developed during the pandemic.

All of our people have the equipment, technology and systems to allow them to work remotely or on-site, including secure access to all necessary data and information. All of our staff are fully contactable by email, phone call and video-conferencing. Meetings can be held over Skype, Microsoft Teams or by telephone.

We employ greater use of technology to examine evidence, but only where we have assessed both the sufficiency and appropriateness of the audit evidence produced.

Secure sharing of information

We use a cloud-based file sharing service 'Inflo' that enables users to easily and securely exchange documents and provides a single repository for audit evidence.

Regular contact

During the 'fieldwork' phases of our audit, we will arrange regular catch-ups with key personnel to discuss the progress of the audit. The frequency of these meetings will be discussed and agreed with management.

Signing annual accounts

Audit Scotland recommends the electronic signing of annual accounts and uses a system called DocuSign.

Electronic signatures simplify the process of signing the accounts and are acceptable for laying in Parliament. Accounts can be signed using any device from any location. There is no longer a need for duplicate copies to be signed, thus reducing the risk of missing a signature and all signatories have immediate access to a high-quality PDF version of the accounts.

Materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of misstatements within the financial statements identified during the audit.

Judgments about materiality are made in the light of surrounding circumstances and are affected by our perception of the financial information needs of users of the financial statements, and by the size or nature of a misstatement, or a combination of both. The basis for our assessment of materiality for the year is set out in Appendix 1.

Planning Materiality: We have set our materiality at 2% of gross expenditure based on the audited financial statements for 2023/24, resulting in £31.935million for the Board and £31.957million for the Group.

Performance Materiality: Using our professional judgement, we have assessed performance materiality at 75% of planning materiality, resulting in £23.951million for the Board and £23.967million for the Group.

Reporting threshold: We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount. We have set this at approximately 5% of planning materiality, resulting in £1.595million for the Board and £1.597milion for the Group.

Accounting systems and internal controls

The purpose of an audit is to express an opinion on the financial statements. We will follow a substantive testing approach to gain audit assurance rather than relying on tests of controls. As part of our work, we consider certain internal controls relevant to the preparation of the financial statements such that we are able to design appropriate audit procedures. However, this work does not cover all internal controls and is not designed for the purpose of expressing an opinion on the effectiveness of internal controls. If, as part of our consideration of internal controls, we identify significant deficiencies in controls, we will report these to the Board.

Specialised skill or knowledge required to complete the audit procedures

Our audit team will consult internally with our Technology Risk team in:

- Assessing the information technology general controls (ITGC)
- Reviewing the service auditor report findings and following up on any recommendations.

Going Concern

In most public sector entities (including health boards), the financial reporting framework envisages that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For many public sector entities, the financial sustainability of the entity is more likely to be of significant public interest than the application of the going concern basis. Our wider scope audit work considers the financial sustainability of the Board.

Management responsibility

Management is required to make and document an assessment of whether the Board and Group is a going concern when preparing the financial statements. The

review period should cover at least 12 months from the date of approval of the financial statements. Management are also required to make balanced, proportionate and clear disclosures about going concern within the financial statements where material uncertainties exist in order to give a true and fair view.

Auditor responsibility

Under ISA (UK) 570, we are required to consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements and consider whether there are material uncertainties about the Board's and Group's ability to continue as a going concern that need to be disclosed in the financial statements.

In assessing going concern, we will consider the guidance published in the Government's Financial Reporting Manual 2024/25 and Practice Note 10 (PN10), which focuses on the anticipated future provision of services in the public sector rather than the future existence of the entity itself.

National Fraud Initiative

The National Fraud Initiative (NFI) in Scotland is a biennial counter-fraud exercise led by Audit Scotland and overseen by the Public Sector Fraud Authority for the UK. It uses technology to compare information held by different public bodies, and on different financial systems that might suggest the existence of fraud or error.

Participating bodies will submit datasets for matching in October 2024 and November 2024 and will receive matches for investigation in December 2024 and January 2025.

We will monitor the Board's participation and progress and, where appropriate, include references to NFI in our 2024/25 Annual Audit Report.

Anti-money laundering

We require the Board to notify us on a timely basis of any suspected instances of money laundering so that we can inform Audit Scotland who will determine the necessary course of action.

Wider audit scope work

The special accountabilities that attach to the conduct of public business, and the use of public money, mean that public sector audits must be planned and undertaken from a wider perspective than in the private sector. This means providing assurance, not only on the financial statements, but providing audit judgements and conclusions on the appropriateness, effectiveness and impact of corporate governance and performance management arrangements and financial sustainability. Appendix 2 provides detail of the wider scope areas of public sector

audit work. Our initial risk assessment and scope of work planned for 2024/25 is outlined in the "Wider scope of public audit" section of this plan.

National risk assessment

Where particular areas of national or sectoral risk have been identified by the Auditor General, they will request auditors to consider and report on those risks as they apply at a local level. For 2024/25 no such risks have been specified. Nevertheless, the arrangements for responding to climate change continues to be an area of particular focus.

Climate change

In 2022/23 we were required to gather information on the Board's response to climate change. Audit Scotland has reviewed the auditor returns assessing climate change and will share the findings from the review with auditors to provide helpful background information for 2024/25 annual audit work.

In addition, Audit Scotland will:

- publish a Good Practice Note on disclosures related to climate change following a review of public bodies' 2022/23 and 2023/24 annual accounts
- provide guidance to auditors on auditing climate change disclosures within the 2024/25 annual accounts of public bodies.

Best Value

Ministerial guidance to Accountable Officers for public bodies sets out their duty to ensure that arrangements are in place to secure Best Value in public services.

Through our wider scope audit work, we will consider the arrangements put in place by the Accountable Officer to meet these Best Value obligations.

Reporting our findings

At the conclusion of the audit we will issue:

- an independent auditor's report setting out our formal audit opinions within the annual report and accounts, and
- an annual audit report describing our audit findings, conclusions on key audit risks, judgements on the pace and depth of improvement on the wider scope areas, and any recommendations.

Definitions

We will use the following gradings to provide an overall assessment of the arrangements in place as they relate to the wider scope areas. The text provides a guide to the key criteria we use in the assessment, although not all of the criteria may exist in every case.

Group audit scope and risk assessment

As Group auditor under ISA (UK) 600 (Revised November 2022) we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Group audit scope

The Group consists of the following entities:

Component	Nature and extent of further audit procedures	Planned audit approach
NHS Fife	Full scope	Full scope statutory audit, as set out in this audit plan.
Fife Integration Joint Board (IJB)	None	No procedures planned.
Fife Health Board Endowment Fund (Fife Health Charity)	None	No procedures planned.

Full Scope Design and perform further audit procedures on the entire financial information of the component, beyond procedures completed to review the consolidation.

Specific Scope Design and perform further audit procedures on one or more classes of transactions, account balances or disclosures, beyond procedures completed to review the consolidation.

None No further audit procedures required, beyond procedures completed to review the consolidation.

Risks at the component-level

The risks identified at the Board are set out in this external audit plan. There are no other significant risks identified in any of the other components above in respect of the Group audit.

Financial statements - significant audit risks

Significant risks are risks that require special audit consideration and include identified risks of material misstatement that:

- Our risk assessment procedures have identified as being close to the upper range of the spectrum of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement; or
- Are required to be treated as significant risks due to requirements of ISAs (UK), for example in relation to management override of internal controls.

Significant risks at the financial statement level

The table below summarises significant risks of material misstatement identified at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Management override of controls	Planned audit procedures
Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Specific areas of potential risk include manual journals, management estimates and judgements and one-off transactions outside the ordinary course of the business. **Risk of material misstatement: High**	Procedures performed to mitigate risks of material misstatement in this area will include: Documenting our understanding of the journals posting process and evaluating the design effectiveness of management controls over journals. Analysing the journals listing and determining the criteria for selecting high risk and/or unusual journals. Testing high risk and/or unusual journals posted during the year and after the draft accounts stage back to supporting documentation for appropriateness, corroboration and to ensure approval has been undertaken in line with the Board's journals policy. Gaining an understanding of the key accounting estimates and critical

Management override of controls	Planned audit procedures
	judgements made by management. We will challenge assumptions and consider for reasonableness and indicators of bias which could result in material misstatement due to fraud. Evaluating the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks at the assertion level for classes of transaction, account balances and disclosures

Fraud in revenue recognition and expenditure	Planned audit procedures
Material misstatement due to fraudulent financial reporting relating to revenue recognition is a rebuttable presumed risk in ISA (UK) 240. Having considered the nature of the revenue streams at the Board, we consider that the risk of fraud in revenue recognition can be rebutted on Scottish Government Funding, but cannot be rebutted on all other income streams due to the financial pressures facing the public sector as a whole, creating an inherent fraud risk associated with the recording of income and expenditure in the financial statements. We have also considered Practice Note 10, which comments that for certain public bodies, the risk of manipulating expenditure could exceed the risk of the manipulation of revenue. We have therefore also considered the risk of fraud in expenditure at the Board. We consider that the risk can be rebutted on payroll expenditure of permanently employed staff but cannot be rebutted on bank and agency expenditure and other operating expenditure for the reasons set out above. Inherent risk of material misstatement: **Revenue and expenditure recognition: High**	We will perform the below procedures based on their value within the financial statements: Documenting our understanding of the Board systems for income and expenditure to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements Evaluating the design of the controls in the key accounting systems, where a risk of material misstatement was identified, by performing a walkthrough of the systems; Evaluating the Board's accounting policies for recognition of income and expenditure and compliance with the FreM and NHS Accounts Manual. Substantively testing material income and expenditure streams using analytical procedures and tests of detail.

Valuation of land and buildings (key accounting estimate)	Planned audit procedures
The Board undertakes a full revaluation of its land and buildings annually, with external valuations completed on a five year rolling basis, to ensure that the carrying value is not materially different from the fair value at 31 March 2025. Management engage the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake these valuations during the year. The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates. This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of land and buildings as a significant risk. We will further pinpoint this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations to those assets where the in-year valuation movements falls outside of our expectations. Inherent risk of material misstatement:	Procedures performed to mitigate risks of material misstatement in this area will include: Evaluating management processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; Evaluating the competence, capabilities and objectivity of the valuation expert; Considering the basis on which the valuations are carried out and challenging the key assumptions applied; Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data; For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding; Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct; and Evaluating the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially different to the current value.

Valuation of land and buildings (key accounting estimate)	Planned audit procedures
Land and Buildings (valuation): Very High	

Provisions – (key accounting estimate)	Planned audit procedures
The Board's financial statements include provision for legal obligations in respect of participation in CNORIS (Clinical Negligence and Other Risks Indemnity Scheme). There is a significant degree of subjectivity in the measurement and valuation of these provisions. This subjectivity represents an increased risk of misstatement in the financial statements. For 2024-25 we anticipate that the Board will recognise a new provision as a result of the review of Band 5 nursing roles recommended following the Agenda for Change review. This provision is anticipated to be subjective and based on a high degree of management judgement and estimation. **Inherent risk of material misstatement:** **Provisions (Valuation): High**	Procedures performed to mitigate risks of material misstatement in this area will include: Reviewing management's estimation for the provisions and related disclosures. Considering compliance with the requirements of the FreM and NHS Manual for Accounts.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as those adopted for the risks identified in this report.

Wider scope of public audit

Introduction

The Code of Audit Practice frames a significant part of our responsibilities in terms of four wider scope audit areas:

- Financial sustainability
- Financial management
- Vision, leadership and governance
- Use of resources to improve outcomes.

Our audit approach to the wider scope audit areas

Appointed auditors are required to consider the wider scope areas when:

- identifying significant audit risks at the planning stage of the audit
- reaching conclusions on those risks
- making recommendations for improvement
- where appropriate, setting out conclusions on the audited body's performance.

When reporting on such arrangements, the Code of Audit Practice requires us to structure our commentary under the four areas identified above. Appendix 2 provides further detail on the definition, scope and audit considerations under each wider scope area.

Our planned audit work against these four areas is risk based and proportionate. Our initial assessment builds upon our understanding of the Board's key priorities and risks along with discussions with management and review of board and committee minutes and key strategy documents.

We have identified two significant risks in relation to financial sustainability and financial management as set out in the table below. At this stage, we have not identified any significant risks in relation to the other wider scope areas. Audit planning is a continuous process and we will report all identified significant risks, as they relate to the four wider scope areas, in our annual audit report.

Wider scope significant risks

Financial sustainability
The Board's medium term financial plan for 2024/25-2026/27 was approved by the Board in March 2024 but remains unapproved by the Scottish Government. The plan shows that delivery of a breakeven at the end of this three year period, in line with the board's statutory financial duties, will require achievement of £125.3million of cost savings. The Board's Re-Form, Transform, Perform framework provides an approach for identifying, selecting and implementing the required actions to achieve the savings target. We understand, based on a survey of other Scottish health boards, that NHS Fife's forecast financial gap is broadly typical across the country. However it still represents one of the biggest financial challenges NHS Fife has ever faced. NHS Fife continues to face major risks to achieving financial balance and transformational service redesign is essential to medium and longer term financial sustainability and performance improvement. The Board's financial sustainability is now at serious risk in the short and medium term.
Our audit response: During our audit we will review whether the Board has appropriate arrangements in place to manage its future financial position. Our work will include an assessment of progress made in developing financially sustainable plans which reflect the medium and longer term impact of cost pressures and that continue to support the delivery of the Board's statutory functions and strategic objectives.

Financial management

In March 2024, the Board approved the 2024/25 financial plan which showed a projected budget gap of £29.8million after an ambitious cost improvement plan totalling £25million. The remainder of the funding gap will require to be addressed through further service change initiatives delivered through the Re-form, Transform and Perform framework.

The latest forecast (September 2024) projected a forecast deficit of £36.763million at March 2025, resulting from an anticipated risk share of £13.4million due to the deteriorating financial position of Fife IJB and challenges associated with delivering the in-year savings target in full. As at September 2024, only £8.103million of the £25million cost improvement plan had been delivered.

NHS Fife has been reliant on Scottish Government brokerage in both 2022/23 and 2023/24 to achieve financial balance; however, Scottish Government has capped NHS Fife's brokerage for 2024/25 at zero. This puts substantial pressure on NHS Fife to deliver unprecedented levels of recurring savings to achieve financial balance. NHS Fife has had difficulty in previous year in delivering its annual cost saving targets.

There is therefore a continued risk that the 2024/25 statutory financial targets will not be achieved.

Our audit response:

During our audit we will consider the Board's approach to planning, implementing, monitoring and reporting on the actions required to achieve a balanced budget and identifying and responding to financial challenges that have occurred during the year.

Other wider scope work

In formulating our audit plan, we identified areas of possible significant risk in relation to all wider scope areas. Our audit approach will include reviewing and concluding on the following considerations to substantiate whether significant risks exist:

Vision, leadership and governance

- The newly appointed Director of Finance will be responsible for signing aspects of the 2024/25 annual accounts. We will consider the handover arrangements put in place to ensure the new Director of Finance has the appropriate assurances to allow them to sign the 2024/25 annual accounts.
- The progress made by the Board in delivering the Population Health and Wellbeing Strategy.

- The progress made by the Board in implementing the actions within the Blueprint for Good Governance improvement plan.
- Whether the Board can demonstrate that the governance arrangements in place are appropriate and operating effectively**.**

Use of resources to improve outcomes

- Whether the Board can evidence the achievement of value for money in the use of resources.
- How the Board demonstrates a focus on continuous improvement in the context of continuing and significant financial and operational challenge.

Audit team and logistics

Audit team

Our audit team will be as follows:

Role	Name	Contact details
Engagement Lead	Chris Brown	Chris.Brown@azets.co.uk
Engagement Senior Manager	Andrew Ferguson	Andrew.Ferguson@azets.co.uk
Audit Manager	Amy Hughes	Amy.Hughes@azets.co.uk
Auditor in Charge	Caitlin Mackenzie	Caitlin.Mackenzie@azets.co.uk

Timetable

Please find below confirmation of our proposed timetable for the audit as previously discussed with management:

Event	Date
Planning and risk assessment	22 November 2024
Reporting of plan to Audit Committee	12 December 2024
Interim audit	February 2025
Receipt of draft accounts and commencement audit fieldwork	April / May 2025
Audit Committee to consider accounts and audit report	19 June 2025
Board meeting to approve accounts for signing	24 June 2025
Target date for submission of signed accounts to Scottish Government	30 June 2025

Our expectations and requirements

For us to be able to complete our work in line with the agreed fee and timetable, we require the following:

- Draft financial statements to be produced to a good quality by the deadlines agreed with us. These should be complete including all notes, the Performance Report and Accountability Report;
- The provision of good quality working papers at the same time as the draft financial statements. These will be discussed in advance to ensure clarity over our expectations;
- The provision of agreed data reports at the start of the audit, fully reconciled to the values in the accounts, to facilitate our selection of samples for testing;
- Ensuring staff are available and on site (as agreed) during the period of the audit;
- Prompt and sufficient responses to audit queries.

The audit process is underpinned by effective project management to co-ordinate and apply our resources efficiently to meet your deadlines. It is essential that the audit team and the Board's finance team work closely together to achieve the above timetable.

Audit Fees

Our 2024/25 audit fee has been agreed with management as £235,300. This represents an increase of 2.3% on the 2023/24 fee of £229,930.

We negotiate the audit fee during the planning process. The fee may be varied above the expected fee level by up to 10% to reflect the circumstances and local risks within the body.

The key factors we took into account when setting the 2024/25 audit fee were:

- NHS Fife's very challenging financial position, which will increase the amount of work we require to perform on financial sustainability and financial management as part of our wider scope audit.
- The continued increase in the complexity and volume of audit work required to carry out audits in line with the revised auditing standards (ISA 240 and ISA 315).

Independence, objectivity and other services provided

Auditor Independence

We confirm that we comply with the Financial Reporting Council's (FRC) Ethical Standard and are able to issue an objective opinion on the financial statements. We have considered our integrity, independence and objectivity in respect of audit services provided and we do not believe that there are any significant threats or matters which should be brought to your attention.

Other services

No other services were provided by Azets to the Board or any members of the Group

Other threats and safeguards

Other potential threats for which we have applied appropriate safeguards include:

Other threats to objectivity and independence	Safeguard implemented
A close relative of an Azets employee is a senior officer at NHS Fife (and disclosed in the Remuneration Report).	We confirm that we have implemented internal safeguards to ensure this employee has no involvement in our audit work and that no members of staff working on the audit discuss any aspects of the audit with them.

Appendices

Appendix 1: Materiality

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to those charged with governance and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

Under ISA (UK) 260 we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the Board and Group and the needs of the users.

When planning, we make judgements about the size of misstatements which we consider to be material, and which provide a basis for determining the nature and extent of our audit procedures. Materiality is revised as our audit progresses, should we become aware of any information that would have caused us to determine a different amount had we known about it during our planning.

Our assessment, at the planning stage, of materiality for the year ended 31 March 2025 was calculated as follows.

	Group £million	Board £million
Overall materiality for the financial statements	31.957	31.935
Performance materiality (75% of materiality)	23.967	23.951
Trivial threshold	1.597	1.595

Materiality	Our initial assessment is based on approximately 2% of gross revenue expenditure as disclosed in the 2023/24 audited annual report and accounts. We consider this to be the principal consideration for the users of the financial statements when assessing financial performance of the Group and Board. The financial statements are considered to be materially misstated where total errors exceed this value.
Performance materiality	75% of materiality

	Performance materiality is the working level of materiality used throughout the audit. We use performance materiality to determine the nature, timing and extent of audit procedures carried out. We perform audit procedures on all transactions, or groups of transactions, and balances that exceed our performance materiality. This means that we perform a greater level of testing on the areas deemed to be at significant risk of material misstatement. Performance materiality is set at a value less than overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of the uncorrected and undetected misstatements exceed overall materiality.
Trivial threshold	5% of overall materiality for the Board and group. Trivial misstatements are matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. Individual errors above this threshold are communicated to those charged with governance.

In addition to the above, we consider any areas for specific lower materiality. We have determined that no specific materiality levels need to be set for this audit.

We also consider materiality qualitatively. This includes areas where users are where users are more sensitive to any error. As such we consider the Remuneration & Staff Report and Related Parties disclosures as material by nature.

In performing our audit, we will consider any errors which cause result in a movement between the relevant bandings on the disclosure table to be material.

For Related Party transactions, in line with the standards we will consider the significance of the transaction with regard to both NHS Fife and the Counter party, the smaller of which will drive materiality considerations on a transaction-by-transaction basis.

Appendix 2: Responsibilities of the Auditor and the Board

The Auditor General and Audit Scotland

The Auditor General for Scotland is a Crown appointment and independent of the Scottish Government and Parliament. The Auditor General is responsible for appointing independent auditors to audit the accounts of the Scottish Government and most Scottish public bodies, including NHS bodies, and reporting on their financial health and performance.

Audit Scotland is an independent statutory body that co-ordinates and supports the delivery of high-quality public sector audit in Scotland. Audit Scotland oversees the appointment and performance of auditors, provides technical support, delivers performance audit and Best Value work programmes and undertakes financial audits of public bodies.

Auditor responsibilities

Code of Audit Practice

The Code of Audit Practice (the 2021 Code) describes the high-level, principles-based purpose and scope of public audit in Scotland.

The Code of Audit Practice outlines the responsibilities of external auditors appointed by the Auditor General and it is a condition of our appointment that we follow it.

Our responsibilities

Auditor responsibilities are derived from the Code, statute, International Standards on Auditing (UK) and the Ethical Standard for auditors, other professional requirements and best practice, and guidance from Audit Scotland.

We are responsible for the audit of the accounts and the wider-scope responsibilities explained below. We act independently in carrying out our role and in exercising professional judgement. We report to the Board and others, including Audit Scotland, on the results of our audit work.

Weaknesses or risks, including fraud and other irregularities, identified by auditors, are only those which come to our attention during our normal audit work in accordance with the Code and may not be all that exist.

Wider scope audit work

Reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector.

The wider scope audit specified by the Code broadens the audit of the accounts to include additional aspects or risks in areas of financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.

Financial management

Financial management means having sound budgetary processes. Audited bodies require to understand the financial environment and whether their internal controls are operating effectively.

Auditor considerations

Auditors consider whether the body has effective arrangements to secure sound financial management. This includes the strength of the financial management culture, accountability, and arrangements to prevent and detect fraud, error and other irregularities.

Financial sustainability

Financial sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

Auditor considerations

Auditors consider the extent to which audited bodies show regard to financial sustainability. They look ahead to the medium term (two to five years) and longer term (over five years) to consider whether the body is planning effectively so it can continue to deliver services.

Vision, leadership and governance

Audited bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

Auditor considerations

Auditors consider the clarity of plans to implement the vision, strategy and priorities adopted by the leaders of the audited body. Auditors also consider the effectiveness of governance arrangements for delivery, including openness and transparency of decision-making; robustness of scrutiny and shared working arrangements; and reporting of decisions and outcomes, and financial and performance information.

Use of resources to improve outcomes

Audited bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. This includes demonstrating economy, efficiency and effectiveness through the use of financial and other resources, and reporting performance against outcomes.

Auditor considerations

Auditors consider the clarity of arrangements in place to ensure that resources are deployed to improve strategic outcomes, meet the needs of service users taking account of inequalities, and deliver continuous improvement in priority services.

Best Value

Ministerial guidance to Accountable Officers for public bodies sets out their duty to ensure that arrangements are in place to secure Best Value in public services. Through our wider scope audit work, we consider the arrangements put in place by the Accountable Officer to meet these Best Value obligations.

Audit quality

The Auditor General and the Accounts Commission require assurance on the quality of public audit in Scotland through comprehensive audit quality arrangements that apply to all audit work and providers. These arrangements recognise the importance

of audit quality to the Auditor General and the Accounts Commission and provide regular reporting on audit quality and performance.

Audit Scotland maintains and delivers an Audit Quality Framework.

The most recent audit quality report can be found at Quality of public audit in Scotland: Annual report 2023/24 | Audit Scotland

Board responsibilities

The Board has primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include the following:

Area	Board responsibilities
Corporate governance	The Board is responsible for establishing arrangements to ensure the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Those charged with governance should be involved in monitoring these arrangements.
Financial statements and related reports	The Board has responsibility for: • preparing financial statements which give a true and fair view of the financial position and its expenditure and income, in accordance with the applicable financial reporting framework and relevant legislation; • maintaining accounting records and working papers that have been prepared to an acceptable professional standard and support the balances and transactions in its financial statements and related disclosures; • ensuring the regularity of transactions, by putting in place systems of internal control to ensure that they are in accordance with the appropriate authority; and • preparing and publishing, along with the financial statements, an annual governance statement, management commentary (or equivalent) and a remuneration report in accordance with prescribed requirements. Management commentaries should be fair, balanced and understandable. Management is responsible, with the oversight of those charged with governance, for communicating relevant information to users about the entity and its financial performance, including providing adequate disclosures in accordance with the applicable financial reporting framework. The relevant information should be communicated clearly and concisely.

Area	Board responsibilities
	The Board is responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls. These systems should support the achievement of its objectives and safeguard and secure value for money from the public funds at its disposal. The Board is also responsible for establishing effective and appropriate internal audit and risk-management functions.
Standards of conduct for prevention and detection of fraud and error	The Board is responsible for establishing arrangements to prevent and detect fraud, error and irregularities, bribery and corruption and also to ensure that its affairs are managed in accordance with proper standards of conduct by putting proper arrangements in place.
Financial position	The Board is responsible for putting in place proper arrangements to ensure the financial position is soundly based having regard to: • Such financial monitoring and reporting arrangements as may be specified; • Compliance with statutory financial requirements and achievement of financial targets; • Balances and reserves, including strategies about levels and their future use; • Plans to deal with uncertainty in the medium and long term; and • The impact of planned future policies and foreseeable developments on the financial position.
Best value	The Scottish Public Finance Manual sets out that accountable officers appointed by the Principal Accountable Officer for the Scottish Administration have a specific responsibility to ensure that arrangements have been made to secure Best Value. Accountable Officers are required to ensure accountability and transparency through effective performance reporting for both internal and external stakeholders.

We are an accounting, tax, audit, advisory and business services group that delivers a personal experience both digitally and at your door.

Accounting | Tax | Audit | Advisory | Technology

Aim high... and trust us to deliver.

THOMSON COOPER ACCOUNTANTS

Fife Health Board Patients' Private Funds

Audit Planning Memorandum
Year Ended 31 March 2025

Introduction

Purpose and Scope

International Standard on Auditing 260 requires auditors to communicate by effective means, matters concerning an entity's audit to those charged with the governance of that organisation.

The purpose of this report is to provide the Board (as those charged with the governance of Fife Health Board Patients' Private Funds) with information regarding:

- the planned audit approach,
- the proposed means and modes of communication throughout the audit assignment;
- and to provide the Board with the opportunity to discuss the assignment and the audit approach prior to the commencement of audit field work.

This report is addressed to the Board of Fife Health Board Patients' Private Funds and is intended for internal use only for the purpose of planning and discussing the audit of the financial statements for the year ended 31 March 2025. This report may not be reproduced in whole or in part without the prior, written consent of Thomson Cooper.

Over recent years there have been a number of developments in the auditing and financial reporting framework. These are set out in Appendix 1. If you wish to discuss further the impact of these developments, we would be pleased to do so.

Background to Appointment

General

As part of our quality control procedures, we review and update our Letters of Engagement on a regular basis. An electronic copy of this Engagement Letter is shown at Appendix 2. As detailed in our Engagement Letter, it remains effective until it is replaced.

Independence

We can confirm that we are independent within the context of relevant regulatory and professional requirements and that there are no circumstances of which the firm is aware which might lead to impairment in the objectivity of either the audit engagement partners or audit staff.

Staff Independence

All our Staff must adhere to strict regulatory, professional and internal independence requirements related to investments or business relationships with clients. All staff and partners must certify their compliance with independence rules on an annual basis.

Thomson Cooper are authorised by ICAS to carry out statutory audits. Members of ICAS and other Accounting Bodies are bound by the Ethical Code which covers, objectivity, independence, confidentiality and integrity.

Money Laundering Regulations

All our staff are briefed in the current Money Laundering Regulations. As part of these regulations, and determining the risk to our audit, we consider the nature of your business, where you operate, your products and services and the appropriateness of your internal controls.

Quality

Independent quality reviews of our audit work are preformed throughout the year. The reviews include testing of the effectiveness and quality of our audit work, and we maintain a continuous improvement programme to ensure that our standards are maintained and improved. In addition, external reviews are also carried out periodically by the institute of Chartered Accountants of Scotland (ICAS).

We are members of Accelerate, a community of relationship-focused, technology-driven, value-based accounting firms. Accelerate is a Business Associate of Crowe Global, meaning we can access accounting firms in more than 130 countries throughout the world. As part of that membership we receive visits every two years to review our audit approach and to discuss current auditing issues. Accelerate also provides technical courses and material on auditing throughout the year.

All qualified audit staff undertake ongoing Continuous Professional Development via attendance at internal and external training courses and seminars.

Background to Appointment (continued)

ISA (UK) 315 (Revised July 2020) - Identifying and Assessing the Risks of Material Misstatement

Following the revision to ISA 315 (effective for accounting periods commencing on or after 15 December 2021) we are required to perform additional procedures in relation to Information Technology and its impact on the audit. The additional work focusses on the auditor obtaining an understanding of the entity's control environment and how this interacts with their system of internal controls. As part of our audit, we will document our understanding of the IT control environment and identify where we believe the risk for potential misstatement may occur.

Further details of the revised ISA can be found at point 1 within appendix 1.

Ethical Standards

Part 3 of the Revised Ethical Standard 2019 issued by the Financial Reporting Council looks at 'Long Association with Engagements'. Where partners and staff in senior positions have a long association, a familiarity threat to integrity and objectivity of that person may exist. In order to safeguard against such threats, the firm is required to apply appropriate safeguards. These safeguards could include rotating the audit partner by appointing another partner with no previous involvement as a Responsible Individual (RI) with the entity, rotating senior members of the audit team, involving an additional partner who has not previously been a member of the engagement team to advise or arranging an engagement quality review of the audit.

Subject to board approval, it is suggested Alan Mitchell will be retained as the RI and Fiona Haro, another RI within the firm, will undertake a concurring review.

Alan Mitchell has been the Responsible Individual (RI) for 12 years, however over this time the composition of the Board has changed and the audit manager in charge of the audit fieldwork has changed. The RI is involved in the direction of the audit and supervises all work conducted, however the RI does not perform any of the audit fieldwork. All audit work is carried out by a qualified accountant.

Part 5 of the Ethical Standard issued by the Financial Reporting Council limits the range of services auditors can provide. At present, we assist in the preparation of the Statutory Accounts as required. There is no need to disclose this in the financial statements if the company has "informed management". Based on the knowledge and experience of the Board, we are satisfied that Fife Health Board Patients' Private Funds has "informed management" and therefore no disclosures will be required in the financial statements.

Background to Appointment (continued)

Laws and Regulations

As part of our audit work, auditing standards require us to review those laws and regulations that are critical to the organisation. We will discuss these with you at the completion stage to obtain your confirmation you are not aware of any known or possible non-compliance with all relevant and significant laws and regulations.

Thomson Cooper Audit Approach

General

Thomson Cooper adopts a risk-based approach to audit assignments.

The starting point for each assignment is to understand the risks facing the organisation including a review of internal control strengths and weaknesses. This involves close liaison with our clients in order to obtain a good understanding of their business before detailed audit work commences.

Following this initial assessment, the audit work to be undertaken can be fully planned.

Effective planning facilitates:

- concentration of audit effort in areas of high risk;
- maximisation of overall efficiencies in audit work; and
- the drawing of suitable conclusions concerning the truth and fairness of the financial statements.

Detailed Audit Procedures

The extent of testing undertaken on the detailed records depends upon the continued adequacy of key internal accounting and operational controls, the materiality of the item involved, and the information and support provided by management.

Detailed audit testing will be performed to test the reliability of the accounting system in operation and to provide additional audit assurance.

Relationship with Internal Audit

Introduction

NHS Fife has an internal audit service which conducts periodic reviews of Patients' Private Funds.

International Standard on Auditing 610 (ISA 610) entitled "Considering the Work of Internal Audit" establishes standards and provides guidance to external auditors in considering the work of internal audit. The standard requires external auditors to "consider the activities of internal auditing and their affect, if any, on external audit procedures".

The following sets out our audit approach for the current year and our relationship with NHS Fife internal audit function.

International Standard on Auditing 610

As stated above, the standard requires the auditor to consider the activities of internal audit. Section 5 of the standard indicates that internal audit normally has specific regard to the following:-

1. Monitoring of internal control.
2. Examination of financial and operating information.
3. Review of the efficiency and effectiveness of operations including non-financial controls.
4. Review of compliance with laws and regulations.

Relationship with Internal Audit (continued)

The role of internal audit is set by management and clearly its objectives will differ from the external auditor whose appointment is to report independently on the annual financial statements. The standard recognises, however, that some of the means of achieving the respective objectives are similar and therefore certain aspect of internal audit work may be useful in determining the nature, timing and extent of external audit procedures. It follows therefore that we are obliged to obtain a sufficient understanding of the work carried out by internal audit to enable us to identify and assess the risks of material misstatements of the financial statements and accordingly to design and perform further audit procedures.

Based on our review of the work carried out by NHS Internal Audit Service in previous years, the principal area upon which we can place reliance on the work of internal audit function, has been in relation to the overall control environment within which Patients' Private Funds operates.

The process of communication between external and internal auditors is two way and we will ensure that any instances of non-compliance with the Financial Operating Procedures detected during our external audit work are brought to the attention of internal audit. The Board are asked to note and confirm their approval with the way in which we intend working with internal audit.

Staffing

Responsible Individual (RI) in Charge of Assignment

The audit engagement RI is Alan Mitchell. This is Alan's 12th year as lead. In accordance with Section 3 of the Ethical Standard, safeguards are in place to ensure objectivity and independence is not impaired. See page 4 for details of the safeguards in place.

The RI is involved in the direction of the audit and supervises all work conducted; however, the RI does not perform any of the audit fieldwork.

Alan will sign the Audit Reports as Senior Statutory Auditor on behalf of Thomson Cooper.

Support RIs

Fiona Haro (RI) will be called upon to undertake a concurring review and discuss any key matters which may arise throughout the audit.

Other Staff

In order to maximise efficiency and minimise disruption to the company, the firm, as far as possible will try to maintain continuity in the other staff deployed on the assignment.

Staff members involved in the audit have previous experience of similar assignments and are suitably qualified and trained.

The audit team is:

Fife Health Board Patients' Private Funds	Audit Manager – Billy Leitch (qualified accountant) Audit Assistant – Erin Donoghue (Trainee Auditor)

Audit Risks

Introduction

Audit risk comprises three elements:

- Inherent risk
- Control risk
- Detection risk

Thomson Cooper aim to plan and perform sufficient audit work so as to ensure that detection risk is minimised, and that the conclusion drawn regarding the truth and fairness of Fife Health Board Patients Private Fund's accounts is valid.

This involves us in a wide evaluation of risk areas (per International Standard on Auditing (ISA) 300 - Planning, ISA 250A – Consideration of Laws and Regulations and ISA 330 - Auditor's Response to Assessed Risks) and also a detailed evaluation, at the level of account class, of the risk of material misstatement.

The areas detailed below have been limited to those, based on previous audit experience, which carry the highest risk of material misstatement either because the balances are so significant in the overall context of Fife Health Board Patients Private Fund's accounts or the account class is subject to a degree of estimation or relies upon the work of an expert.

The list is not exhaustive and has been prepared based upon our previous experience prior to the commencement of the detailed planning work for the audit for the year ended 31 March 2025.

The Board remain ultimately responsible for the integrity of the financial statements and risk management in the widest context. Thomson Cooper, as external auditor, are responsible for providing the Board of Fife Health Board Patients Private Fund's reasonable assurance that the accounts are free from material misstatement and that the accounts give a true and fair view of the state of the affairs of Fife Health Board Patients Private Fund's as at 31 March 2025. While the audit work performed may involve consideration of such issues as the impact of failure of IT equipment for example, the work performed will be limited to considering the extent to which the breach might impact upon the financial statements. Hence, risks of this nature have been excluded from those listed below.

Audit Risks (continued)

Risk	Response
Security of Patients Funds	Due to the nature of the fund's assets i.e. cash, there is an increased susceptibility of the assets to loss through theft or misappropriation. A key focus of our audit will be the testing of the adequacy of the controls in place governing the security of patient funds on the wards.
Compliance with Agreed Operating Procedures	The Board has in place a series of control and authorisation procedures for patient funds which are documented in the Board's Financial Operating Procedure. This report details the various forms which should be used by staff in order to adequately record and control patient funds on the wards and is a key source of internal control. Our audit will include tests to assess the extent to which members of staff have adhered to the documented procedures, including visiting various hospital wards on a rotational basis (see Appendix 2). We shall also consider any areas of potential non-compliance with procedures that were identified and communicated to the Board in the previous year's audit and follow up with regard to how each item has been subsequently dealt with. In addition, where considered relevant, we will seek to re-visit any wards attended in the previous year where issues were identified to perform updated tests to re-assess the extent to which staff have been advised of the issues and have acted upon the recommendations.
Management Override	In every organisation, senior management may be in a position to override the routine day-to-day financial controls. For all of our audits, we consider this risk and adapt our audit procedures accordingly.

Audit Risks (continued)

Risk	Response
Fraud	The auditor's responsibility to consider the audit risk of fraud is laid down in ISA 240 "The auditor's responsibility to consider fraud in an audit of financial statements". In accordance with ISA 200, 'the auditor shall maintain professional scepticism throughout the audit, recognising the possibility that a material misstatement due to fraud could exist, notwithstanding the auditor's past experience of the honesty and integrity of the entity's management and those charged with governance'. As part of the planning process, we are obliged to make enquiries of management and those charged with governance regarding: a) Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments; b) Management's process for identifying and responding to the risks of fraud in the entity, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist; c) Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in the entity; d) Management's communication, if any, to employees regarding its views on business practices and ethical behaviour; and e) Whether Management have knowledge of any actual, suspected or alleged fraud affecting the entity. We can confirm that if we identify any fraud or obtain information that indicates that a fraud may exist, we will communicate this to the appropriate level of management as soon as practicable. If the fraud involves management, employees who have significant roles in internal control or where the fraud results in a material misstatement in the financial statements, we will communicate these matters to the Board as soon as practicable. At the conclusion of our audit work, we will request written confirmation in our letter of representation that the Board acknowledge their responsibility for the design and implementation of internal control to prevent and detect fraud and that it has disclosed to ourselves the results of its risk assessment and disclosed any instances or allegations of fraud which have arisen.

Materiality

Concept and definition

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to monetary misstatements but also to disclosure requirements and adherence to appropriate accounting principles and statutory requirements.

- According to International Standard on Auditing 320 Audit Materiality, 'misstatements, including omissions, are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; and judgements about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both'.

  The Clarified ISA 320 on Audit Materiality establishes the concept of 'performance materiality'. Performance materiality means the amounts set by the auditor at less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

An item may also be considered material for reasons other than size, if for example, it had an impact on:

- trends;
- compliance with loan covenants; or
- instances when greater precision is required.

Calculation and determination

We have determined materiality based on professional judgement in the context of our knowledge of the business, including consideration of factors such as member expectations, industry developments, financial stability and reporting requirements for the financial statements.

We determine materiality in order to:

- estimate the tolerable level of misstatement in the financial statements;
- assist in establishing the scope of our audit engagement and audit tests;
- calculate sample sizes; and
- assist in evaluating the effect of known and likely misstatements on the financial statements.

We will finalise our materiality figure prior to the commencement of our audit.

Materiality (continued)

If, in the specific circumstances of Fife Health Board Patients' Private Funds, we believe there are particular transactions, account balances or disclosures where misstatement of less than materiality for the financial statements as a whole could be expected to influence the decisions of the users, we shall also determine the performance materiality level to be applied to those particular transactions.

Reassessment of materiality

We will reconsider materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality if we had been aware of those facts and circumstances when we made our initial determination.

Further, when we have performed all our substantive tests and are ready to evaluate the results of those tests, including any misstatements we detected, we will reconsider whether materiality, in combination with the nature, timing and extent of our auditing procedures, provided a sufficient audit scope. If we conclude that our audit scope was sufficient, we will use materiality to evaluate whether uncorrected misstatements, individually or in aggregate, are material.

Unadjusted errors

In accordance with auditing standards, we will communicate to the Board all unadjusted items identified during our audit, other than those which we believe are "clearly trivial". Clearly trivial is defined as matters which will be of a wholly different (smaller) order of magnitude than the materiality thresholds used in the audit, and will be matters that are clearly inconsequential, whether taken individually or in aggregate. Auditing standards do not place numeric limits on the meaning of 'clearly trivial', however, we consider the 'clearly trivial' limit to be less than 1% of materiality.

We will obtain written representations from the Board confirming that after considering all these unadjusted items, both individually and in aggregate, in the context of the financial statements taken as a whole, no adjustments are required.

There are some areas where we would strongly recommend or request any misstatements identified during the audit process being adjusted. These include:

- misstatements that we believe were intentionally made to achieve targeted earnings or similar goals;
- clear cut-off errors whose correction would cause non-compliance with loan covenants, management compensation agreements, other contractual obligations, or governmental regulations that we consider are significant; and
- other misstatements that we believe are material or clearly wrong.

Reporting of Audit Findings

Communication

As external auditor, we have direct access to the Board should the need arise. Audit findings will be communicated orally at the meeting of the Board at which the annual accounts are reviewed.

In addition, on completion of the audit field work an Audit Completion Memorandum will be prepared summarising the main audit findings which will be addressed to the Board for their responses.

Audit Adjustments

Any misstatements identified as a result of the audit work performed, which have not already been adjusted, will be reported to the Board. If, after discussion, there remain any material unadjusted misstatements written representation from the Board may be sought setting out the reasons for non-adjustment.

Misstatements which have been found, but adjusted, will only be brought to the attention of the Board where it is believed that an awareness is required for the Board to be able to fulfil their governance responsibilities or where adjustments indicate significant weaknesses in the system of internal controls.

Timetable

We have assumed that "those charged with governance" are the Board. ISA (UK) 260 "Communication of audit matters with those charged with governance", requires auditors to plan the form and timing of communications with those charged with governance.

The audit process is made up of three stages: planning, fieldwork and completion. The planned timing of the audit process is as follows:

- Issue Bank Confirmation Letter
- March 2025

- Initial Planning Meeting with Client - Via Teams
- 21 January 2025

- Audit Staff Planning Meeting
- 2 May 2025

- Issue Audit Planning Memorandum
- 25 February 2025

- Audit Fieldwork commences
- 6 May 2025

- Clearance Meeting
- TBC

- Sub Committee and Board Meeting Meeting (AGM)
- June 2025

Proposed Fees

We have set out below our fee proposal (excluding VAT and necessary disbursements) for 31 March 2025.

We request that management prepare schedules to support the figures included in the financial statements in order to operate a cost effective audit service. Our fee estimates are based on the following assumptions:

- Internal financial controls can be relied upon where planned;
- Working papers which support the accounts will be of the highest standard;
- You will inform us on a timely basis of any significant developments or emerging risks;
- You will provide requested information within agreed upon timescales; and
- There are no protracted conclusions to the audit process.

	Proposed 2025	Actual 2024
	£	£
Fife Health Board Patients' Funds – Audit Fee	3,700	3,500
	3,700	3,500
Billing Timetable		
Billed after audit fieldwork	2,700	2,500
Billed on signing of accounts	1,000	1,000
	3,700	3,500

Appendix 1 – Hospitals Visited

Hospital	Gross Receipts	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Proposed 2025
Adamson	-											
Levenmouth		✓				✓	✓					
Lynebank	117,648		✓		✓	✓		✓	✓		✓	✓
Queen Margaret*	2,819		✓					✓			✓	
St Andrews	-											
Stratheden	33,518	✓		✓	✓		✓		✓	✓		✓
Whyteman's Brae	10,565			✓						✓		

* Excludes "QM Acute" of £nil

Gross Receipts are based on the figures from the accounts for the year ended 31 March 2025.

Note : Queen Margaret will also be visited to review and test the art catalogue

NHS Fife

Meeting:	**Audit & Risk Committee**
Meeting date:	**13 March 2025**
Title:	**Annual Accounts Preparation Timeline**
Responsible Executive:	**Margo McGurk, Director of Finance & Strategy**
Report Author:	**Kevin Booth, Head of Financial Services & Procurement**

Executive Summary:

- This paper provides oversight of the Internal Annual Accounts timetable to conclude and provide the draft Annual Accounts to the External Auditors and to support the audit assignment ahead of anticipated conclusion and sign off by 30th June 2025.

1 Purpose

This is presented to the Committee for:

- Assurance

This report relates to a:

- Government policy/directive
- Legal requirement

This aligns to the following NHSScotland quality ambition(s):

- Effective

2 Report summary

2.1 Situation

As part of the objectives of the Audit & Risk Committee in supporting the Accountable Officer and NHS Fife Board in meeting their assurance needs, the committee is required to review and recommend approval of the Audited Annual Accounts to the Board.

This paper is provided as an update to the committee on the progress of the Annual Accounts process and any concerns identified with regards to the anticipated timeframe to completion by the 30th June 2025.

2.2 Background

At the previous Audit and Risk Committee on the 12th December 2024, Azets, the Boards External Auditors presented the NHS Fife Annual Audit Plan 2024/25. The timelines contained within this plan were formed following discussions with the Head of Financial Services & Procurement and the Deputy Director of Finance.

In order to support the External Auditors assignment and with the objective of requiring to have the Annual Accounts approved by the Board and presented to the Scottish Government by 30th June 2025 an internal timetable is normally produced to manage all components and ensure key milestones are understood and met across the finance team.

2.3 Assessment

The attached timetable (Appendix 1) was prepared by the Head of Financial Services and Procurement and was agreed with the Deputy Director of Finance. The timetable provides conformation of all key components, when they are to be concluded by and who the accountable individual is within the Finance Directorate.

The timetable was shared with the External Auditors for their awareness on 3rd March and regular progress updates will be provided to them during the Annual Accounts process and until such time that the draft Annual Accounts are provided to them (Monday 5th May 2025).

A staged approach to the provision of the draft Annual Accounts has again been agreed with the External Auditors to allow them the earliest possible access to specific sections and to progress their audit with components as they are completed and ahead of them being incorporated into the final draft.

Key dates including the agreement of Year End Balances from the Health & Social Care Partnership, the Draft Accounts for the Patients Private funds and the Health Charity have been communicated to applicable external parties to ensure they align with their own processes.

This report provides the following Level of Assurance:

	Significant	Moderate	Limited	None
Level	X			
Descriptor	There is robust assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.	There is sufficient assurance that controls upon which the organisation relies to manage the risk(s) are suitably designed and effectively applied. There remains a moderate amount of residual risk.	There is some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk, which requires further action to be taken.	No assurance can be taken from the information that has been provided. There remains a significant amount of residual risk

2.3.1 Quality, Patient and Value-Based Health & Care

N/A

2.3.2 Workforce

The Finance staff's required input for the Annual Accounts process is communicated to them at the internal planning stage. In order to support the External Audit progress, the finance team will prioritise supporting Azets reviews wherever possible.

2.3.3 Financial

The Annual Accounts process is the key part of the Boards disclosure of its Financial Performance for the year 2024/25.

2.3.4 Risk Assessment/Management

The Head of Financial Services & Procurement keeps regular contact with applicable members of the Finance Team during the process to ensure any risks are promptly identified and mitigated where possible.

2.3.5 Equality and Diversity, including health inequalities and Anchor Institution ambitions

Developments towards the Boards Anchor Institution ambitions will be incorporated into the Annual Accounts.

2.3.6 Climate Emergency and Sustainability Impact

Developments towards the Boards response to the climate emergency and its sustainability impact will be incorporated into the Annual Accounts.

2.3.7 Communication, involvement, engagement and consultation

The Head of Financial Services & Procurement has produced an internal timetable to ensure that all steps in the Annual Accounts process have been considered and are completed within the appropriate timeframe. Weekly meetings are held with Azets to inform progress and ensure timely resolution of any active matters arising.

2.3.8 Route to the Meeting

The Director of Finance and Strategy is kept regularly up to date on the progress of the Annual Accounts and External Audit process.

2.4 Recommendation

This report is provided to members for a **"significant" level of assurance**.

3 List of appendices

- Appendix No. 1 – NHSF Internal Annual Accounts Timetable 2024/25

Report Contact

Kevin Booth, Head of Financial Services & Procurement. Email kevin.booth@nhs.scot

NHS Fife
Draft Annual Accounts Timetable 2024/25

Task	Owner	Day	Target Date
Distribute approved Templates & clarify Working Papers responsibility	KB	Friday	07/03/2025
Distribute Annual Accounts Manual & Capital accounting Manual	KB	Friday	07/03/2025
NHS Scotland bodies - Final date for purchase invoice authorisation and PECOS receipting, for payment by 24th March	AMH	Wednesday 11am	19/03/2025
Final Inter account cash transfer to be banked (Endowment - Exchequer)	IP	Wednesday	19/03/2025
Return of Draft Front End Narrative sections	KB	Friday	21/03/2025
Final date for payments to Scottish NHS Scotland bodies without agreement of the recipient	AMH	Monday	24/03/2025
Front End Narrative to DOF for Review	KB	Monday	24/03/2025
Final date for purchase invoice authorisation and PECOS receipting, for payment by 31st March	All	Wednesday 11am	26/03/2025
Final creditors payment before 31 March (BACS file produced)	AMH/KE	Friday	28/03/2025
Final date for sales invoices to NHS Scotland bodies to be included in SFR30 balances agreed	KE	Monday	31/03/2025
Purchase ledger close (month 12)	AMH/Zendesk	Monday 7pm	31/03/2025
Registered Invoices Excel Report run	Ledger Control	Tuesday 9am	01/04/2025
Final creditors payment before 31 March credited to bank accounts	AMH/KE	Tuesday	01/04/2025
Petty Cash Certificates returned	KE/AW	Wednesday	02/04/2025
Clinical/medical negligence provision	RM	Thursday	03/04/2025
Injury benefit / Early Retirement provision	KE	Thursday	03/04/2025
Upload Year End Stock Entries to eFin	KE	Thursday	03/04/2025
Financial Accounts ledger entries complete	Fin A/c's	Thursday 12pm	03/04/2025
Date first creditor payment after 31 Mar credited to bank accounts	AMH/KE	Friday	04/04/2025
Registered Invoices year end coded & uploaded to eFin	KE	Friday 9am	04/04/2025
Sales ledger close (month 12)	KE/Zendesk	Friday	04/04/2025
Remuneration Report data reports from Payroll	TC/DK	Monday	07/04/2025
Capital entries complete	TG	Thursday	10/04/2025
Financial Management ledger entries complete	FM	Thursday	10/04/2025
Primary Care entries complete	CS	Thursday	10/04/2025
Final date for notifying other NHS Bodies of amounts to be charged in current Financial Year	FM	Monday	14/04/2025
Front End Narrative submitted to Auditors	KB	Monday	14/04/2025
Agree and obtain reassurance from Fife Health & Social Care IJB on balances for consolidation	RR	Tuesday	15/04/2025
Control account reconciliations complete	Ledger Control	Tuesday	15/04/2025
Primary Care control accounts reconciled	KE	Tuesday	15/04/2025
Agreement of Earmarked Reserves & Direction Letter	AH/RR	Tuesday	15/04/2025
Remuneration Report complete	KB	Wednesday	16/04/2025
Remuneration Report to DOF/Chief Executive for review	KB	Thursday	17/04/2025
Finalise FPR Return cashflow	KE/KB	Friday	18/04/2025
Completion of PFI Entries	RM	Friday	18/04/2025
Remuneration Report issued to Auditors	KB	Monday	21/04/2025
Agree Debtors, creditors, income and expenditure balances with NHS Scotland bodies for SFR30	KE	Tuesday	22/04/2025
General ledger close (month 12)	Zendesk	Tuesday	22/04/2025
FPR Return to SGHSCD (Month 12)	RR	Tuesday (Noon)	22/04/2025
Draft Charity Accounts/Patient Funds Accounts complete	IP/KE/CS	Wednesday	23/04/2025
Analysis of debtors & creditors	KE	Wednesday	23/04/2025
Revaluation figures processed in eFin	TG	Thursday	24/04/2025
All working papers & draft Notes to be completed and available in AA folder	All	Thursday	24/04/2025
General ledger close (month 13)	Zendesk	Tuesday 4pm	29/04/2025
Working papers ready for auditors, confirmed to KB	All	Friday	02/05/2025
Annual Accounts Excel Template to DOF/Chief Executive for review	KB	Friday	02/05/2025
Draft accounts (Excel Template/Word Document) ready for auditors	KB	Monday	05/05/2025
FPR Return to SGHSCD (Month 13)	RR	Tuesday (Noon)	06/05/2025

NHS Fife

Meeting:	**Audit and Risk Committee**
Meeting date:	**13 March 2025**
Title:	**Corporate Risk Register**
Responsible Executive:	**Margo McGurk, Director of Finance & Strategy** **Dr Christopher McKenna, Medical Director**
Report Author:	**Dr Shirley-Anne Savage, Associate Director for Risk and Professional Standards**

Executive Summary

- The report highlights a number of updates to existing risks and also reflects potential risks emerging in the system.
- Included are the new risks for consideration ***Substance Related Morbidity and Mortality*** and ***Hospital Acquired Harm***. They are brought here to be considered and if agreed put forward to the Board for adoption.
- This report provides the latest position in relation to the management of corporate risks. Members are asked to take a **"moderate" level of assurance** that, all actions, within the control of the organisation, are being taken to mitigate the risks as far as is possible to do so.

1 Purpose

This report is presented for:

- Assurance

This report relates to:

- Annual Delivery Plan
- Emerging issue
- Local policy
- NHS Board / IJB Strategy or Direction / Plan for Fife
- NHS Fife Board Strategic Priorities
    - To Improve Quality of Health & Care Services
    - To Deliver Value and Sustainability
    - To Improve Health & Wellbeing
    - To Improve Staff Experience and Wellbeing

This report aligns to the following NHSScotland quality ambition(s):

- Safe
- Effective
- Person Centred

2 Report summary

2.1 Situation

This paper provides an update on the Corporate Risk Register since the last report to the Committee on 12 December 2024. The information reflects the risks being reported through the March 2025 round of governance committee meetings.

2.2 Background

The Corporate Risk Register aligns to the 4 strategic priorities. The format is intended to prompt scrutiny and discussion around the level of assurance provided on the risks and their management.

2.3 Assessment

The corporate risks are summarised in Table 1 below and at Appendix 1. Hospital Acquired Harm and Substance Related Morbidity and Mortality and are here for consideration by the committee.

Risk Title	Target Score	Current Score	Dec 2024	Oct 2024	Aug 2024	June 2024	April 2024	Risk Appetite
1. Population Health & Wellbeing Strategy	12	12	12	12	12	12	12	Below
2. Health Inequalities	16	16	20	20	20	20	20	Within
4. Policy obligations in relation to environmental management and climate change	10	12	12	12	12	12	12	Below
5. Optimal Clinical Outcomes	10	N/A	N/A	15	15	15	15	Within
6. Whole System Capacity	16	20	20	20	20	20	20	Above
7. Access to outpatients, diagnostic and treatment services	16	20	20	20	20	20	20	Above
8. Cancer Waiting Times	12	15	15	15	15	15	15	Within
9. Quality & Safety	6	12	12	12	12	12	12	Within
10. Primary Care Services	12	16	16	16	16	16	16	Above
11. Workforce Planning and Delivery	8	16	16	16	16	16	16	Above
12. Staff Health and Wellbeing	8	16	16	16	16	16	16	Above
13. Delivery of a balanced in year financial position	25	25	25	25	25	25	16	Above
14. Delivery of recurring financial balance over the medium-term	20	25	25	25	25	25	16	Above
15. Prioritisation and management of capital funding	8	12	12	12	12	12	12	Within
16. Off-site area sterilisation and disinfection unit service	6	N/A	N/A	12	12	12	12	Within
17. Cyber resilience	12	16	16	16	16	16	16	Above
18. Digital and Information	12	15	15	15	15	15	15	Above
19. Implementation of Health and Care (Staffing) (Scotland) Act 2019 [HCSA]	9	9	9	9	12	12	12	Within
20. Reduced Capital Funding	12	20	20	20	20	N/A	N/A	Above
21. Pandemic Risk	20	20	20	20	N/A	N/A	N/A	Within
22. Hospital Acquired Harm	12	15	N/A	N/A	N/A	N/A	N/A	Within
23. Substance Related Morbidity and Mortality	15	20	N/A	N/A	N/A	N/A	N/A	Within

- The risk level breakdown is - 13 high and 5 moderate
- The Optimal Clinical Outcome risk has now been closed and the Off-site sterilisation and disinfection unit risk has been removed as a corporate risk and is now only an operational risk.
- Two new risks have been considered since the last report
    - Risk 22 Hospital Acquired Harm (currently high)
    - Risk 23 Substance Related Morbidity and Mortality (currently high)

4 risks align to *Strategic Priority 1: To improve health and wellbeing.*
The Board has a Hungry appetite for risks in this domain. Three risks are within and two risks below risk appetite.

6 risks align *Strategic Priority 2: To improve the quality of health and care services.* The Board has an Open appetite for risks in this domain. Three risks are above risk appetite and four within.

2 risks align to Strategic Priority 3: *To Improve Staff Experience and Wellbeing.* The Board has an open appetite for risks within this domain. Both are above risk appetite.

6 risks align to *Strategic Priority 4: To Deliver Value and Sustainability.*
The Board has an Open appetite for risks in this domain. Fife risks are above risk appetite and one within.

The updated Risk Appetite is attached in Appendix 2.

With the agreement of the new risk appetite, it is timely to give consideration as to how we can use the risk appetite to help manage our corporate risks and start to include this within our discussions.

Key Updates

Risk 6 - Whole System Capacity

The updated wording of the risk reflects the ongoing significant and sustained admission activity to acute services, combined with challenges in achieving timely discharge to downstream wards and/or provision of social care packages, that the management of Acute hospital capacity and flow will be severely compromised.

Management data from winter demonstrates re-direction via FNC and NHS 24 is having an impact in reducing demand month on month and our work to embed Discharge Without Delay (DWW) and Home First continues to provide improvements and learning. A system wide lessons learnt & planning workshop was held on 26/2/25 which identified further system wide improvements.

Risk 10 Primary Care Services
The risk descriptor for the Primary care risk has been updated.

From:
There is a risk that due to a combination of unmet need across health and social care as a result of the pandemic, increasing demand on services, workforce availability, funding challenges, adequate sufficient premises and overall resourcing of Primary Care services, it may not be possible to deliver sustainable quality services to the population of Fife for the short, medium and longer term.

To:
There is a risk that due to a combination of increasing demand on Primary Care services, resource challenges including workforce and finance and adequate sufficient premises, service delivery may be compromised impacting on sustainability and quality of care to the population of Fife.

Risk 22 – Hospital Acquired Harm

Hospital Acquired Harm is the new risk for consideration on the back of closing the Optimal Clinical Outcomes Risk. A draft deep dive is presented in Appendix 3.

Risk 23 – Substance Related Morbidity and Mortality

Following a direction requested by the Public Health and Wellbeing Committee, a 'deep dive' was assigned to a small team to ascertain the need for a specific NHS Fife risk with regards to deaths from drugs use. This is to identify aspects of strategy, policy and delivery within the Board where there is a relevance pertaining to the prevention of drug related deaths and recommend actions that reduce the likelihood and consequence.

The deep dive was then taken through the following groups:

- Fife Risks and Opportunities meeting held on 3 December 2024
- Public Health Assurance Committee on 18 December 2024
- Public Health and Wellbeing Committee 13 January 2024

Comments were made on the deep dive and a couple of mitigations were added as below:

- Work to address poverty, fuel poverty and inequality through ensuring prioritisation of income, housing, education and employment programmes as part of the Plan 4 fife
- Multi-agency resilience response to the potential of mass casualties due to new potent illicit substances mixed into the drug supply. Multi-agency event was held in august 2024 and a recommendation made to SG and PHS to convene a national exercise.

The two potential new risks are brought here for consideration and if agreed put forward to the Board for adoption.

Details of all risks are contained within Appendix No. 1.

Potential New Corporate Risks

NHS Fife PHW Committee has suggested that a specific high level corporate risk is considered regarding access to general dentistry across Fife. This risk has been articulated and proposed to the PCGSOG and will be presented to PHWC in May 2025.

Next Steps

The Corporate Risk Register will continue to evolve in response to feedback from this Committee and other stakeholders, including via Internal Audit recommendations. The Register will require to adapt to reflect the current operating landscape, and our risk appetite in relation to changes in the internal and external environment including developments associated with the Reform, Transform, Perform Programme.

The Risks and Opportunities Group will seek to enhance its role in the identification and assessment of emergent risks and opportunities and make recommendations on the potential impact to the Board's Risk Appetite position. The Group will also contribute to the development of the process and content of Deep Dive Reviews.

This report provides the following Level of Assurance:

	Significant	Moderate	Limited	None
Level		x		
Descriptor	There is robust assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.	There is sufficient assurance that controls upon which the organisation relies to manage the risk(s) are suitably designed and effectively applied. There remains a moderate amount of residual risk.	There is some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk, which requires further action to be taken.	No assurance can be taken from the information that has been provided. There remains a significant amount of residual risk

2.3.1 Quality, Patient and Value-Based Health & Care

Effective management of risks to quality and patient care will support delivery of our strategic priorities. It is expected that the application of realistic medicine principles will ensure a more co - ordinated and holistic focus on patients' needs, and the outcomes and experiences that matter to them, and their families and carers.

2.3.2 Workforce

Effective management of workforce risks will support delivery of our strategic priorities, to support staff health and wellbeing, and the quality of health and care services.

2.3.3 Financial

This paper does not raise, directly, financial impacts, but these do present significant elements of risk for NHS Fife to consider and manage in pursuit of our strategic priorities.

2.3.4 Risk Assessment / Management

Management and oversight of the corporate risks continue to be maintained, with risk reporting provided regularly to the relevant groups and committees.

2.3.5 Equality and Diversity, including health inequalities and Anchor Institution ambitions

An Equality Impact Assessment (Stage 1) was carried out to identify if any items of significance need to be highlighted to EDG. The outcome of that assessment concluded that no further action was required.

2.3.6 Climate Emergency & Sustainability Impact

This paper does not raise, directly, issues relating to climate emergency and sustainability. These items do form elements of risk for NHS Fife to manage.

2.3.7 Communication, involvement, engagement and consultation

This paper reflects engagement with Executive and Non-Executive Directors, the Director of Digital & Information, the Associate Director for Risk & Professional Standards and discussions within the Risks and Opportunities Group.

2.3.8 Route to the Meeting

- Margo McGurk, Director of Finance & Strategy on 28 February 2025
- Christopher McKenna Medical Director on 28 February 2025

2.4 Recommendation

This report provides the latest position in relation to the management of corporate risks. Members are asked to take a **"moderate" level of assurance** that, all actions, within the control of the organisation, are being taken to mitigate the risks as far as is possible to do so.

3 List of appendices

Appendix 1 - NHS Fife Corporate Risk Register as at 20 February 2025
Appendix 2 - Risk Appetite Statement November 2024
Appendix 3 – Deep Dive Hospital Acquired Harm

Report Contact
Dr Shirley-Anne Savage
Associate Director for Risk and Professional Standards
Email shirley-anne.savage@nhs.scot

NHS Fife Corporate Risk Register as at 20/02/25

No	Strategic Priority and Risk Appetite	Risk Title and Description	Mitigation	Risk Appetite Status	Current Risk Level/ Rating	Target Risk level & rating by dd/mm/yy	Current Risk Level Trend	Risk Owner	Primary Committee
1	 HUNGRY	**Population Health and Wellbeing Strategy** There is a risk that the ambitions and delivery of the new organisational Strategy do not deliver the most effective health and wellbeing and clinical services for the population of Fife.	The strategy was approved by the NHS Fife Board in March 2023. This is in the context that the management of this specific risk will span a number of financial years. The service, workforce and financial challenges may have an impact on the scope and pace of the delivery of the ambitions within the Strategy. Reporting of progress against the strategy is through the published PHW Annual and Mid-Year Reports including public health metrics and case studies. In 2024/25, assurance of delivery can be evidenced through the Annual Delivery Plan 2024/25, Corporate Objectives and RTP. Regular updates describe the progress against these plans. The transformation agenda taken forward through RTP will inform opportunities to work towards the delivery of the strategic ambitions and reshape if necessary.	Below	Mod 12	Mod 12 by 31/03/25	◄►	Chief Executive	Public Health & Wellbeing (PHWC)
2	 HUNGRY	**Health Inequalities** There is a risk that if NHS Fife does not develop and implement an effective strategic approach to contribute to reducing health inequalities and their causes, health and wellbeing outcomes will continue to be poorer, and lives cut short in the most deprived areas of Fife compared	Public Health and Wellbeing Committee established, with the aim of providing assurance that NHS Fife is fully engaged in supporting wider population health and wellbeing for the local population. The Population Health and Wellbeing Strategy is monitoring actions which will contribute to reducing health inequalities.	Within	High 16	High 16 by 31/03/25	◄►	Director of Public Health	Public Health & Wellbeing (PHWC)

		to the least deprived areas, representing huge disparities in health and wellbeing between Fife communities.	Consideration of Health Inequalities within all Board and Committee papers. Leadership and partnership working to influence policies to 'undo' the causes of health inequalities in Fife. Development of Anchors strategic plan with links to addressing determinants of health inequalities. Key achievements to date: - Real Living Wage accreditation achieved - 100% of newly awarded contracts of 50K and over are with Real Living Wage accredited businesses - Eight employability programmes in place and engaging with Local Employability partnership - Baseline reporting in place to track spend on local businesses within Fife Fife Partnership are preparing to refresh their 10-year plan, with a focus on the Marmot principles. They are working to identify which interventions are most impactful in closing the health inequalities gap. This will also provide an opportunity to learn from other areas. Prevention and early intervention strategy has recently been ratified by the NHS Board. Public Health supported development of the 'Fair financial decision making' checklist to ensure that financial decisions under RTP take into account impacts on protected characteristics and inequalities. A workshop to explore development of Inclusion Health Network has taken place that will seek to provide a focal point for a range of partners, including the Third sector. This network will advocate for the						

			resolution of issues faced by inclusion health groups such as those who are homeless. Funding has been confirmed from the Child Poverty Practice Accelerator Fund to sustain the income maximisation worker to support maternity services for 2024/25. The approach will focus on support for families with children who have a potential disability or long-term condition. Subject to satisfactory progress this may be continued into 2025/26.						
4	 **HUNGRY**	**Policy obligations in relation to environmental management and climate change** There is a risk that if we do not put in place robust management arrangements and the necessary resources, we will not meet the requirements of the 'Policy for NHS Scotland on the Global Climate Emergency and Sustainable Development, Nov 2021.'	Robust governance arrangements remain in place including an Executive Lead and a Board Champion. Further appointments have been made which include a lead for Clinical Sustainability and a non-exec Sustainability Champion. Regional working group and representation on the National Board ongoing. The new RTP infrastructure and change board has evolved to now include sustainability projects designed in response to the NHS Scotland Climate Change Emergency & Sustainability Strategy 2022 – 2026. Active participation in Plan 4 Fife continues. The NHS Fife Climate Emergency Report and Action Plan have been developed. These form part of the Annual Delivery Plan (ADP). The Action Plan includes mechanics and timescales. Our objectives are set out and monitored through Section 10 of the ADP Work is ongoing with SG, Fife Council and East Region to include innovation in energy generation etc.	Below	Mod 12	Mod 10 by 01/04/25	◄►	Director of Property & Asset Management	Public Health & Wellbeing (PHWC)

			We have increased our commitment to partnership working with local third sector organisations including a partnership Director appointment with FCCT (Fife Coast & Countryside Trust) and local government (Fife Council). The Board's Climate Change Annual Report was prepared for submission to PHWC in January 2024 and thereafter to Scottish Government (SG) and has been published as per the requirements of the policy DL38. A secondary mid-year sustainability & greenspace report has been produced to provide a progress update following the publication of the board report in January 2024. Resource in the sustainability team has increased to 4 FTE's in total including an energy manager who will be key in supporting the requirements of the strategy and policy. The Head of Sustainability has been seconded from the Estates initially for 18 months to drive delivery of the Climate Emergency Action Plan. A partnership plan for Fife Council, Fife College and University of St Andrews was prepared for submission to the Fife Partnership board in May 2024. This set out the agreed actions discussed in the 'addressing the climate emergency working group' and formally create joint actions we will work on as part of the climate emergency in Fife. A corporate risk deep dive was produced in October 2024 on the risk of Environmental Management & Climate change. This is to ensure there will be						

			effective management of the risk that will allow us to meet our strategic priorities.						
6	 **OPEN**	**Whole System Capacity** There is a risk that NHS Fife may be unable able to provide safe and effective care to the population of Fife as a result of workforce capacity, significant and sustained unscheduled care and planned admission activity to the Victoria Hospital, as well as challenges in achieving timely discharge to downstream wards and provision of social care packages.	The risk descriptor has been updated. The updated wording of the risk reflects the ongoing significant and sustained admission activity to acute services, combined with challenges in achieving timely discharge to downstream wards and/or provision of social care packages, that the management of Acute hospital capacity and flow will be severely compromised. Management data from winter demonstrates re-direction via FNC and NHS 24 is having an impact in reducing demand month on month and our work to embed Discharge Without Delay (DWW) and Home First continues to provide improvements and learning. A system wide lessons learnt & planning workshop was held on 26/2/25 which identified further system wide improvements. The combination of application of our OPEL process on a daily basis and the improvement work through our Integrated Unscheduled Care and Planned Care programmes provides the operational and strategic response to the challenges posed through this risk. The System Flow Operational Group meets weekly with senior operational managers to review and plan capacity and flow across the Fife health and care system with escalation to the Integrated Unscheduled Care Board. Whole System Essential Flow Verification provides assurance that all patients identified as clinically fit or with a Planned Date of Discharge are reviewed daily. Weekly ASD Long Length of Stay (LoS) verification group to review and action LoS. Weekend verification group reviews	Above	High 20	High 16 by 31/03/25	◀ ▶	Director of Acute Services	Finance, Performance & Resources (F,P&RC)

			the number of discharges and staffing ahead of weekend.						
7	 **OPEN**	**Access to outpatient, diagnostic and treatment services** There is a risk that patient outcomes may be adversely impacted by NHS Fife's challenge in delivering the waiting times standards due to ongoing unscheduled care pressures and demand exceeding current capacity.	Planning for 2024/25 has been completed in line with planning guidance letter received on 24/01/24. The issue of the confirmed funding being 1M less than the committed staff costs has now been resolved as the Scottish Government have confirmed a further 3.4M to maintain 2023/24 activity levels. The Board has also successfully secured non-recurring funding from the 30M available nationally to support elective waiting times. The Planned Care Plan was approved by the FP&R Committee at the July meeting. This includes additional clinics, enhanced vetting and increased theatre capacity as well as funding additional medical posts (urology, neurology, gynaecology and ENT). The Integrated Planned Care Programme Board continues to oversee the productive opportunities work and this along with ongoing waiting list validation seeks to maximise available capacity. Speciality level plans in place outlining local actions to mitigate the most significant areas of risk. Focus remains on urgent and urgent suspicious of cancer patients however routine long waiting times will increase. Weekly waiting times meetings to review and action long waits. Monthly meeting to review and develop longer term plans to improve waiting times.	Above	High 20	High 16 by 31/03/25	◄►	Director of Acute Services	Finance, Performance & Resources (F,P&RC)

			Monthly meetings with Scottish Government to monitor delivery against the annual plan. The governance arrangements supporting this work continue to inform the level of risk associated with delivering against these key programmes and mitigate the level of risk over time. Discussions continue with Scottish Government around the need for additional funding to help reduce the waiting times for long waiting routine patients. Confirmation was received from Scottish Government in September that no further additional funding will be received for this financial year. December 24 Outpatient and IPDC services continue to work within trajectories however risk of cancellations during winter pressures could adversely impact performance against previously submitted plans. The anticipated Q2, Q3 and Q4 funding for Radiology with the exception of mobile imaging monies submitted against bids for 30m non-recurring funding has ceased. This will adversely affect performance in the latter part of the year particularly impacting ultrasound waiting times where there has been significant improvement in Q1. Projected 90% of patients waiting less than 6 weeks will not be sustained. Priority continues to focus on our urgent and urgent suspicion of cancer patients as well as treating patients based on clinical prioritisation, validating waiting lists and reprioritising patients where						

			indicated and reducing the number of long waiting patients. February 25 Further to planning guidance received from SG on 20th December 24, NHS Fife has submitted first draft of trajectories for 25-26. This includes RAG status against the likelihood of delivering planned care targets for TTG and OPs – no waits over 52 weeks by March 26 and for delivering standards for diagnostics and cancer. Discussions with SG are ongoing. Priority continues to focus on treating our urgent and urgent suspicion of cancer patients as well as reducing the number of long waiting patients.						
8	 **OPEN**	**Cancer Waiting Times (CWT)** There is a risk that patient outcomes may be adversely impacted by NHS Fife's ongoing challenge in meeting the cancer waiting times standards due to increasing patient referrals, complex cancer pathways and service capacity.	Operational risks around Pharmacy and SACT nursing capacity has been escalated. A review of the SACT Unit and nursing workforce is underway. Two ANPs and a Pathway Navigator has been recruited. There has been a Specialty Doctor recruited in Haematology and the consultant vacancy is supported by agency locums. The prostate project group is under review to incorporate learning from the Lanarkshire Model. The Nurse-led model went live in August 2023 however there has been reduced activity due to training of a replacement staff member. The Evaluation of this project currently being undertaken with an update from University of Stirling expected. Introduction of consultant lead specific to cancer services in Urology. 1 session per month, with a cancer meeting bi-monthly.	Within	High 15	Mod 12 by 31/03/25	◄►	Director of Acute Services	Finance, Performance & Resources (F,P&RC)

			There will be an increased focus on challenged cancer pathways within the speciality, focussing on the prostate pathway and MRI/TP biopsy delays. A Urology surgeon is being trained training in Prostate modality to increase RALP capacity. There will be an increased focus on renal and bladder pathways. The team are looking at the potential to carry out bladder cancer in QMH increasing capacity and reducing waiting lists. Funding for channelled endoscopes has been supported to improve waits in the head and neck pathway. Forth Valley supports mutual aid breast clinics to ensure performance is maintained. Radiology are aiming to recruit a general radiologist with a breast sub specialty. The team are collaborating with radiology to expedite hormone results to ensure timely treatment. Upper GI pathway has been challenged due to vacancies, however, final interview for specialist nurses in February 2025 with opportunities for improvement being continually sought Fortnightly meetings with Scottish Government (SG) and quarterly monitoring of the Effective Cancer Management Framework is currently under review. Single Point of Contact Hub (SPOCH) continues to effectively support initiation of the Optimal Lung Cancer and support the negative qFIT pathway. To remove patients from the lung pathway in a timely manner the Hub advises patients of 'good news' albeit the service has had both sickness and vacancy challenges.						

			Support from Health Records has helped timely appointments for patients referred urgent suspected cancer. The Cancer Framework is under review to ensure alignment with the Scottish Cancer Strategy. The Actions for 2025-26 are being agreed. The governance arrangements supporting this work will inform the level of risk associated with delivering against these key programmes and reduce the level of risk over time. Cancer Waiting Times funding will be provided on a recurring basis from 2024-25. Bids have been prioritised to support improvement. A review of funding will take place for 2025-26 ADP Actions for 2025/26 have been drafted.						
9	 **OPEN**	**Quality & Safety** There is a risk that if our governance, arrangements are ineffective, we may be unable to recognise a risk to the quality of services provided, thereby being unable to provide adequate assurance and possible impact to the quality of care delivered to the population of Fife.	Effective governance is in place and operating through the Clinical Governance Oversight Group (CGOG) providing the mechanism for assurance and escalation of clinical governance (CG) issues to Clinical Governance Committee (CGC). There are also effective systems & processes to ensure oversight and monitoring of national & local strategy / framework / policy /audit implementation and impact. One of the root causes of this risk is that there are “no effective system of supporting effective organisational learning”. The Organisational Learning Leadership Group (OLLG) is reviewing delivery of a workplan for 2024/2025 and starting to plan for 2025/2026. A key focus of this	Within	Moderate 12	Low 6 by 31/0102 5	◀▶	Medical Director	Clinical Governance (CGC)

			work is the Clinical Organisational Learning Event which launches in April. This even aims to extrapolate learning of organisational significance and brings multiprofessional groups together across the NHS Fife healthcare system to share learning as a collective. Another change which aligns to the work of the OLLG and the Adverse Events Improvement Plan is that from 1st August all significant adverse events graded as a 4 (i.e. (*"A different plan and or delivery of care, on balance of probability, would have been expected to result in a more favourable outcome, i.e. how case was managed had a direct impact on the level of harm")* will now have the associated improvement plans returned to the Executive SAER panel for oversight and monitoring of improvement actions. The next phase of this work is to embed governance processes for outcomes 1-3 within divisional clinical governance structures. The intention is to redefine the risks relating to Quality and Safety beyond the process/governance focus that we currently have.						
10	 **OPEN**	**Primary Care Services** There is a risk that due to a combination increasing demand on Primary Care services, resource challenges including workforce and finance and adequate sufficient premises, service delivery may be compromised impacting on sustainability and quality of care to the population of Fife	A Primary Care Governance and Strategy Oversight Group (PCGSOG) is in place. A Primary Care Strategy was developed following a strategic needs analysis and wide stakeholder engagement. This was approved at IJB in July 2023 and is now moving to implementation. This is a 3-year strategy focused on recovery, quality and sustainability. The Annual Report for year one of delivery of the strategy was presented and approved at the PCGSOG on 16 August 2024 has now progressed to the IJB and NHS Fife Board. Of 41 actions, 25 are complete	Above	High 16	Mod 12 by 31/03/25	◄►	Director of Health & Social Care	Public Health & Wellbeing (PHWC)

			and the remaining 16 are on track as we move into year two of the plan. Year 2 plan is on track Performance and Assurance Framework now in place with regular reporting to PCGSOG A Primary Care Improvement Plan (PCIP) is in place; subject to regular monitoring and reporting to General Medical Services (GMS) Board, Quality & Communities (Q&C) Committee, IJB NHS Board and Scottish Government. Local negotiations in relation to MOU2 transitionary payments are complete and agreement has been reached and implemented for 23/24. Awaiting further direction and/or guidance from Scottish Government for 24/25. Guidance now received and detailed within PCIP report above. Discussions continue locally. In line with MOU2, pharmacotherapy and CTAC models for care continue to be developed and implemented throughout 2024/25. A General Practice Pharmacy Framework has been issued by the Directors of Pharmacy which outlines the vision to transform the pharmacy service in GP Practices. Pharmacotherapy, CTAC and In Hours Urgent Care have been accepted to HIS Primary Care Improvement Collaborative GMS IG have now approved end point to delivery of PCIP as March 2026. Planning is now being progressed in line with this. Pharmacotherapy and CTAC models for care continue to be shaped and						

			developed. The anticipated date for completion is April 2024.– Complete. Level of 82% achieved for CTAC. All practices (52 across Fife) have access to Pharmacotherapy service. CTAC on track to have full-service delivery model, in line with resources available, in place by April 2025. NHS Fife PHW Committee has suggested that a specific high level corporate risk is considered regarding access to general dentistry across Fife. This risk has been articulated and proposed to the PCGSOG and will be presented to PHWC in March 2025. Primary Care Strategic Communication Plan has been developed and approved at PCGSOG and is now in implementation phase as a key deliverable of the year two strategy. An interface group between primary and secondary care will be formally constituted by April 2025 to focus on whole system quality improvement.						
11	 **OPEN**	**Workforce Planning and Delivery** There is a risk that the current supply of a trained workforce is insufficient to meet the anticipated whole system capacity challenges, or the aspirations set out within the Population Health & Wellbeing Strategy, which may impact on service delivery	Continued development of the workforce elements of the Annual Delivery Plan, Population Health & Wellbeing Strategy and Strategic Framework; the development of the imminent Workforce Plan for 2025 to 2026 alongside service-based workforce plans to the RTP Programme and agreed workstreams, aligned to ADP and financial planning cycles. Continued development of Service Level Workforce Plans, taking account of the 2024/2025 ADP submissions to establish the projected workforce gap between supply, demand, the financial envelope and identifying workforce and non-workforce solutions which services are	Above	High 16	Mod 8 by 31/03/25	◄►	Director of Workforce	Staff Governance (SGC)

			progressing to mitigate workforce risks and balance service delivery. Updates now provided to each Staff Governance Committee meeting and at regular intervals to NHS Fife. Board Implementation of the Health & Social Care Workforce Strategy and Plan for 2022 to 2025 to support the Health & Social Care Strategic Plan for 2023 to 2026, the Plan for Fife and the integration agenda. HSCP Workforce Plan for 2025 to 2026 also underdevelopment for March 2025 submission. Implementation of the NHS Fife Board Strategic and Corporate Objectives, particularly the “exemplar employer / employer of choice” and the associated values and behaviours and aligned to the ambitions of an Anchor Institution, e.g. Employability agenda / Modern Apprenticeships, with bespoke health focused Careers Events planned for March 2025, in conjunction with the Developing the Young Workforce Fife Board. This will showcase health career opportunities and support subject choices for the senior school phase. Repeat sessions to be run in September 2025 and on an annual basis thereafter. The new EMERGE programme in conjunction with Levenmouth Academy, Fife College and NES, which commenced in August 2024 now has 6 pupils studying on the course who are interested in health-related careers, with NHS Fife work tasters held in January and February 2025, followed by work placements planned for Spring 2025. University of St Andrews MBChB						

			(ScotCOM): Widening Participation. Following the partnership agreement in April 2024, various widening participation programmes were planned and delivered. The Summer Programme (Experience Medicine) ran for 7 weeks during the Fife Council school holiday period – July and August 2024. There were approximately 6 students per week, alongside some additional pre-med students. The events planned for September 2024 were delayed until December 2024 and were held over two sites (QMH and Cameron), on 4 and 5 December 2024, accommodating approximately 75 students across the two days. These "Carousel" events were introduced as a way to engage students at an earlier stage, with a view of moving onto the Summer Programme during their S5 year and finally into Gateway to Medicine in the equivalent of their S6 year. Planning for this to be an annual event. Gateway placements were scheduled and delivered week commencing 20th January 2025, accommodating 9 students over 4 days, with both simulation and clinical shadowing experience. A Widening Participation Lead is in the costing plan for ScotCOM to bring the various initiatives together and develop a coherent programme for future academic years. The HSCP Anchor group is meeting quarterly and refreshed, integrated membership includes commissioning, college and community wealth building, social care, nursing, business enabling and administrative services. Public Health input and direction to support the group to develop a plan which connects to the Anchor Progression Framework within NHS Fife and community partners.						

			Ongoing consideration of impact of planned reduction in Agenda for Change staffs' full time working week from 37.5 hours to 36 hours per week on workforce numbers and service capacity, with modelling being undertaken in line with National implementation plans. Continued consideration and modelling of impact of non-pay elements of Agenda for Change staff pay award for 2023/2024 in respect of Band 5/6 nursing review. Continued consideration of impact of non-pay elements of Agenda for Change staff pay award for 2023/2024 in respect of protected learning time (PTL) has resulted in various approaches to support implementation of PLT. 60% PDPR completion rates and 80% mandatory/core skills compliance rates are corporate priorities for 2024/25 and will continue to be priorities for 2025/26, with PDPR rates moving to 65%. NHS Fife's performance against both of these metrics was escalated to NHS Fife Board in November 2024. A short-term recovery plan (up to 31/03/2025) is in play to drive up performance, and primarily focused on all Corporate services, the quality of the data and accessible/timely line manager reporting, through a new report generated by OBILEE. Further efforts to generate momentum and continually sustain performance metrics are being pursued with the HSCP, Acute and Estates & Facilities.						
12	 **OPEN**	**Staff Health and Wellbeing** There is a risk that if due to a limited workforce supply and system pressure, we are unable to maintain the health and wellbeing of our existing staff we	Working in partnership with staff side and professional organisations across all sectors of NHS Fife to ensure staff health and wellbeing opportunities are maximised, to support attraction, development and retention of staff.	Above	High 16	Mod 8 by 31/03/25	◄►	Director of Workforce	Staff Governance (SGC)

		will fail to retain and develop a skilled and sustainable workforce to deliver services now and in the future.	The Staff Health & Wellbeing Framework and Action Plan for 2022 to 2025, setting out NHS Fife's ambitions, approaches and commitments to staff health and wellbeing, are both in place in order to deliver these commitments and will be revised to take account of forthcoming IWWC in action guidance. Fife HSCP has developed a Wellbeing Action Plan 2024-25, created with colleagues from NHS Fife and other stakeholders to add value to the corporate employers' wellbeing work. Consideration and review of staff support priorities for 2022-2025 being progressed via Staff Health & Wellbeing Group and other fora, aligned to Action Plan and new IWWC actions. Current focus on stress, with the HSCP Stress Survey underway and action planning during January 2025. 1453 responses received to date. An Exit Interview Pilot is underway within HSCP using a person centred approach to obtain data on workforce movement and reasons. Mentally Healthy Workplace training continues to be delivered for all HSCP managers / supervisors. Further dates planned for 2025. Work progressing on Promoting Attendance improvement actions to support reductions in staff absence and promote staff wellbeing. This includes proposals on the handling of absence management cases, with the introduction of the use of triggers and 3 stages for long term absence cases in line with the OfS Attendance Policy. Three teams that fall into high priority areas to consider						

			implementing recommendations from a multifactorial review within HSCP Work also ongoing to triangulate absence data with post codes and other relevant data to assist any future work in this area.						
13	 **OPEN**	**Delivery of a balanced in-year financial position** There is a risk that due to the ongoing impact of the pandemic combined with the very challenging financial context both locally and nationally, the Board will not achieve its statutory financial revenue budget target in 2024/25 without further planned brokerage from Scottish Government.	Our approach to financial recovery will be delivered by our new Re-form, Transform and Perform Framework (RPT). The overall opening financial gap reduced from £54.750m to £51.350m in July 2024 as a consequence of allocation increases notified since the financial plan was approved by the NHS Fife Board in March 2024. There is a reasonable level of confidence we will achieve £23.5m of the 3% efficiency target and a further push is now on to bridge the £1.5m gap in projected delivery in the final months of the year. At the end of November 2024, the level of overspend on health board retained is tracking in line with the original planned residual deficit. This improvement is however limited to the health board retained budget position. The increasing deterioration in the IJB position will make it very difficult for the overall Board position to meet or improve on the forecast deficit reported in the financial plan in March 2024. As requested in the Scottish Government feedback letter on the Q2 review, the Chief Executive has prepared a formal notification to Scottish Government of the potential in-year brokerage required to facilitate delivery of a break-even position for 2024/25.	Above	High 25	High 25 by 31/03/25	◄►	Director of Finance & Strategy	Finance, Performance & Resources (F,P&RC)

14	 **OPEN**	**Delivery of recurring financial balance over the medium-term** There is a risk that NHS Fife will not deliver the financial improvement and sustainability programme actions required to ensure sustainable financial balance over the medium-term.	Our approach to financial recovery will be delivered by our new Re-form, Transform and Perform Framework (RPT). Recurring and sustained delivery of our programme of work and supporting actions to achieve a target of 3% recurring savings on baseline budgets £25m in 2024/25 into future years. Full delivery of transformation schemes "Choices" against the additional 4% cost reduction £30m required across all years of the plan. Work is ongoing at pace to enable Choices schemes to be agreed and planned during the latter half of 2024/25 to ensure they impact on the 2025/26 position. The Board has been updated on the impact of the 2025/26 Scottish Government Budget Announcement and detailed work is underway to prepare the initial 2025/26 Financial Plan, this will be presented to the Board for consideration and review in Q4.	Above	High 25	High 20 by 31/03/27	◄►	Director of Finance & Strategy	Finance, Performance & Resources (F,P&RC)
15	 **OPEN**	**Prioritisation & Management of Capital funding** There is a risk that lack of prioritisation and control around the utilisation of limited capital and staffing resources will affect our ability to manage and mitigate risk and to support the developing Population Health and Wellbeing Strategy.	Ongoing governance through FCIG with capital plan being submitted through FP&R and the Board. Annual Property and Asset Management Strategy (PAMS) updates to provide strategic direction now being replaced with the Whole System Initial Agreement development over the next 2 years. Rolling 5-year equipment programme and implementation of medical devices database. Implementation of medical devices database.	Within	Mod 12	Mod 8 (by 01/04/26 at next SG funding review)	◄►	Director of Property & Asset Management	Finance, Performance & Resources (F,P&RC)

			Rolling 5-year Digital & Information programme linked to D&I strategy. Ongoing management of estate risks using the Estate Asset Management System (EAMS). Use of Business Case template to present new schemes for consideration. Future consideration/development of prioritisation investment tool. Fleet and sustainability requests will be linked to plans/strategy and presented through SBARs to Fife Capital Investment Group (FCIG).						
17	 **OPEN**	**Cyber Resilience** There is a risk that NHS Fife will be overcome by a targeted and sustained cyber attack that may impact the availability and / or integrity of digital and information required to operate a full health service.	The Network Information System Directive (NISD) and now Cyber Resilience Framework Audit has concluded for 2024. The compliance rate has increased to 93%, up from 77% from the previous year. The action plan for improvement will be presented to the Information Governance and Security Steering Group for review and progress tracking. The associated and linked Risks for Cyber Resilience will be reviewed in line with the Audit report. Management actions continue to be progressed.	Above	High 16	Mod 12 by 30/09/24	◄►	Director of Digital and Information	Clinical Governance (CGC)
18	 **OPEN**	**Digital & Information** There is a risk that the organisation maybe unable to sustain the financial investment necessary to deliver its D&I Strategy and as a result this will affect our ability to enable transformation across Health and Social Care and adversely impact on the availability of systems that	A strategy completion report will be presented to the NHS Fife Board in November 2024. A revised Digital Framework is being created via the Digital Information Board and will be presented to governance committees for review and comment. The annual delivery plan for 2024/25 demonstrates an alignment to the RTP framework and continuation of required	Within	High 15	Mod 12 30/04/25	◄►	Director of Digital and Information	Clinical Governance (CGC)

		support clinical services, in their treatment and management of patients.	national and local digital programmes. A reduced level of activity to match the resource availability and limited levels of finance. (Capital and revenue) The revised framework will include, financial and workforce planning, to support the mitigation associated risk.						
19	 **OPEN**	**Implementation of Health and Care (Staffing) (Scotland) Act 2019 [HCSA]** Taking account of ongoing preparatory work, there is a risk that the current supply and availability of trained workforce nationally, will influence the level of compliance with HCSA requirements. While the consequences of not meeting full compliance have not been specified, this could result in additional Board monitoring / measures.	NHS Fife Local HCSA Reference Group, with Fife wide, multi-disciplinary and staff representation, is now well established with monthly meetings. HCSA resources continue to be shared widely within NHS Fife. Active MS Teams Channel used to share information outwith meetings. Quarterly progress returns submitted to SG February 2025. HIS engagement meeting supported assessment of reasonable assurance. Enhanced local engagement and reporting achieved via introduction of bespoke excel template, aligned to national reporting framework to capture latest activity in respect of Act requirements. Feedback continues to inform local Board wide action plan. Third quarterly high-cost agency return to 31/12/2024 submitted to SG and second quarterly internal report will be considered at January 2025 SGC and the next NHS Fife Board meetings. Annual report deadline is 30/04/2025. Regular updates provided to APF, EDG and SGC and Fife NHS Board. HSCP implementation group for Part 3 of the Act has been stood down since services were inspected by the Care Inspector and recorded as meeting the requirements of the Act. Representatives	Below	Moderate 9	Mod 9 by 31/03/25	◄►	Director of Workforce	Staff Governance (SGC)

			from Social Care services attend the Care Inspectorate national group bimonthly. Annual return for Part 3 Care Services is due to be submitted to SG by 30 June 2025. This risk on the preparations for HCSA implementation is monitored and updated via the NHS Fife HCSA Local Reference Group.						
20	 **OPEN**	**Reduced Capital Funding** There is a risk that reduced capital funding will affect our ability (scale and pace) to deliver against the priorities set out in our Population Health and Wellbeing Strategy. It may also lead to a deterioration of our asset base including our built estate, digital infrastructure, and medical equipment. There will be less opportunity to undertake change projects/programmes.	Use the capital funding we do receive wisely with requirements being prioritised in a logical manner (see Risk 15). Maintain open communication channels with Scottish Government to facilitate alignment around planning. Submit our Business Continuity & Essential Investment Infrastructure Plan to Scottish Government in January 2025.	Above	High 20	Mod 12 by 30/03/26	◄►	Director of Property & Asset Management	Finance, Performance & Resources (F,P&RC)
21	 **HUNGRY**	**Pandemic Risk** There is a risk that a novel pandemic with widely disseminated transmission and significant morbidity and mortality may cause significant harm to those infected and cause widespread disruption to healthcare, supply chains, and social functioning.	An NHS Fife Pandemic Framework Group has been established to coordinate management of this risk, including consideration and implementation of measures to reduce the pressures and negative effects a pandemic would cause locally, and to act as a source of advice to the organisation and partners. Work is underway to collate lessons from the COVID-19 response and outputs of related inquiries and implement these locally. Preparation underway to deliver large-scale population immunity and immunisation campaigns.	Within	High 20	High 20	◄►	Director of Public Health	Public Health & Wellbeing (PHWC)

22	 **OPEN**	**Hospital Acquired Harm** There is a risk that patients may come to hospital acquired harm (falls, pressure damage, hospital acquired infection, medication) resulting in adverse clinical outcomes as a result of a reduction in resource, availability of workforce and whole system pressures.	Work is underway in the following areas: • Falls Prevention • Pressure Ulcer Prevention • Hospital Acquired Infection • Medicine Incidents • Unscheduled Care Programme Board • Emergency Access • Delayed Transfer of care and Surge	Within	High 15	Moderat e 12 by 31/03/26		Medical Director and Nurse Director	Clinical Governance (CGC)
23	 **HUNGRY**	**Substance Related Morbidity and Mortality** There is a risk that people experiencing problem substance use may have a poor patient experience and increased morbidity and mortality due to NHS Fife being unable to provide rapid and appropriate access to all treatment and care due to lack of funding and capacity.	Implementation of the Strategy Drug Mission Priorities 2022-26. Implementation of The National Strategy for Alcohol and Drug use “Rights, Respect, Recovery” November 2018. Implementation of the Medication Assisted Treatment (MAT) Standards 2021. Implementation of the New Fife Alcohol and Drug Partnership Strategy 2024-2027 Development of the New Drug Alert Process and Protocol & Communication Strategy 2024. Ensure appropriate testing and referral pathways for SH&BBV. A two-year High-Risk Pain Medicines (HRPM) patient safety programme to ensure safe and appropriate prescribing of HRPMs and reduce risk of potential diversion has been delivered. This programme should be embedded into business-as-usual models and continue to implement quality improvement actions.	Within	High 20	High 15 31/03/26		Director of Health & Social Care	Public Health & Wellbeing (PHWC)

			Improvement from prison/police custody to NHS Addictions Service pathways for patients liberated. Multi-agency resilience response to the potential of mass casualties due to new potent illicit substances mixed into the drug supply. A multi-agency event was held in August 2024 and a recommendation made to SG and PHS to convene a national exercise.						

Risk Movement Key

▲ Improved - Risk Decreased
◄► No Change
▼ Deteriorated - Risk Increased

NHS Fife Risk Appetite Statement

November 2024

NHS Fife's Population Health and Wellbeing Strategy (2022-2027) sets an organisational vision that the people of Fife live long and healthy lives. This strategic framework, developed by our staff and built on our vision and values details how our priorities will link to National Care Programmes, underpinned by system enablers. It is also important that the risk appetite is aligned to our Reform, Transform and Perform (RTP) Programme.

The Board recognises that it is not possible to eliminate all the risks which are inherent in the delivery of health and care and is willing to accept a certain degree of risk when it is in the best interests of the organisation, and ultimately, the population of Fife and people we serve. The Board has therefore considered the level of risk that it is proposed to accept for key aspects of the delivery of health and care, and these are described in line with our four organisational aims.

Therefore, the Board and the relevant Board committees will not accept risks with an assurance level of less than moderate (no appetite for none or limited assurance). A higher level of scrutiny will be applied to risks and associated mitigation plans where the level of assurance is none or limited, until a minimum of moderate assurance is agreed. (Tolerate moderate assurance).

To ensure a common understanding of 'levels' of risk appetite, the following definitions have been adopted by the NHS Fife Board.

- Averse – Avoidance of risk and uncertainty is a key organisational objective.
- Cautious – Preference for safe delivery options that have a low degree of residual risk and may only have limited potential for reward.
- Open - Willing to consider all potential delivery options and chose the one that is most likely to result in successful delivery while also providing an acceptable level of reward (and value for money etc).
- Hungry – Eager to be innovative and chose options offering potentially higher business rewards, despite greater inherent risk.

The risk appetite aligns to the strategic priorities within our four-point model as outlined below:

Hungry	Eager to be innovative and chose options offering potentially higher business rewards, despite greater inherent risk.	Improving health and wellbeing
Open	Willing to consider all potential delivery options and chose the one that is most likely to result in successful delivery while also providing an acceptable level of reward (and value for money etc).	Improving the quality of health and care services; Improving staff experience and wellbeing; Delivering value and sustainability
Cautious	Preference for safe delivery options that have a low degree of residual risk and may only have limited potential for reward.	
Averse	Avoidance of risk and uncertainty is a key organisational objective.	

The diagram below demonstrates where each of the corporate risks would fall in terms of this model:

Hungry	Eager to be innovative and chose options offering potentially higher business rewards, despite greater inherent risk.	Improving health and wellbeing 1) Population Health and Wellbeing Strategy 2) Health Inequalities 4) Policy obligations in relation to environmental management and climate change 5) Optimal Clinical Outcomes 21) Pandemic Risk		
Open	Willing to consider all potential delivery options and chose the one that is most likely to result in successful delivery while also providing an acceptable level of reward (and value for money etc).	Improving the quality of health and care services 6) Whole System Capacity 7) Access to outpatient, diagnostic and treatment services 8) Cancer Waiting Times 9) Quality and Safety 10) Primary Care Services 19) Implementation of Health and Care (Staffing) (Scotland) Act 2019	Improving staff experience and wellbeing 11) Workforce Planning and Delivery 12) Staff Health and Wellbeing	Delivering value and sustainability 13) Delivery of balanced in year financial position 14) Delivery of recurring financial balance over the medium-term 15) Prioritisation & Management of Capital funding 17) Cyber Resilience 18) Digital and Information 20) Reduced Capital Funding

Draft Deep Dive Review on Corporate Risk 22 Hospital Acquired Harm

Corporate Risk Title	**Hospital Acquired Harm**		
Strategic Priority	 To improve the quality of health and care services		
Risk Appetite	**OPEN**		
Risk Description	There is a risk that patients may come to hospital acquired harm (falls, pressure damage, hospital acquired infection, medication) resulting in adverse clinical outcomes as a result of a reduction in resource, availability of workforce and whole system pressures.		
Root Cause (s)	• Demand exceeding capacity • Lack of available workforce and appropriately trained workforce • Failure to follow guidelines and protocols		
Management Actions (current)			
Current Risk Rating ([LxC] & Level (e.g. High Moderate, Low)	**Likelihood - 5**	**Consequence - 3**	**Level -** High
Target Risk Rating([LxC] & Level (e.g. High, Moderate, Low)	**Likelihood - 4**	**Consequence - 3**	**Level -** Moderate

Action	Status	Impact on Likelihood/ Consequence
Falls Prevention Work		
The falls documentation across Fife is being reviewed and audited. The findings will guide further quality improvement work to enhance compliance and outcomes	In progress – on track	Reduced Likelihood
The Acute In-patient Falls Group led by a triumvirate of the Head of Nursing for Acute, Physiotherapy, and Occupational Therapy manager reports into NHS Fife's Safer Mobility and Falls Reduction Oversight Group. The Group has plans to work in conjunction with the MoE Nurse Consultant and the Clinical Effectiveness Team to run a cluster review within the Medical Directorate in order to learn from previous cases. The offer to participate was extended to the Surgical Directorate and H&SCP.	In progress – on track	Reduced Likelihood and Consequence
A quality improvement initiative is being undertaken on Wards 43 and 54 at Victoria Hospital, trialling decaffeinated drinks to assess their impact on reducing falls. If successful the initiative will be expanded across other acute areas, integrating key learning points to further reduce falls and patient harm.	In progress – on track	Reduced Likelihood and Consequence
There has been engagement with National Falls Awareness Week, a dedicated initiative focused on raising awareness about falls prevention and safety. Their goal is to actively engage both healthcare professionals and the public, ensuring that the necessary information and support are accessible to all.	Completed	Reduced Likelihood
There has been the successful launch of the newly revised NHS Fife Falls Tool Kit and Documentation. This updated resource provides comprehensive guidance for healthcare professionals, integrating best practices, new protocols, and	Completed	Reduced Likelihood and Consequence

improved reporting tools. The tool kit is designed to enhance falls management and ensure all staff have the right resources at hand.		
There is good collaboration across nursing and allied health professionals including a Falls Link Practitioner Afternoon which brought together practitioners from across NHS Fife to share good practice.	In progress – on track	Reduced Likelihood and Consequence
H&SCP are reviewing patient placements and falls data at huddles. All at risk patients are discussed, their falls assessments are reviewed and updated and actions agreed to prevent falls.	In progress – on track	Reduced Likelihood
Pressure Ulcer Work A Fife wide Tissue Viability Improvement Group in place to monitor performance and facilitate improvements.	In progress – on track	Reduced Likelihood and Consequence
A Short-Life Working Group (SLWG) was established to improve reporting and data capture in pressure damage incidents. SCNs and Charge Nurse Managers (CNMs) will review Care assurance monthly audit results to track progress of any improvement or deterioration.	In progress – on track	Reduced Likelihood and Consequence
There has been a focus on education and supporting Tissue Viability (TV) Link Practitioner's to increase confidence in clinical areas with pressure ulcer identification and grading	In progress – on track	Reduced Likelihood and Consequence
The Tissue Viability Nurse (TVN) team conduct targeted training and audits to ensure documentation compliance.	In progress – on track	Reduced Likelihood and Consequence
Acute and HSCP TV services have delivered training to the Newly qualified practitioners as part of a welcome to Fife event, the teams continue to work together and deliver training	Completed	Reduced Likelihood and Consequence
Within HSCP the tissue viability teams are linking with podiatry to deliver training to inpatient areas.	In progress – on track	Reduced Likelihood and Consequence
A deep dive is undertaken for all TV Datix incidents by the Lead nurses within the area to highlight any concerns. Senior Charge Nurses (SCN) will ensure the dissemination of ward level learning summaries in order to share learning from deep dives.	In progress - some challenges	Reduced Likelihood and Consequence
Nursing Documentation will be revised, and a simplified booklet and standardised handover sheets will be implemented to streamline the documentation.	Not started	Reduced Likelihood and Consequence
Link practitioners will be reintroduced across all inpatient wards to enhance ongoing support and upskilling of staff with monthly reviews to ensure effectiveness.	Not started	Reduced Likelihood and Consequence
Hospital Acquired Infection Raise awareness on use of antibiotics with GPs, healthcare managers and community pharmacists, advising GPs and community pharmacists to review Protein Pump Inhibitor medication and encouraging prudent use of antibiotics.	In progress – on track	Reduced Consequence
SAB	In progress – on track	

Collect and analyse SAB data on a monthly basis to understand the magnitude of the risks to patients in Fife.		
Provide timely feedback of data to key stakeholders to assist teams in minimising the occurrence of SABs where possible.	In progress – on track	Reduced Likelihood
Examine the impact of interventions targeted at reducing SABs.	In progress - some challenges	Reduced Likelihood
Use data to inform clinical practice improvements and for prioritising resources thereby improving the quality of patient care.	In progress – on track	Reduced Likelihood
A Complex Care Review is carried out for each dialysis related SAB case to ascertain any learning identified to influence future practice	In progress – on track	Reduced Likelihood
CDI The follow up of all hospital and community cases continues to establish risk factors for CDI	In progress – ongoing	Reduced Likelihood
Monthly CDI reporting to Acute Services & HSCP with summary of all CDI cases to raise awareness	In progress – ongoing	Reduced Likelihood
Enhanced surveillance & HPS trigger tool completion for any triggers/ areas of concerns.	In progress – on track	Reduced Likelihood
Establishment of optimum antimicrobial therapy for multiple recurrence CDI case. From October 2019 each CDI case has been assessed for suitability of extended pulsed Fidaxomicin (EPFX) regime aiming to prevent recurrent disease in high-risk patients.	In progress – on track	Reduced Likelihood
Commercial faecal transplant (FMT) is now available and will be for recurrences that have failed first and second line treatments	In progress – ongoing	Reduced Likelihood
ECB The Infection Prevention and Control team continue to work with the Urinary Catheter Improvement Group (UCIG) to develop a plan to reduce infections.	In progress - some challenges	Reduced Likelihood
In order to improve management, infection control surveillance alerts the patient's care team manager by Datix when an ECB is associated with a traumatic catheter insertion, removal or maintenance.	In progress – ongoing	Reduced Likelihood
Monthly ECB reports and graphs are distributed within HSCP and Acute services for awareness raising.	In progress – ongoing	Reduced Likelihood
CAUTI bundles to optimise prevention of catheter-associated urinary tract infection have now been installed onto Patientrack and have been trailed on V54 ward prior to this being rolled out across the board. Catheter insertion/maintenance bundles are now in MORSE for use by the district nurses	In progress - some challenges	Reduced Likelihood
Hand Hygiene		

Acute Services Division have introduced electronic recording system for reporting HH compliance from clinical areas and reported via the PAN IPC Group. Some areas continue to utilise LanQIP. The aim is for one standard reporting system for all of NHS Fife and InPhase is currently being explored.	In progress - some challenges	Reduced Likelihood
Medicines Incidents Fife Area Drug and Therapeutics Committee's (ADTC) remit is to provide assurance to NHS Fife board on all aspects of safe, quality and, cost-effective prescribing, medicines utilisation and governance, aligned with NHS Fife strategies and relevant legislation.	In progress – ongoing	Reduced Likelihood
There is an established process of reviewing incidents, to ensure a rapid learning approach is followed. This is achieved by a weekly safety huddle, with multi-disciplinary membership across Acute Services and HSCP, which scrutinises the previous week's medication incidents. The themes and learning from these incidents are shared through the circulation and publication on Stafflink, of a weekly Medicines Safety Minute (MSM) briefing to all professional groups. The MSM is used by wards, departments and teams as part of weekly safety huddles. As well as addressing any immediate learning, it embeds a culture of regular and routine focus on medicines safety across clinical teams.	In progress – ongoing	Reduced Likelihood and consequence
Incidents of missing controlled drugs are recorded as "major" to ensure the incident is escalated immediately and appropriate action taken, with early oversight of senior leaders. The incidents are downgraded if the medication is subsequently found; for example, a calculation error was discovered in the controlled drug register resulting in the discrepancy being resolved.	In progress – ongoing	Reduced Likelihood
An attractive stock dashboard (ASD) has been developed by NHS Fife, which details all medication supplied to wards and departments that may be desirable and therefore at increased risk of diversion. The clinical pharmacist for each ward or department review this with senior nursing and medical staff every month, to identify any areas of concern. In NHS Fife, a Key Performance Indicator of 100% has been set, with this being achieved since January 2024 onwards.	In progress – ongoing	Reduced Likelihood
An Attractive Stock Organisation Action Plan has been developed collating key themes and learning from recent SAERs and LAERS to support delivery of change or learning, with oversight from the CD Governance Group.	In progress - some challenges	Reduced Likelihood
Availability of Workforce Implementation of the Health and Care Staff Act to ensure appropriate staffing in terms of numbers and skills.	On Track	Reduced Likelihood and Consequence
Development of a Workforce OPEL, a strategy that enables pre-emptive action to be taken in order to maintain staffing levels.	In progress - some challenges	Reduced Likelihood
The introduction of eRostering & Safecare; and the Common Staffing Methodology.		

Safecare will allow management of workforce related risks in real time, and the Common Staffing Methodology should use some of these indicators to provide the evidence for the professional judgement on the numbers / skills of staff required to provide appropriate care to the patients within the ward / area.	Not started	Reduced Likelihood
Development of a Medical Staffing Strategic Framework to draw together a number of medical workforce workstreams and to describe how we will progress towards the overarching workforce plan specifically in relation to medical staffing.	Not started	Reduced Likelihood
Further development of specialist and advanced nursing practice.	In progress – ongoing	Reduced Likelihood
Ensure staff are appropriately trained including the management of completion of mandatory training	In progress - some challenges	Reduced Likelihood
Attendance by NHS Fife and HSCP at recruitments fairs at universities to encourage recruitment.	In progress – ongoing	Reduced Likelihood
Work closely with colleagues in Employability to promote wider routes into healthcare	In progress - some challenges	Reduced Likelihood
Events developed for secondary school students to promote healthcare and encourage recruitment.	In progress – ongoing	Reduced Likelihood
Continuation of Modern Apprenticeships programmes for Healthcare Support Workers (HCSW)	In progress – ongoing	Reduced Likelihood
Further development of the Assistant Practitioner Programme	In progress - some challenges	Reduced Likelihood and Consequence
Integrated Unscheduled Care Programme Board Continue the work of Integrated Unscheduled Care Programme Board (chaired by the Director of Health & Social Care and Director of Acute Services) with regular reporting through the Executive Directors' Group. • Reduce attendances – Redesign of Urgent Care • Flow Navigation Centre improvements • Reduce Admissions – Alternatives to Inpatient Care • Development of new pathways • Reduce Length of Stay – Rapid Assessment and Streaming • Support early decision making • Optimise Flow to align discharges and admissions patterns • Effective Discharge Planning	In progress - some challenges	Reduced Likelihood
Emergency Access Staffing models have been reviewed within ED, ensuring senior clinical decision maker presence	In progress - some challenges	Reduced Consequence

Successful appointment of a dedicated ED CNM continues to ensure appropriate leadership and support.	In progress - some challenges	Reduced Consequence
Continued focus on Right Care, Right Place	In progress - some challenges	Reduced Likelihood
Review of front door assessment areas is ongoing, with a view to implementation of an SDEC model as part of the wider VHK reimagining work within RTP.	In progress - some challenges	Reduced Likelihood
We are utilising Call Before you Convey and have additional Consultant cover to support ANP decision making in Flow & Navigation, during afternoons when GP demand is higher and to support flow.	In progress – ongoing	Reduced Likelihood
Maintain a strong discharge profile, even amidst a significant increase in referrals across both social care and social work sectors.	In progress - some challenges	Reduced Likelihood
Delayed Transfer of Care and Surge Efforts to streamline care pathways have been effective in reducing unnecessary hospital stays, leading to a greater number of patients being discharged in alignment with their Patient Day of Discharge (PDDS). Moreover, standard delays are being managed within an improvement trajectory, and the continuous collaboration with the Red Cross has enabled the establishment of alternative pathways for assessment beds.	In progress - some challenges	Reduced Likelihood
The Day of Care audit provided a comprehensive assessment of key markers aligned to the mental health inpatient population, including delayed discharge which will be analysed alongside existing data and collation processes.	Completed	Reduced Likelihood
Challenges continue to exist in sourcing appropriate packages of care and environments to support discharge due to the complexity of needs for individuals across the mental health and learning disabilities services and the limited financial resources.	In progress - some challenges	Reduced Likelihood
Daily engagement is coordinated between the MH/LD Discharge Coordinator (DC) and senior ward staff. Monthly multi -agency review groups are in place to consider Complex Delays, DSR and the Guardianship process alongside weekly multi -disciplinary, solution focused, verification/flow meetings	In progress - some challenges	Reduced Likelihood
Management Actions (future)		
Action	**Status**	**Impact on Likelihood/ Consequence**
Medicines Incidents There are number of areas in which a proactive preventative programme is required which represent foundations of medicines safety continuous improvement. The Board has identified medicines safety as a corporate objective, which is a commitment to ensuring a continuous focus on improving patient outcomes and reducing risk of harm from medicines. There are five high risk medicines areas which have been identified from local medication incidents and National Patient	On Track - Ongoing	Reduced Consequence

Safety Alerts. High risk medicines are defined by HIS “as medicines that have a high risk of causing injury or harm if they are misused or used in error”: a. Anticoagulants b. Insulin c. Lithium d. Sodium valproate e. High Risk Pain Medicines (HRPM) This programme will be overseen by the multi-disciplinary Medicines Safety and Policy group, reporting to Area Drug and Therapeutics Committee, with clear links through Pharmacy Senior Leadership Team and the HSCP and Acute Services governance groups.		
Continue escalation of issues through Senior Leadership Teams to Executive Director’s Group then through to Clinical Governance Committee (and other committees as appropriate).	On Track - Ongoing	Reduced Consequence
Ensure the NHS Fife Realistic Medicine/Value Based Health Care Delivery Plan aligns with the Scottish Government (SG) Value Based Health & Care. Action Plan 2023	On Track	Reduced Consequence

Action Status Key
Completed
In Progress - On track
In Progress - Some Challenges
In Progress - Significant Challenges
Not started

NHS Fife

Meeting:	**Audit and Risk Committee**
Meeting date:	**13 March 2025**
Title:	**Risks and Opportunities Group Progress Report – March 2025**
Responsible Executive:	**Margo McGurk, Director of Finance and Strategy** **Dr Christopher McKenna, Medical Director**
Report Author:	**Dr Shirley-Anne Savage, Associate Director for Risk and Professional Standards**

Executive Summary:

This report provides a progress update from the Risks and Opportunities Group. Including an update on:

- Review of the Risk Matrix
- Risk Summary Dashboard
- Key Performance Indicators (KPIs)
- Risk Deep Dive Reviews
- Risk Management Framework
- Horizon Scanning

The Committee are asked to take to take a moderate level of assurance from the report.

1 Purpose

This report is presented for:

- Assurance

This report relates to:

- Local Policy
- NHS Fife Board Strategic Priorities
  - To Improve Health & Wellbeing
  - To Improve Quality of Health & Care Services
  - To Improve Staff Experience and Wellbeing
  - To Deliver Value and Sustainability

This report aligns to the following NHSScotland quality ambition(s):

- Safe
- Effective
- Person Centred

2 Report summary

2.1 Situation

This paper provides an update on the Risks and Opportunities Group's progress on key elements of its business since the last report to the Committee on 12 September 2025.

2.2 Background

The Risks and Opportunities Group (ROG) meet to continue to support the development of an effective risk management framework. To deliver on its annual work plan, the Group divides its time between the Corporate Risk Register and in supporting operational risk management practice.

2.3 Assessment

Review of the Risk Assessment Matrix

The matrix used in NHS Fife is based on the NHS Scotland matrix which was originally developed in 2008.The ROG has identified the need to further promote the matrix locally as a tool to support risk assessment and decision making.

A review of the national matrix to expand and modernise the content has concluded. A review of the NHS Fife matrix is now underway.

Risk Summary Dashboard

To date, the Dashboard has been made available to the ROG and demonstrated to various stakeholders. Arrangements are being made to share the tool with specific teams and departments and promote its use to support operational risk management. The ROG will take forward a plan to support Dashboard implementation during 2025-26.

Key Performance Indicators (KPIs)

A KPI report has been shared with the Risk and opportunities Group and this committee during 2024/25. The Risk and opportunities Group is reviewing how this can be used to better manage risk.

Risk Deep Dive Reviews

Deep dive reviews continue to be a key element of our assurance arrangements. Trigger factors for a deep dive are currently the creation of a new corporate risk, materially deteriorating risks, and proposed de-escalation / closure of a corporate risk, as well as intelligence from operational teams.

Risk Management Framework

The revised Framework is now complete and incorporates the new risk appetite agreed by the Board in November 2024. This was the ROG, EDG and presented to this Committee for approval. A Delivery Plan for 2025/26 is under development.

Horizon Scanning

Opportunities

The Group will also consider horizon scanning in the context of the Population Health and Wellbeing Strategy and preparation of the related annual report.

Annual Statement of Assurance

An Annual Statement of Assurance was undertaken including a self-assessment of its own effectiveness. These will be presented to EDG and this Committee in May 2025.

This report provides the following Level of Assurance:

	Significant	Moderate	Limited	None
Level		x		
Descriptor	There is robust assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.	There is sufficient assurance that controls upon which the organisation relies to manage the risk(s) are suitably designed and effectively applied. There remains a moderate amount of residual risk.	There is some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk, which requires further action to be taken.	No assurance can be taken from the information that has been provided. There remains a significant amount of residual risk

2.3.1 Quality, Patient and Value-Based Health & Care

Effective management of risks to quality and patient care will support delivery of our strategic priorities. It is expected that the application of realistic medicine principles will ensure a more co - ordinated and holistic focus on patients' needs, and the outcomes and experiences that matter to them, and their families and carers.

2.3.2 Workforce

Effective management of workforce risks will support delivery of our strategic priorities, to improve staff health and wellbeing, and the quality of health and care services.

2.3.3 Financial

Effective management of financial risks will support delivery of our strategic priorities including delivering value and sustainability.

2.3.4 Risk Assessment / Management

Subject of the paper.

2.3.5 Equality and Diversity, including health inequalities and Anchor Institution ambitions

No specific Equality Impact Assessment has been conducted.

2.3.6 Climate Emergency & Sustainability Impact

This paper does not raise, directly, issues relating to climate emergency and sustainability. These items do form elements of risk for NHS Fife to manage.

2.3.7 Communication, involvement, engagement, and consultation

This paper reflects communication and feedback received from EDG, governance committees, and the considerations of the Risks and Opportunities Group.

2.3.8 Route to the Meeting

Alistair Graham, Director of Digital and Information, Group Co- Chair on 28 February 2025
Margo McGurk, Director of Finance, 28 February 2025

2.4 Recommendation

Members are asked to take a **"moderate" level of assurance** from the update provided.

3 List of appendices

None.

Report Contact
Dr Shirley-Anne Savage
Associate Director for Risk and Professional Standards
shirley-anne.savage@nhs.scot

NHS Fife

Meeting:	**Audit & Risk Committee**
Meeting date:	**13 March 2025**
Title:	**Committee Self-Assessment Report 2024-25**
Responsible Executive:	**Margo McGurk, Director of Finance & Strategy**
Report Author:	**Gillian MacIntosh, Board Secretary**

Executive Summary:

- This paper details the outcome of the recent self-assessment exercise of the Audit & Risk Committee's effectiveness. A summary of the findings is given in the SBAR, with the full responses and free text comments included in the appendix.
- A moderate level of assurance is suggested, indicating the successful completion of the exercise and the identification of a number of learning points to be taken into the year ahead.

1 Purpose

This report is presented for:

- Discussion

This report relates to:

- Local policy

This report aligns to the following NHSScotland quality ambition(s):

- Effective

2 Report summary

2.1 Situation

The purpose of this paper is to provide the outcome of this year's self-assessment exercise recently undertaken for the Audit & Risk Committee, which is a component part of the Committee's production of its annual year-end statement of assurance.

2.2 Background

As part of each Board Committee's assurance statement, each Committee must demonstrate that it is fulfilling its remit, implementing its agreed workplan and ensuring the timely presentation of its minutes to the Board. Each Committee must also identify any significant control weaknesses or issues at the year-end that it considers should be disclosed in the Governance Statement and should specifically record and provide

confirmation that the Committee has carried out an annual self-assessment of its own effectiveness. Combined, these processes seek to provide assurance that a robust governance framework is in place across NHS Fife and that any potential improvements are identified, and appropriate action taken.

A light-touch review of the standard question set was undertaken this year, taking account of members' feedback on the length and clarity of the previous iteration of the questionnaire. Board Committee Chairs each approved the set of questions for their respective committee.

To conform with the requirement for an annual review of their effectiveness, all Board Committees were invited to complete a self-assessment questionnaire in January 2025. The survey was undertaken online and took the form of a Chair's Checklist (which sought to verify that the Committee is operating correctly as per its Terms of Reference) and a second questionnaire (to be completed by members and regular attendees) comprising a series of effectiveness-related questions, where a scaled 'Agree/Disagree' response to each question were sought. Textual comments were also encouraged, for respondents to provide direct feedback on their views of the Committee's effectiveness.

2.3 Assessment

As previously agreed, Committee chairs have received a full, anonymised extract of the survey responses for their respective committee. A summary report assessing the composite responses for the Audit & Risk Committee is given in this paper. The main findings from that exercise are as follows:

Chairs' Checklist (completed by Chair only)

It was agreed that the Committee was currently operating as per its Terms of Reference, with adequate membership, an appropriate schedule of meetings and processes in place to allow for escalation of matters directly to the Board.

Self-Assessment questionnaire (completed by members and attendees)

Excluding the Committee Chair, in total, two members of the Committee who had been in post over 2024/25 (excluding and a member who has yet to attend a meeting) and five regular attendees completed the questionnaire. In general, the Committee's current mode of operation received a mixed assessment from its members and attendees who participated.

Some areas for improvement were highlighted. Initial comments identified for further discussion include:

- mixed opinions on whether the required level of independent challenge and discussion is evident at the Committee, particularly around broader internal control-related matters;

- attendance levels could be improved (noting, however, there has been a long-standing vacancy on the Committee for much of the last year and there continues to be so whilst the Board remains a member short);
- the Committee could be strengthened by including a member with specific risk management experience (this could be considered as requested skill via the Non-Exec recruitment exercises being undertaken this year);
- a request for further training / member development around the full scope of assurance responsibilities that sit with the Committee, to reflect the fact that the Committee's remit is wider than its financial accounting responsibilities; and
- reviewing the volume of papers provided, enhancing the clarity of data therein and adding better signposting in the recommendations for members, to ensure that clarity for members on the purpose of their input. Risk management papers are mentioned as being an area where clarity of information provided could be enhanced.

Some of the issues noted above, particularly around size of meeting packs and overly detailed papers, are not unique to the Audit & Risk Committee and indeed are common comments across a number of Board committees, particularly those with wide-ranging remits. Board-wide enhancements to agendas and paper format are currently being discussed with all Committee Chairs.

Members are invited to highlight any other findings they would wish to see addressed over the Committee's next year of operation.

This report provides the following Level of Assurance:

	Significant	Moderate	Limited	None
Level		x		
Descriptor	There is robust assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.	There is sufficient assurance that controls upon which the organisation relies to manage the risk(s) are suitably designed and effectively applied. There remains a moderate amount of residual risk.	There is some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk, which requires further action to be taken.	No assurance can be taken from the information that has been provided. There remains a significant amount of residual risk

2.3.1 Quality, Patient and Value-Based Health & Care

N/A

2.3.2 Workforce

N/A

2.3.3 Financial

N/A

2.3.4 Risk Assessment / Management

The use of a comprehensive self-assessment checklist for all Board committees ensures appropriate governance standards across all areas and that effective assurances are provided.

2.3.5 Equality and Human Rights, including children's rights, health inequalities and Anchor Institution ambitions

This paper does not relate to the planning and development of specific health services, nor any decisions that would significantly affect groups of people. Consequently, an EQIA is not required.

2.3.6 Climate Emergency & Sustainability Impact

N/A

2.3.7 Communication, involvement, engagement and consultation

Invitation, and reminders, to complete the questionnaire were sent to all members, allowing for all the chance to submit feedback.

2.3.8 Route to the Meeting

The Committee is the first group to receive this paper. This paper has, however, been considered initially by the Committee Chair and Lead Executive Director.

2.4 Recommendation

This paper is provided to members for:

- **Assurance** – This report provides a "moderate" level of assurance
- **Discussion** – what actions members would wish to see implemented to address those areas identified for improvement.

3 List of appendices

The following appendices are included with this report:

- Appendix No. 1, Outcome of Committee's self-assessment exercise

Report Contact
Dr Gillian MacIntosh
Head of Corporate Governance & Board Secretary
gillian.macintosh@nhs.scot

		Strongly Agree	Agree	Disagree	Strongly Disagree	Comments
A. Committee membership and dynamics						
A1.	The Committee has been provided with sufficient membership, authority and resources to perform its role effectively and independently.	-	6 (86%)	1 (14%)	-	There is certainly a change in challenge from some of the members, which is a positive move. Attendance has been intermittent. The Committee has held a vacancy for part of the last year, which I think reduces the level of scrutiny.
A2.	The Committee's membership includes appropriate representatives from the organisation's key stakeholders.	1 (14%)	6 (86%)	-	-	This could improve depending on what is on the agenda, and for example it might be helpful for lead Directors to be present if an audit report/summary is included, to take any questions. Attendance has been intermittent.
A3.	Committee members are clear about their role and how their participation can best contribute to the Committee's overall effectiveness.	-	6 (86%)	1 (14%)	-	This has improved in the last year. There is a tendency of members to focus on the financial aspects of governance rather than wider organisational systems of control. The Committee could more actively seek assurance from the other governance committees.
A4.	Committee members are able to express their opinions openly and constructively.	2 (29%)	5 (71%)	-	-	The Committee is a supportive, encouraging space where questions and challenge are welcomed.

		Strongly Agree	Agree	Disagree	Strongly Disagree	Comments
A5.	There is effective scrutiny and challenge of the Executive from all Committee members, including on matters that are critical or sensitive.	-	6 (86%)	1 (14%)	-	The Committee Chair could invite more constructive challenge through the management of the agenda. This has improved in the last year. There is a tendency of members to focus on the financial aspects of governance rather than wider organisational systems of control. The committee could more actively seek assurance from the other governance committees. Agree mostly - it would be useful to have a Non-Executive member with a strong, specific risk background.
A6.	The Committee has received appropriate training / briefings in relation to the areas applicable to the Committee's areas of business.	-	7 (100%)	-	-	Agree mostly - better use of development sessions would be useful to strengthen and enhance foundation knowledge of matters discussed.
A7.	Members have a sufficient understanding and knowledge of the issues within its particular remit to identify any areas of concern.	-	7 (100%)	-	-	Risk may still be an area of improvement. Agree mostly - again, it would be useful to have a member with a specific background knowledge of risk.
B. Committee meetings, support and information						
B1.	The Committee receives timely information on performance concerns as appropriate.	1 (14%)	5 (72%)	1 (14%)	-	-
B2.	The Committee receives timely exception reports about the work of external regulatory and inspection bodies, where appropriate.	1 (14%)	6 (86%)	-	-	Yes, Audit Scotland / Counter Fraud Services.

		Strongly Agree	Agree	Disagree	Strongly Disagree	Comments
B3.	The Committee receives adequate information and provides appropriate oversight of the implementation of relevant NHS Scotland strategies, policy directions or instructions.	-	6 (86%)	1 (14%)	-	-
B4.	Information and data included within the papers is sufficient and not too excessive, so as to allow members to reach an appropriate conclusion.	1 (14%)	3 (43%)	3 (43%)	-	Reports could be written in a more 'user friendly' manner - in particular the approach to risk management reporting could warrant further review. I have continued concerns with the size of the Board books and feel there is a risk that key information may not be picked up. Excessive paperwork.
B5.	Papers are provided in sufficient time prior to the meeting to allow members to effectively scrutinise and challenge the assurances given.	1 (14%)	6 (86%)	-	-	-
B6.	Committee meetings allow sufficient time for the discussion of substantive matters.	-	7 (100%)	-	-	Meetings are often quite short, which suggests sufficient time but perhaps raises questions about the extent of the detailed discussion. Agree that there is sufficient time - lengthier discussion would at times be of benefit to ensure full scrutiny.
B7.	Minutes are clear and accurate and are circulated promptly to the appropriate people, including all members of the Board.	2 (29%)	5 (71%)	-	-	-
B8.	Action points clearly indicate who is to perform what and by when, and all outstanding actions are appropriately followed up in a timely manner until satisfactorily complete.	3 (43%)	4 (57%)	-	-	-

		Strongly Agree	Agree	Disagree	Strongly Disagree	Comments
B9.	The Committee is able to provide appropriate assurance to the Board that NHS Fife's strategies, policies and procedures (relevant to the Committee's own Terms of Reference) are robust.	2 (29%)	5 (71%)	-	-	Good annual reports in place.
B10.	Committee members have confidence that the delegation of powers from the Board (and, where applicable, the Committee to any of its sub groups) is operating effectively as part of the overall governance framework.	1 (14%)	6 (86%)	-	-	Further consideration of the Committee's role in relation to risk management has been agreed as an area for ongoing development.
C. The Role and Work of the Committee						
C1.	The Committee reports regularly to the Board verbally and through minutes, can escalate matters of significance directly and makes clear recommendations on areas under its remit when necessary.	-	7 (100%)	-	-	-
C2.	In discharging its governance role, the focus of the Committee is at the correct level.	-	7 (100%)	-	-	There is always room for improvement.
C3.	The Committee's agenda is well managed and ensures that all topics with the Committee's overall Terms of Reference are appropriately covered	2 (29%)	5 (71%)	-	-	-
C4.	Key decisions are made in a structured manner and can be publicly evidenced.	1 (14%)	6 (86%)	-	-	-

		Strongly Agree	Agree	Disagree	Strongly Disagree	Comments
C5.	What actions could be taken, and in what areas, to further improve the effectiveness of the Committee in respect of discharging its remit?	Better use of development sessions to enhance foundation knowledge of Non-Executives. Greater diversity of skillset of Non-Executives to ensure appropriate scrutiny. The Committee could benefit from an additional Non-Executive for when there is any absence in the core members. Further consideration of the Committee role in relation to risk management has been agreed as an area for ongoing development. The Committee Chair could invite more constructive challenge through the management of the agenda.				
D. Audit & Risk Committee specific questions						
AR1.	To your knowledge, at least one of the Audit & Risk Committee members has sufficient relevant and recent financial experience.	2 (29%)	5 (71%)	-	-	Not entirely sure.
AR2.	All members, including the chair, are suitably independent of the Executive function.	4 (57%)	3 (43%)	-	-	-
AR3.	Members are sufficiently independent of the other finance-related committees of the Board.	2 (29%)	5 (71%)	-	-	-
AR4.	The Audit & Risk Committee annual schedule of meetings is suitable for NHS Fife's business and governance needs, as well as the requirements of the financial reporting calendar.	3 (43%)	4 (57%)	-	-	-

		Strongly Agree	Agree	Disagree	Strongly Disagree	Comments
AR5.	The Audit & Risk Committee appropriately satisfies itself that the arrangements for risk management, control and governance have operated effectively throughout the reporting period.	2 (29%)	5 (71%)	-	-	-
AR6.	The Audit & Risk Committee effectively considers how accurate and meaningful the Governance Statement is.	1 (14%)	6 (86%)	-	-	-
AR7.	The Audit & Risk Committee appropriately considers how it should coordinate with other Committees that may have responsibility for aspects of risk management and corporate governance.	2 (29%)	4 (57%)	1 (14%)	-	Maybe possible enhancements. This would be worthy of further review.
AR8.	The Audit & Risk Committee has satisfied itself that NHS Fife has adopted appropriate arrangements to counter and deal with fraud.	3 (43%)	4 (57%)	-	-	-
AR9.	The Audit & Risk Committee has been made aware of the role of risk management in the preparation of the internal audit plan.	3 (43%)	4 (57%)	-	-	-
AR10.	The Audit & Risk Committee's role in the consideration of the annual accounts is clearly defined.	4 (57%)	3 (43%)	-	-	-
AR11.	The Audit & Risk Committee has gained an appropriate understanding of management's procedures for preparing NHS Fife's annual accounts.	3 (43%)	4 (57%)	-	-	-

		Strongly Agree	Agree	Disagree	Strongly Disagree	Comments
AR12.	The Audit & Risk Committee approves, annually and in detail, the internal audit plans, including consideration of whether the scope of internal audit work addresses NHS Fife's significant corporate risks.	3 (43%)	4 (57%)	-	-	-
AR13.	Outputs from follow-up audits by internal audit are appropriately monitored by the Audit & Risk Committee and the Committee considers the adequacy of implementation of recommendations.	3 (43%)	4 (57%)	-	-	-
AR14.	To your knowledge, there is appropriate co-operation between the internal and external auditors.	2 (29%)	4 (57%)	1 (14%)	-	-
AR15.	Internal audit performance measures are appropriately monitored by the Audit & Risk Committee.	2 (29%)	5 (71%)	-	-	-
AR16.	The external auditors effectively present and discuss their audit plans and strategy with the Audit & Risk Committee (recognising the statutory duties of external audit).	1 (14%)	6 (86%)	-	-	-
AR17.	The Audit & Risk Committee appropriately reviews the external auditor's annual report to those charged with governance.	1 (14%)	6 (86%)	-	-	-
AR18.	The Audit & Risk Committee adequately ensures that officials are monitoring action taken to implement external audit recommendations.	-	7 (100%)	-	-	-

		Strongly Agree	Agree	Disagree	Strongly Disagree	Comments
AR19.	Agenda papers are circulated timely in advance of the meeting, to allow adequate preparation by Audit & Risk Committee members.	5 (71%)	2 (29%)	-	-	-
AR20.	Reports to the Audit & Risk Committee communicate relevant information at the right frequency, time and in a format that is effective.	1 (14%)	6 (86%)	-	-	-

NHS Fife

Meeting:	**Audit & Risk Committee**
Meeting date:	**13 March 2025**
Title:	**Blueprint for Good Governance Improvement Plan Update**
Responsible Office holder:	**Pat Kilpatrick, Board Chairperson**
Report Author:	**Gillian MacIntosh, Board Secretary**

Executive Summary:

- This paper outlines the Board's progress in the delivery of the Improvement Plan created in March 2024, following members' self-assessment exercise against the Blueprint for Good Governance.

- The paper reports on the conclusion of all but two of the action points specified in the Plan, with detailed progress updates given in the appendix.

- The paper suggests a moderate level of assurance can be taken from the actions completed thus far, with two action points still to be completed in full. Both are linked to national work that is required to which Fife has input.

1 Purpose

This report is presented for:

- Assurance

This report relates to:

- Government policy / directive
- Local policy

This report aligns to the following NHSScotland quality ambition(s):

- Effective

2 Report summary

2.1 Situation

In March 2024, the Board approved an improvement plan, which followed on from the Board's self-assessment exercise against the expectations of the second edition of the NHS Scotland Blueprint for Good Governance. The Board is asked to note the enclosed update of progress related to the individual action points within the plan.

2.2 Background

From November to December 2023, the Board engaged in a self-assessment of its governance against the terms of DL (2022) 38, NHS Health Boards and Special Health Boards Blueprint for Good Governance, published in December 2022. The self-assessment involved all Board members and routine attendees undertaking a detailed survey measuring the Board's current operations against the Blueprint functions. This was subsequently followed by a dedicated in-person Board development session held in February 2024 to agree the Board's actions, collating these in the format of an improvement plan. The self-assessment exercise has been a key element of implementing the arrangements of the NHS Scotland Blueprint for Good Governance and the survey and plan format have been provided to Boards by Scottish Government as part of a Once for Scotland approach common across all Health Boards.

The second edition of the Blueprint builds on the original guidance issued in 2019 and sets out the methodology for assessing the effectiveness of the healthcare governance system against the principles of good governance. The aim is for Boards to develop a programme of activity to drive continuous improvement in the delivery of good governance. Scottish Government has set out its preferred approach to evaluation following three levels of assessment as follows:

- Appraisal of Non-Executive / Stakeholder Board Members' individual performance (this is completed annually by the Chair and was last undertaken in October/November 2024)
- Self-assessment of the Board's effectiveness (completed in February 2024, as per the exercise described in this paper)
- External review of the organisation's governance arrangement (details of this future assessment process are still to be announced by Scottish Government)

2.3 Assessment

20 of 21 (95%) of eligible respondents (Board members and senior management attendees at Board meetings)[1] completed the Blueprint survey anonymously over November to December 2023. The Board then held a dedicated Development Session in mid-February 2024, facilitated by Claire Sweeney and Olivia McIlveen, Board Development colleagues from NES, to discuss the survey results. The session was broken down to the level of individual survey sections, and reviewed how well the Board is presently delivering on the functions outlined in the Blueprint. The session also considered what information each result tells us, the context for the final ratings, and Board members were invited to consider via individual breakout groups of where improvements can be made.

In discussing the survey results, the Board identified a number of areas of strength in existing governance practice, such as the current committee structure and system of assurance it provides; level of professional support available to the Chair, Committee chairs and Board members; positive Board dynamics and member relationships, with

[1] Note, two then recently appointed Board members were excluded from the survey, due to the fact that, at the point of completion, neither had yet had the opportunity to attend a Board meeting.

behaviours and visible leadership in culture in support of NHS core values; and clarity over roles and responsibilities, particularly between the Health Board and Integration Joint Board.

There was open and honest reflection amongst members of areas that require further work to strengthen, which are captured in the Board's improvement plan. These can be categorised broadly as:

- enhancing stakeholder engagement, including rollout of a Participation & Engagement Strategy to support service enhancements (particularly in relation to potential service changes under the RTP workstreams) and developing more contact between Board members and as wide a group of staff as possible;
- refreshing the Board's risk appetite, to reflect current financial / resource pressures;
- continuing to improve the level of data and information given to the Board and its committees, in documents such as the IPQR, financial reporting and risk register;
- seeking to improve the Board's diversity in membership, via the next cycle of Non-Executive appointments; and
- improving our assurance arrangements, to inform ongoing development and clarity of our governance structures.

Since the Blueprint Action Plan was approved by the Board, a further Board Development Session in April saw discussion on the Board adopting formal Levels of Assurance, and these have since been adopted and rolled-out. Also introduced in the last year has been Committee Chair Assurance Reports, to allow for enhanced visibility of Committee discussions at Board meetings. Further discussion on general reporting to help support the 'Re-Form, Transform and Perform' (RTP) programme of work has also sought to enhance our practice and meet Board members' requests for an appropriate level of detail in reporting, at regular intervals.

The two actions that remain outstanding are linked to work ongoing at a national level, to which the Board has input. In relation to the action around improving the diversity of Board members, there are two Board Non-Executive vacancies occurring in 2025, with the recruitment exercise by Public Appointments team planned to launch in the Spring. Encouraging applications from a diverse pool of candidates will be an ambition of the recruitment panel.

The last action relates to creating an Assurance Framework for the Board. The Blueprint for Good Governance recommends that this should be in place for each Board, but does not describe how such a Framework should be structured in content or format. NHS Scotland Board Secretaries as a group are presently discussing good practice in this area, to inform a set of principles / guidelines for each Board to adopt locally. A number of initial draft Assurance Frameworks are presently in the process of being considered by a small number of territorial / national boards and, once reviewed by the host Board, the learning from these are to be shared wider. Colleagues in the Board Development team at NES are

also considering whether guidance to be created on a 'Once for Scotland' basis would be useful in this space.

This report provides the following Level of Assurance:

	Significant	Moderate	Limited	None
Level		X		
Descriptor	There is robust assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.	There is sufficient assurance that controls upon which the organisation relies to manage the risk(s) are suitably designed and effectively applied. There remains a moderate amount of residual risk.	There is some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk, which requires further action to be taken.	No assurance can be taken from the information that has been provided. There remains a significant amount of residual risk

2.3.1 Quality, Patient and Value-Based Health & Care

Delivering robust governance across the organisation is supportive of enhanced patient care and quality standards, whilst delivering best value for the public.

2.3.2 Workforce

N/A.

2.3.3 Financial

N/A.

2.3.4 Risk Assessment / Management

The report is not directly linked to any strategic or corporate risk. The Board's lack of compliance with the Blueprint, however, risks divergence from Scottish Government guidance and would be a focus of internal and external audit scrutiny and challenge.

2.3.5 Equality and Human Rights, including children's rights, health inequalities and Anchor Institution ambitions

There are no direct equality or diversity implications arising from this paper. However, the proposals are intended to enable a more diverse range of skills and experience to be developed within the membership of the Board.

2.3.6 Climate Emergency & Sustainability Impact

No direct impact.

2.3.7 Communication, involvement, engagement and consultation

The Chair and Vice Chair have had initial sight and comment on this paper and the draft plan.

2.3.8 Route to the Meeting

The Action Plan was previously reviewed and adopted by the Board at its March 2024 meeting, and a six-monthly update was given to both Audit & Risk and the Board in September 2024. The Committee is the first group to review this annual update.

2.4 Recommendation

This paper is provided to members for a **"moderate" level of assurance** and to **note** progress in delivery of the Board's current Improvement Plan.

3 List of appendices

The following appendices are included with this report:

- Appendix No. 1 – Board Improvement Plan Progress Update

Report Contact
Dr Gillian MacIntosh
Head of Corporate Governance & Board Secretary
Email gillian.macintosh@nhs.scot

Priority Area	Blueprint Function	High level Action	Interdependency	Lead(s)	Timeline	Status	March 25 Update	Intended good governance outcome
Functions	Setting the Direction	Strengthen the Board's input on financial decision-making, including its involvement into design of options around investment and disinvestment as part of the Re-Form, Transform, Perform (RTP) workstreams. Ensure that clear proposals and supporting information are provided to the Board, that decisions are clearly recorded, and progress is routinely reported and monitored.	Governance reporting route of RTP programme	Chief Executive / Board Chair	Apr-24	Closed	Regular RTP reporting now built into both Board and Committee workplans, supported by dedicated RTP slot at each Board meeting and Board Development Session. Enhanced financial reporting also in place. RTP Champion appointed from amongst the Non-Executive members meeting weekly with Director of Reform & Transformation.	Ensure the Board as a whole owns directly the plans in place to reach financial balance, and that the key drivers are well understood across the full membership.
Functions	Managing Risk	Review and agree the Board's Risk Appetite statement, at a dedicated Board Development Session, in light of current financial and operational pressures.	-	Board Chair / Chief Executive	Apr-24	Closed	Two dedicated risk appetite sessions held in-person with the Board, in April and June 2024, to further develop risk appetite statement. New Risk Appetite Statement formally approved by the Board in November 2024.	A more active approach to governance to make more timely, well informed and strategic decisions. A clearer understanding of the Board's risk appetite and tolerance being evident at Committee and Board level.
Functions	Engaging Stakeholders	Finalise, approve and implement a new Public Participation & Community Engagement Strategy, to be utilised and become embedded in our processes for reforming and transforming our services.	-	Associate Director of Comms / Board	May-24	Closed	Members have considered new Strategy and operational plan via Public Health & Wellbeing Committee and Board in May and July 2024. Further details has been provided on planning engagement-related activities for RTP workstreams and emerging individual projects.	Embedding patient, stakeholder and community representation and feedback within the performance framework and governance structure, to ensure strategic decisions are appropriately informed.
Enablers	Diversity and equality	Seek to increase diversity and equality amongst the Board membership in current Non-Executive Member recruitment exercise.	Timings and completion of Public Appointments recruitment process	Board Chair	Jul-25	Open	Forthcoming Non-Executive recrutiment process for two positions, to be carried out by Public Appointments team in Spring 2025, to continue to review Board composition and potential skill/diversity gaps.	The composition of the publicily appointed membership of the Board to better reflect the diversity of the communities within Fife.
Functions	Holding to Account	IPQR to include wider benchmarking data, to assist with triangulation and to refer to any live critical issues. IPQR also to include description of trends, trajectories and benchmark of performance with other Boards of a similar comparison size.	-	Director of Finance & Strategy / Associate Director of Planning & Performance	Jun-24	Closed	IPQR review now complete and these matters addressed. Initial report considered at July 2024 Board meeting and further feedback sought on additiional metrics to be added.	Performance reporting to triangulate with other NHS Fife data, and to utilise trajectories, trends and benchmarking with other Boards and systems.
Functions	Engaging Stakeholders	Create a rolling programme of Non-Executive member site visits and engagement opportunities with staff and patient groups, to increase visibility of the Board and to provide opportunities for members to hear a diverse range of views.	-	Board Secretary	Jun-24	Closed	Series of visits scheduled and ongoing feedback on areas to prioritise sought. Non-Executive take-up to be promoted. Chair continuing to undertake familiarisation visits across a range of services. Agreed to be brought into Business as Usual activity.	Possible impact on staff and patients of Board strategies and decisions to be informed by direct Board member engagement with key groups.
Enablers	Roles, responsibilities and accountabilities	Review the role and number of Non-Executive Board Champions, to ensure that they can play an important part in disseminating the Board's culture and values wider with staff and key stakeholders. Explore and implement a suitable reporting mechanism to the Board on the activities of each of the Champions.	-	Board Chair / Vice Chair	Jun-24	Closed	Number of standing Board Champions have not increased, but a Non-Executive 'Performance Champion' was identified to work in a time-limited manner with the IPQR review mentioned above. For Staff Governance, regular Champion reporting has been built into Committee agenda planning and annual workplan, and regular Champion input is given into Non-Executive member meetings.	Clear thread of organisational culture / ethos between front-line teams and the Board itself.
Delivery	The Assurance Framework	Clearly set out an assurance map / framework for the Board, detailing how assurance and delegation works across the Board and its various committees. This is part of reducing duplication and ensuring that the Board is focused on the most important and strategic issues facing the organisation.	Ongoing discussion of national guidance being issued for Boards, on a 'Once for Scotland' basis. A number of initial Framework examples created by other Boards will shortly be available.	Board Secretary	Nov-25	Open	Detailed discussion on adopting Levels of Assurance undertaken at April 2024 Board Development Session, subsequently supported by adoption of these and Committee Chairs' Assurance Reports. National guidance on design and adoption of NHS Scotland Assurance Framework being discussed presently at Board Secretaries' Group, building on experience from a small number of other Boards who have created a Framework. Ongoing discussion with NES around whether a set of Once for Scotland principles could be utilised to indicate what 'good' looks like.	Increase visibility of assurance pathways across the Board and its committees, to increase clarity about where key responsibilities lie.

NHS Fife

Meeting:	**Audit and Risk Committee**
Meeting date:	**13 March 2025**
Title:	**Losses and Special Payments Quarter 3 Report**
Responsible Executive:	**Margo McGurk, Director of Finance and Strategy**
Report Author:	**Kevin Booth, Head of Financial Services & Procurement**

Executive Summary:

- The Boards Losses and Special Payments have increased by £814,528 in quarter 3 (£1,026,309) in comparison to quarter 2 (£211,781) 2024/25.
- There have been no significant findings or concerns raised in relation to those Losses and Special Payments recorded in the quarter.
- At the end of the third quarter the year-to-date cost of £1,434,599 remains below the £4,120,062 reported in the Annual Accounts in 2023/24.

1 Purpose

This is presented for:

- Assurance

This report relates to a:

- National policy

This aligns to the following NHS Scotland quality ambition(s):

- Effective

2 Report summary

2.1 Situation

This paper presents a summary of the Board's losses and special payments covering quarter three (01/10/24 – 31/12/24).

2.2 Background

The Boards losses and special payments are controlled by the Financial Services Department and are reported to the Scottish Government as part of the annual accounts process.

As per section 16 of the Financial Operating Procedures, any potential losses or special payments are approved by the relevant Directorate/Department Head. The loss, theft or

damage paperwork is then provided to the Head of Financial Services & Procurement for final approval.

The losses and special payments for the quarter are compiled into a report with a format and categories defined by the requirements of the Scottish Government. These categories include losses relating to fraud, damage to buildings/equipment, debtors' balances written off, damage/loss of equipment and stock, vehicle accident and insurance excess payments and compensation payments covering financial losses suffered by patients amongst others. The report also quantifies both the clinical and non-clinical ex-gratia compensation payments for any legal claims that are negotiated and settled on the Board's behalf by the Central Legal Office following consultation with the Director of Finance & Strategy.

2.3 Assessment

The attached appendix summarises the Boards losses and special payments for the period 01/10/24 – 31/12/24. The reports categorise the types of losses and special payments made in the period whilst also quantifying the number of cases of each and the total monetary value.

There were 268 losses and special payments in the quarter which was an increase in comparison to those reported in quarter 2 (250) of 2024/25. The total cost reported has also increased in the quarter to £1,026,309, from the £211,781 reported in quarter 2. This increase was predominantly as a result of the increase in value of the clinical ex-gratia compensation payments (£921,044 up from £200,917). There was also a total cost of £63,088 against non-clinical ex-gratia payments made in the quarter after no spend was recorded in quarter 2. The total of Losses and Special Payments out with Clinical and Non-Clinical ex-gratia compensation payments was £42,177 which was an increase in comparison to quarter 2 (£10,864). This increase can be attributed to the 6 monthly debtors review reported in quarter 3.

The Treasury team carried out their quarterly analytical review to provide additional assurance and the following items were noted:

1 – There were 34 Payroll Debtors Accounts (Section 5) written off totalling £27,216 following the 6-month review.

2 – There were 31 Other Debtors Accounts (Section 15) written off totalling £7,521

2 - Losses in relation to acts of vandalism (section 6) had a cost consistent with the previous quarter although a single report for £1,775 was identified due to its high value.

3 – Losses in relation to Hardship accounts provided through A&E (section 15) decreased in the quarter in relation to Taxi charges (£795 down from £2,295).

4 – Losses in relation Damages/Accidents (Section 30). It was noted that for the second quarter in a row, a significant cost was recorded (£1,270) in relation to unreported damage to one of the Enterprise Pool Cars.

The above findings will be carried into the quarter four review to assist with the identification of any developing trends which may materially affect the Boards expected position moving forward.

At the end of the third quarter the year to date spend on Losses and Special payments totals £1,434,599 from 699 reports. By comparison there was a total cost of £4,120,062 from 749 reports recorded in the 2023/24 Annual Accounts.

This report provides the following Level of Assurance:

	Significant	Moderate	Limited	None
Level	x			
Descriptor	There is robust assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.	There is sufficient assurance that controls upon which the organisation relies to manage the risk(s) are suitably designed and effectively applied. There remains a moderate amount of residual risk.	There is some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk, which requires further action to be taken.	No assurance can be taken from the information that has been provided. There remains a significant amount of residual risk

2.3.1 Quality, Patient and Value-Based Health & Care

The losses and special payments require to be tightly controlled as they can have a material impact on the Boards financial position and ability to maintain budgets to ensure/enhance Patient Care.

2.3.2 Workforce

The procedural guidance for Managers to ensure the appropriate treatment for any losses or special payments is stated in the Financial Operating Procedures.

2.3.3 Financial

The losses and special payments are included within the Boards Annual Accounts process, subject to external audit and submitted to the Scottish Government for oversight.

2.3.4 Risk Assessment/Management

The level of the Board's losses and special payments are monitored to minimise any potential reoccurrence and future exposure to the Board where possible.

2.3.5 Equality and Diversity, including health inequalities and Anchor Institution ambitions

The Board's treatment of its losses and special payments is consistently applied and follows the Financial Operating Procedures where relevant to ensure equity of treatment.

2.3.6 Climate Emergency and Sustainability Impact

N/A

2.3.7 Communication, involvement, engagement and consultation

The Boards quarterly losses and special payments are compiled by the Treasury Team and are presented to the Head of Financial Services and Procurement ahead of the annual submission to the Scottish Government. The losses and special payments included in the report have been approved by the appropriate Directorate/Department Head or in the case of legal settlements have come through following agreement/notification by the Central Legal Office.

2.3.8 Route to the Meeting

This paper is brought to the members attention to give visibility of the Board's losses and special payments in the quarter to 31 December 2024.

2.4 Recommendation

Members are asked to take a **"significant" level of assurance** from the report.

3 List of appendices

The following appendices are included with this report:

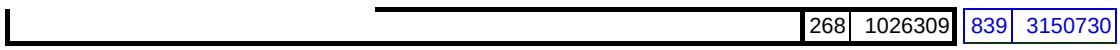
- Appendix No 1 - Summary of Losses and Special Payments 01/10/24 – 31/12/24

Report Contact
Kevin Booth
Head of Financial Services & Procurement
Email kevin.booth@nhs.scot

FIFE HEALTH BOARD

SUMMARY OF LOSSES AND SPECIAL PAYMENTS

ITEM NO.	CATEGORY	OCT-DEC'24		JAN'24 - DEC'24	
	Miscellaneous / Theft / Arson / Wilful Damage				
1	Cash				
2	Stores/procurement				
3	Equipment				
4	Contracts				
5	Payroll *Salary Overpayment Debtors Invoices*	34	27217	51	40115
6	Buildings & Fixtures *Vandalism*	12	2067	51	8278
7	Other				
	Fraud, Embezzlement & other irregularities (incl. attempted fraud)				
8	Cash				
9	Stores/procurement				
10	Equipment				
11	Contracts				
12	Payroll				
13	Other				
14	**Nugatory & Fruitless Payments**			1	948971
	Claims Abandoned:				
15	(a) Private Accommodation				
	(c) Other *Hardship Accounts / Insurance Excess / Debtors WO's*	201	9466	691	21964
	Stores Losses:				
16	Incidents of the Service :				
	- Fire				
	- Flood				
	- Accident				
17	Deterioration in Store				
18	Stocktaking Discrepancies				
19	Other Causes				
	Losses of Furniture & Equipment				
	and Bedding & Linen in circulation:				
20	Incidents of the Service :				
	- Fire				
	- Flood				
	- Accident *Loss / Damaged Equipment*	2	1186	16	10428
21	Disclosed at physical check				
22	Other Causes				
	Compensation Payments - legal obligation				
23	Clinical				
24	Non-clinical				
	Ex-gratia payments:				
25	Extra-contractual Payments				
26	Compensation Payments - ex-gratia - Clinical	9	921044	32	1629496
27	Compensation Payments - ex-gratia - Non Clinical	4	63089	11	185707
28	Compensation Payments - ex-gratia - Financial Loss	1	170	18	4103
29	Other Payments				
	Damage to Buildings and Fixtures:				
30	Incidents of the Service :				
	- Fire				
	- Flood				
	- Accident *Vehicle Expenditure*	5	2070	13	4884
	- Other Causes				
31	**Extra-Statutory & Extra-regulationary Payments**				
32	**Gifts in cash or kind**				
33	**Other Losses**				


268
1026309
839
3150730

NHS Fife

Meeting:	**Audit & Risk Committee**
Meeting date:	**13 March 2025**
Title:	**Procurement Tender Waivers Compliance Quarter 3 Report**
Responsible Executive:	**Margo McGurk, Director of Finance & Strategy**
Report Author:	**Kevin Booth, Head of Financial Services & Procurement**

Executive Summary:

- This paper provides a significant level of assurance on the governance arrangements followed in respects of the waivers of competitive tender applied within the Boards procurement process in quarter 3.

- During quarter 3, there have been two waivers of competitive tender for the Provision of Oral Nutritional Supplements with a value of £353k, and Urology Thulium Fiber Laser Consumables with a value of £78k, which have both been approved in line with NHS Fife's Standing Financial Instructions.

- The Procurement Governance Board reviwed the awarding of both waivers of competitive tender in quarter 3 at the meeting on 29 January 2025.

1 Purpose

This report is presented for:

- Assurance

This report relates to:

- Government policy / directive
- Legal requirement

This report aligns to the following NHSScotland quality ambition(s):

- Safe

2 Report summary

2.1 Situation

In order to allow the Audit & Risk Committee to take assurance that the Boards Procurement Function is operating within the legal requirements of the Scottish Government. This paper presents oversight of the Contract Awards over £50,000 in the period October 2024 – December 2024 that were subject to a waiver of competitive tender.

2.2 Background

As per the Guidance in the Public Contracts Scotland Act 2015. Any non-competitive award of a contract with an anticipated value of £50,000 or more (inclusive of vat) must have a waiver of competitive tender completed prior to award and be signed off by both the Head of Procurement and then counter signed by both the Director of Finance & Strategy and the Chief Executive.

The waiver of competitive tender confirms the restricted conditions which when in existence, the Board is permitted to award the contract without following the existing procurement journey route 2 as prescribed in the Act.

The restricted, permitted conditions (as per the Code of Corporate Governance, appendix 3 Standing Financial Instructions, section 9.11) which must be in existence are as follows:

1. Where the repair of a particular item of equipment can only be carried out by the manufacturer.
2. Where the supply is for goods or services of a special nature or character in respect of which it is not possible or desirable to obtain competitive quotations or tenders.
3. A contractor's special knowledge is required.
4. Where the number of potential suppliers is limited, and it is not possible to invite the required number of quotations or tenders, or where the required number do not respond to an invitation to tender or quotation to comply with these SFIs.
5. Where, on the grounds of urgency, or in an emergency, it is necessary that an essential service is maintained or where a delay in carrying out repairs would result in further expense to NHS Fife.

Any other justification including the unavailability of time should not be considered without the prior agreement with the Scottish Government.

2.3 Assessment

During the period October 2024 – December 2024 the Procurement Team awarded two contracts subject to a waiver of competitive tender.

Oral Nutritional Supplements for £353k

The provision of oral nutritional supplements is a critical service required for Dietetic Services across NHS Fife. The previous contract had expired without the feasibility of provision via a National Framework. Therefore a waiver of competitive tender was approved as per NHS Fife's Standing Financial Instructions (SFIs), based on point 5 (urgency – maintaining essential service provision) of the criteria noted above, to support the incumbent supplier (Abbott Laboratories Ltd) to provide products for a 12-month period, while a local tender is progressed.

Urology Thulium Fiber Laser Consumable Agreement for £78k

Urology TFL Laser was required to ensure continued provision of ureteroscopy procedures, due to current laser issues and suppliers' inability to provide continuity of fibre supplies. Following clinical trials, the Coloplast laser was deemed most suitable. A consumable deal approach was taken due to the lack of available capital funding to support the equipment replacement. Frameworks are available to direct award for outright purchase via capital, however no framework is available for a consumable deal purchase. Therefore, a waiver of

competitive tender was approved as per NHS Fife's Standing Financial Instructions (SFIs), based on point 5 (urgency – maintaining essential service provision) of the criteria noted above.

Both waivers have been signed off by the Head of Procurement, then counter approved by both the Director of Finance & Strategy and the Chief Executive, in line with NHS Fifes Standing Financial Instructions (SFIs).

A total of three waivers of competitive tender have now been applied by NHS Fife in 2024/25, totalling £527k. By comparison there were two tender waivers applied for the financial year 2023/24, totalling £1,056k one for additional capacity with The Aberdeen Clinic for NHS Lothian patients and one for GI manometry equipment with Medtronic.

This report provides the following Level of Assurance:

	Significant	Moderate	Limited	None
Level	X			
Descriptor	There is robust assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.	There is sufficient assurance that controls upon which the organisation relies to manage the risk(s) are suitably designed and effectively applied. There remains a moderate amount of residual risk.	There is some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk, which requires further action to be taken.	No assurance can be taken from the information that has been provided. There remains a significant amount of residual risk

2.3.1 Quality, Patient and Value-Based Health & Care

A waiver of competitive tender will only ever be considered by Procurement where all applicable information is provided to a high quality, allowing for an effective decision to be made.

2.3.2 Workforce

The current guidance for the application of a waiver of competitive tender is contained within the Financial Operating Procedures section 11(a) for staff to refer to when consideration is required. The qualifying criteria contained mirrors that within the Boards Standing Financial Instructions.

2.3.3 Financial

As per the Public Contracts Scotland Act 2015 any procurement of £50,000 or above is subject to Procurement Journey Route 2 (or Route 3 if £138,760 or above), where a Tender would be posted through the Public Contracts Tender Portal. The implementation of the Tender Waiver negates the requirement for this process.

2.3.4 Risk Assessment / Management

The implementation of a Waiver of Competitive Tender needs to be robustly controlled to ensure the Board does not expose itself to challenge which could result in legally imposed financial penalties and reputational damage.

2.3.5 Equality and Human Rights, including children's rights, health inequalities and Anchor Institution ambitions

The governed application of the waiver of competitive tender ensures applicable treatment of suppliers across the marketplace.

2.3.6 Climate Emergency & Sustainability Impact

N/A

2.3.7 Communication, involvement, engagement and consultation

The consideration of the application of a waiver of competitive tender is considered by the Senior Procurement Team following discussions with the order requisitioner and service lead before being approved if applicable by the Head of Procurement and then issued to the Director of Finance & Strategy and the Chief Executive for final sign off.

2.3.8 Route to the Meeting

The Procurement Governance Board took assurance on the application of the waiver of competitive tender during quarter 3 at the meeting on 29 January 2025.

2.4 Recommendation

Members are asked to take a **"significant" level of assurance** that the Procurement process for the waiver of competitive tenders was correctly applied in the period.

3 List of appendices

None.

Report Contact
Kevin Booth
Head of Financial Services & Procurement
Kevin.booth@nhs.scot

NHS Fife

Meeting:	**Audit & Risk Committee**
Meeting date:	**13 March 2025**
Title:	**Audit Scotland Technical Bulletin 2024/4**
Responsible Executive:	**Margo McGurk, Director of Finance & Strategy**
Report Author:	**Kevin Booth, Head of Financial Services & Procurement**

Executive Summary:

- This paper provides awareness to the matters identified by Audit Scotland for Auditors consideration during 2024/25 and ahead of the external audit process.
- Key areas to note for NHS Fife are in relation to the guidance on planning of the 2024/25 annual audits and highlighted public sector fraud cases.

1 Purpose

This is presented for:

- Assurance

This report relates to a:

- Emerging issue
- Government policy/directive
- Legal requirement

This aligns to the following NHS Scotland quality ambition(s):

- Effective

2 Report summary

2.1 Situation

The Audit Scotland Technical Bulletin 2024/4 is a resource shared across members of the Finance Directorate and is provided to the Audit and Risk committee to raise awareness of emerging developments from an Audit perspective.

2.2 Background

The Audit Scotland Technical Bulletins are prepared on a quarterly basis and are provided to support auditors appointed by the Auditor General for Scotland and Accounts Commission for Scotland with:

- Information on the main technical developments across the public sector in the quarter.
- Information on professional matters during the quarter that are expected to have applicability to the public sector.
- Summaries of responses to any requests from auditors for technical consultations with Audit Scotland Professional Support.

2.3 Assessment

The Audit Scotland Technical Bulletin 2024/4 is arranged by sector with content applicable to specific sectors and also across the public sector as a whole.

Section two references the guidance issued to appointed auditors to support their planning process ahead of the 2024/25 annual audit process.

Section four, although titled Central Government sector, references that HM Treasury have issued the revised discount rates which are used across the NHS as well for the calculation of provisions in the Annual Accounts.

Section seven provides a summary of fraud cases and other irregularities that have recently been reported by auditors as a result of weaknesses in internal controls at audited public bodies.

This report provides the following Level of Assurance:

	Significant	Moderate	Limited	None
Level	X			
Descriptor	There is robust assurance that the system of control achieves, or will achieve, the purpose that it is designed to deliver. There may be an insignificant amount of residual risk or none at all.	There is sufficient assurance that controls upon which the organisation relies to manage the risk(s) are suitably designed and effectively applied. There remains a moderate amount of residual risk.	There is some assurance from the systems of control in place to manage the risk(s), but there remains a significant amount of residual risk, which requires further action to be taken.	No assurance can be taken from the information that has been provided. There remains a significant amount of residual risk

2.3.1 Quality, Patient and Value-Based Health & Care

N/A

2.3.2 Workforce

The Technical Bulletin is shared widely across the Finance Directorate.

2.3.3 Financial

Technical and Financial developments are addressed from Audit Scotland's perspective.

2.3.4 Risk Assessment/Management

Emerging Risks relating to the Health Sector are addressed from Audit Scotland's perspective.

2.3.5 Equality and Diversity, including health inequalities and Anchor Institution ambitions

N/A

2.3.6 Climate Emergency and Sustainability Impact

Any emerging matters in relation to sustainability reporting are considered by Audit Scotland and reported where appropriate.

2.3.7 Communication, involvement, engagement and consultation

The Audit Scotland Technical Bulletins are provided to Boards through the Technical Accounts Group meetings and any impending issues are discussed.

2.3.8 Route to the Meeting

This paper has been provided to support the Audit & Risk Committee following discussions between the Head of Corporate Governance and the Head of Financial Services & Procurement

2.4 Recommendation

Members are asked to take a **"significant" level of assurance** from the paper.

3 List of appendices

The following appendices are included with this report:

- Appendix No. 1 - Audit Scotland Technical Bulletin 2024/4

Report Contact
Kevin Booth
Head of Financial Services & Procurement
Email kevin.booth@nhs.scot

Technical Bulletin 2024/4

Technical developments and emerging risks from October to December 2024

AUDIT SCOTLAND

Prepared by Audit Scotland for appointed auditors and audited bodies in all sectors
18 December 2024

Contents

Accessibility

Auditors can find out more and read this bulletin using assistive technology on the Audit Scotland website www.audit.scot/accessibility.

1: Introduction

Purpose

The purpose of Technical Bulletins from Audit Scotland's Innovation and Quality (I&Q) business group is to provide auditors appointed by the Auditor General for Scotland and Accounts Commission for Scotland with:

- information on the main technical developments in each sector during the quarter
- information on professional matters during the quarter that are expected to have applicability to the public sector
- summaries of responses to any requests from auditors for technical consultations with I&Q.

Appointed auditors are required by the Code of Audit Practice to pay due regard to Technical Bulletins. The information on technical developments is aimed at highlighting the key points that I&Q considers auditors in the Scottish public sector require generally to be aware of. It may still be necessary for auditors to read the source material if greater detail is required in the circumstances of a specific audited body. Source material can be accessed by using the hyperlinks.

Any specific actions that I&Q recommends that auditors take are highlighted in **bold**.

Technical Bulletins are also published on the Audit Scotland website and therefore are available for audited bodies and other stakeholders to access. However, hyperlinks to source material indicated with an asterisk (*) link to files on Audit Scotland's SharePoint* and are only accessible by auditors.

Highlighted items

I&Q highlights in the following table a selection of the items in this Technical Bulletin that are of particular importance:

Highlighted items		
I&Q has issued guidance on planning the 2024/25 audits **[paragraph 1]**	I&Q has issued a good practice note on climate change related disclosures **[paragraph 6]**	I&Q will soon publish a TGN on the potential misstatements in the 2024/25 accounts of local government bodies **[paragraph 11]**
The Scottish Government has issued revised guidance on the use of capital grants in 2024/25 **[paragraph 15]**	CIPFA has issued guidance on the 2024/25 accounting code **[paragraph 20]**	CIPFA/LASAAC has issued a consultation on the 2025/26 accounting code **[paragraph 24]**
Treasury has issued a PES paper on 2024/25 discount rates **[paragraph 35]**	The SFC has issued an amendment to the accounts direction for colleges in 2023/24 **[paragraph 40]**	The PAF has issued a revised Practice Note 10 **[paragraph 45]**

Consulting with I&Q

Auditors should consult with I&Q by completing an enquiry form and submitting it to TechnicalQueries@audit-scotland.gov.uk.

2: All sectors

Guidance on planning 2024/25 annual audits

1. I&Q has issued guidance to assist all appointed auditors in planning their 2024/25 annual audits of public bodies. The guidance supplements the Code of Audit Practice and sets out the range of core annual audit activity and related outputs required for 2024/25, and the timescales for completing the audit in each sector.

2. Auditors should comply with the guidance when planning, performing and reporting their 2024/25 audits. The guidance is accessible by auditors with other supporting materials on SharePoint* but it is also freely available from the Audit Scotland website.

3. The largest component of core annual audit activity is the audit of a public body's annual accounts. However, the audit of the annual accounts has a wider scope than the private sector, and includes:

- conclusions on aspects of public bodies' arrangements and performance
- in local government, public audit includes considering arrangements to secure Best Value and community planning and publishing performance information.

4. Auditors also provide important intelligence to the Auditor General, Accounts Commission, the Controller of Audit, and Audit Scotland in subject areas where they are best placed to do so.

5. The following table provides a summary of the key changes from last year, along with the paragraphs of the guidance in which further information is provided:

Nature of change	Paragraph
An increase to the fee level below which auditors may negotiate an increase to the audit fee by up to 20% of auditor remuneration.	10
The production of one combined cross-sector guidance on risks of misstatement instead of separate guidance for each sector.	18 to 19
Updated guidance on group audits as a result of revisions to ISA (UK) 600.	28 to 32

Nature of change	Paragraph
Changes to procedures for the service auditor report on the primary care payments system.	35
Changes to the assurance provided on the Scottish Government general ledger system.	40
Updated guidance for considering climate change arrangements.	69 to 71
Updated Best Value thematic review subject area for councils.	88
Clarified guidance on the application of Best Value to pension funds.	99 to 101
Revised process for Current Issues Returns.	127 to 128 and 135 to 136
Additional guidance on public inspection process in local government.	158 to 159
Changed arrangements for sharing intelligence on health and social care.	174 to 178

Review of climate related arrangements and disclosures

6. Innovation and Quality (I&Q) has published a Good Practice Note (GPN) following a review of the Climate Change related financial disclosures in the 2022/23 and 2023/24 annual accounts of a sample of public bodies in Scotland. The GPN is available to auditors on SharePoint* and is also freely available from the Audit Scotland website.

7. Climate-related disclosures were chosen for a good practice review due to the impact of climate change and the action required to address it. Good practice is illustrated, where possible, using examples taken from the annual accounts of the bodies in the sample.

8. The review was carried out by a team in I&Q with knowledge of the relevant financial reporting framework. However, the team does not have a detailed understanding of each body's particular circumstances or the specific underlying transactions. The review identified the following key messages:

- All bodies included some climate-related disclosure in their annual accounts. However, the completeness, conciseness and clarity of disclosures varied.
- 86% of bodies in the sample identified climate change as a strategic priority and highlighted supporting plans, including carbon and/or financial budgets.

- Half of the bodies reviewed disclosed climate change as a strategic risk. The better disclosures explained the likelihood of the risk materialising, the potential impact on the body and the mitigating actions adopted to manage the risk.
- It is important to consider the presentation of performance information in such a complex area, as it can be difficult to interpret. Consideration should be given to the level of dis-aggregation that is most appropriate.
- The review identified only limited disclosures within the financial statements and accompanying notes regarding the impact of climate-related issues.

9. Auditors are requested to encourage their audited bodies to use the GPN to assess and enhance their own disclosures in 2024/25.

10. Audit Scotland also prepared a report* summarising the findings from an analysis of the information provided by auditors on climate change arrangements at audited bodies as part of the 2022/23 audit. It provides an overview across the public sector and a breakdown by specific sector, where appropriate. The report is intended to provide background information to help auditors:

- inform discussions on climate change with their audited bodies
- informally benchmark their audited body in the relevant sector
- identify where the audited body may be doing more than other bodies or where there is room for improvement.

3: Local Government Sector

TGN on potential misstatements in 2024/25 annual accounts

11. I&Q will soon publish Technical Guidance Note (TGN) 2024/8(LG) to provide auditors with guidance on potential misstatements in the 2024/25 annual accounts of local government bodies. The TGN will be accessible by auditors on SharePoint*, along with supporting material, and will also available from the Audit Scotland website.

12. The TGN is intended to inform auditors' professional judgement and promote the exercise of professional scepticism. The TGN supplements the Code of Audit Practice and auditors are expected to pay it due regard and use it as a primary reference source when performing 2024/25 audits. Auditors should advise I&Q of any intended departures from the guidance.

13. The TGN comprises a number of modules as summarised in the following table:

Module	Potential misstatement area	Purpose
Overview	Areas that are pervasive to the financial statements as a whole	Concisely explains the appropriate accounting treatment related to each potential misstatement
1-9	Specific classes of transactions, balances and disclosures in the financial statements.	
10	Audited part of Remuneration Report	Explains the requirements and provides guidance on the potential misstatements in the audited part of the Remuneration Report
11	Statutory Other Information (e.g. Management Commentary and Annual Governance Statement)	Sets out the procedures for considering the Statutory Other Information
12	Integration joint boards	Provides guidance on the application of the above modules to these specific bodies
13	Pension fund accounts	
14	Section 106 charities	

14. The guidance on potential misstatements reflects areas of complexity, subjectivity and uncertainty. They have been updated to reflect new requirements which emerged during the 2023/24 audits that remain applicable. A separate note summarises the main changes from 2023/24.

Revised guidance on use of capital grant in 2024/25

15. The Scottish Government has issued Finance Circular 2024/9 containing a temporary amendment to the statutory guidance in Finance Circular 3/2018 on accounting for capital grant.

16. The temporary amendment applies to the £53 million of 2024/25 General Capital Grant set out at paragraph 1 of the circular. Local authorities may apply the elements of the capital grant to fund the principal element of both General Fund and Housing Revenue Account (HRA) loan repayments which will allow revenue reserves held for capital investment to fund the 2024/25 local government pay award.

17. The statutory guidance provides the consent of the Scottish Ministers required for the HRA loan repayments.

18. Once the capital grant held in the Capital Fund is utilised to fund the principal element of loan repayments, it must be transferred to the General Fund or HRA as a transfer from other statutory reserves in the Movement in Reserves Statement.

19. The capital grant must be utilised in 2024/25 and therefore may not be transferred to the Capital Grants (and Receipts) Unapplied Account

Guidance on 2024/25 accounting code

20. The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance notes* to support the Code of Practice on Local Authority Accounting in the UK 2024/25 (2024/25 accounting code).

21. The overall aim of the guidance notes is to explain and illustrate how to apply the accounting requirements of the accounting code, provide background to the requirements, and illustrate how they might be applied in practical situations. The guidance is not mandatory.

22. This edition of the guidance notes has been updated to reflect changes to the 2024/25 accounting code (explained in Technical Bulletin 2024/2 – paragraph 25). The most significant changes relate to the mandatory adoption of IFRS16 Leases in 2024/25:

- The guidance has been significantly amended for lease and lease-type arrangements on pages 557 to 632, setting out the requirements of IFRS 16 and the accounting code's adaptations and interpretations for the public sector context. This includes additional guidance on the accounting for sale and leaseback transactions, on pages 613 to 615.

23. Further guidance has been added to pages 652 to 664 setting out the accounting treatment for service concession arrangements where indexation or changes in a rate affect future payments. The guidance provides:

- illustrative examples for simple arrangements which bodies may find useful
- the detailed accounting entries required for the remeasurement of the liability and how this affects the lease asset.

Consultation on the 2025/26 accounting code

24. CIPFA/LASAAC Local Authority Code Board has issued an exposure draft of the accounting code for 2025/26. The main items in the Invitation to Comment (ITC):

- set out proposed revisions to the 2025/26 accounting code in respect of the measurement of non-investment assets
- seek views on accounting for infrastructure assets.

25. Responses to the consultation should be submitted via the online survey by 14 February 2025.

Proposed revisions to the 2025/26 accounting code in respect of measuring non-investment assets

26. The proposed revisions to the 2025/26 accounting code include implementing the changes from the HM Treasury thematic review of measurement requirements for non-investment assets (see Technical Bulletin 2024/1 – paragraph 59).

27. The main proposed changes relate to the frequency of valuations and the use of indices. More information is provided in the following table:

Area	Proposals
Frequency of valuations	It is proposed to withdraw the current requirement that revaluations must be made with sufficient regularity to ensure that the carrying amount of the non-investment asset does not differ materially from its current value. Instead, quinquennial revaluations will be the default requirement (with the option of a rolling programme over that period) assuming there are appropriate indices for the intervening years. Revaluation outside the five-yearly cycle will only be required where there are indicators of impairment. If there are no indices available for a particular asset, it will be revalued every three years.

Area	Proposals
Indexation	There is a proposed requirement for indexation to be applied to asset values in the intervening years between the quinquennial revaluations. Indices should be relevant to the type of asset using industry standards. CIPFA will issue guidance on the indices to be used ,and local authorities will be required to pay due regard to that guidance. The purpose of indexation is to keep the value of an asset materially up to date for movements in variables, e.g. build costs, rental income etc, but absolute precision will not be required.
Social housing	There are no proposed changes to the valuation frequency for social housing assets and no proposal for indexation to be used.
Transitional arrangements	The transitional period will be from 1 April 2025 to the date the next revaluation is due for an asset. For the transition period, changes to the valuation will be applied prospectively, with no restatement of prior year figures. Revaluations carried out prior to 2025/26 remain valid throughout the transition period During the transition period, the maximum period between revaluations must not exceed five years when supplemented by annual indexation, or three years when no index is available.

28. There is also a proposal to withdraw the option to measure intangible assets using the revaluation model. The carrying values at the transition date of 1 April 2025 will be considered historical cost.

29. Although not impacting on the 2025/26 accounting code, the ITC asks for views on longer-term changes to the Depreciated Replacement Cost measurement technique. Consultees are asked whether they would support:

- a move to value non-investment assets based on their current site only, and not consider alternative sites
- the option to use an identical replacement for the asset as well as the modern equivalent approach.

Infrastructure assets

30. The ITC provides an update on the temporary and longer-term solution for accounting for infrastructure assets.

31. CIPFA/LASAAC has previously agreed that the longer term solution should be based on moving to a Depreciated Replacement Cost (DRC) measurement basis for infrastructure assets. However, most respondents

in a survey of stakeholders were critical of DRC or were of the view that it was not practically achievable by the proposed date of 1 April 2025.

32. The temporary solution set out in Finance Circular 8/2024 (see Technical Bulletin 2024/3 - paragraph 15), and equivalent regulations in the rest of the UK, is in place until 31 March 2025. The ITC asks for views on whether the timeframe for the temporary solution should be extended until the longer term solution is in place.

33. The ITC also notes that the information deficits for many local authorities mean that, to comply with IAS 16, a one-off revaluation exercise (at DRC) is required to arrive at a deemed cost on the transition date to a permanent solution. It is possible that thereafter continuing with a DRC measurement basis is as cost effective as a move to (deemed) historical cost. This will need to be investigated in more detail.

34. Until a longer-term solution is in place, it is essential that local authorities consider the information systems and inventories of infrastructure assets and what potential improvements can be made to ensure that asset information is complete.

4: Central Government Sector

2024/25 discount rates

35. HM Treasury has issued PES (2024)9* to announce changes in the discount rates for general provisions, post-employment benefit liabilities, leases, and financial instruments as at 31 March 2025.

General provisions

36. The nominal discount rates to be applied as at 31 March 2025 for discounting general provisions recognised under IAS 37 are set out in the following table:

Category	Period	Percentage
Short term	Within 5 years	4.03%
Medium term	Between 5 and 10 years	4.07%
Long term	Between 10 and 40 years	4.81%
Very long term	More than 40 years	4.55%

37. As nominal rates do not take inflation into account, cash flows require to be inflated separately. There is a rebuttable assumption that the inflation rates specified in the paper will be used (unless other rates are clearly more applicable). The specified rates are:

- 2.60% for up to one year from the end
- 2.30% between one and two years
- 2.00% for after two years

Post-employment benefits

38. The discount rates for post-employment benefits are set out in the following table:

Use	Rate from 31 March 2025
Real rate used for valuing unfunded pension scheme liabilities and early departure provisions	2.40%

Use	Rate from 31 March 2025
Nominal rate for unwinding discount on liabilities (interest)	5.15%
Rate used for funded pension schemes	Based on returns from AA corporate bonds at 31 March

Financial instruments

The financial instrument discount rates to be applied at 31 March 2025 are set out in the following table:

Use		Rate from 31 March 2025
Nominal rate when financial instrument is not linked to an inflationary index		2.15%
Real rate when financial instrument indexed to RPI	In excess of RPI:	
	Until February 2030	(0.85%)
	From February 2030	0.05%

Leases

39. Where a body cannot determine the interest rate implicit in the lease, they are required to use a nominal lease discount rate of 4.81%. This is relevant for transition to IFRS 16 and for new leases that commence or are remeasured between 1 January 2025 and 31 December 2025

5: College Sector

Amendment to 2023/24 accounts direction

40. The Scottish Funding Council (SFC) has issued an amended Accounts Direction for Scotland's Colleges 2023/24.

41. Paragraphs 7 to10 of the amended accounts direction replace paragraphs 21 to 23 of Appendix 1 of the published accounts direction (see Technical Bulletin 2024/3 - paragraph 43) They relate to the accounting treatment for the middle management/support staff job evaluation exercise.

42. The amendment explains that the grant funding previously held by the SFC to fund the job evaluation exercise has been returned to the Scottish Government. This impacts colleges' ability to accrue income previously notified through funding allocation letters.

43. There are two amendments as follows:

- The estimated settlement cost of the job evaluation exercise should be recognised as a provision rather than disclosed as a contingent liability. Any accrued income previously recognised to fund the exercise should be derecognised.
- Colleges should include the provision in the adjusted operating position (AOP) disclosure. A revised model AOP disclosure is included with the amendment

44. The amendment highlights that a prior period adjustment may be required as the change to funding arrangements occurred in 2022/23. In I&Q's view

- where a college was aware of the change in funding arrangements prior to signing the 2022/23 annual accounts, this would require to be corrected as a prior year adjustment in the 2023/24 accounts of affected colleges
- where a college was not aware of the change in funding arrangements or the error in the allocation letters prior to signing the 2022/23 accounts, it would be reasonable for the college to account for this change prospectively in the 2023/24 accounts (i.e. a prior year adjustment would not be required).

6: Professional matters

Practice Note 10

45. The Public Audit Forum has issued revised Practice Note 10.

46. Part 1 of PN 10 sets out how auditors of public sector bodies apply auditing standards to their work on financial statements. The aim is to support consistency in the application of auditing standards while also recognising the specific legislative and regulatory frameworks that apply to the audits of public sector bodies. Part 2 provides guidance on the approach to the audit of regularity.

47. PN 10 is updated regularly to take account of changes to standards and other developments in the auditing profession. The main changes are summarised in the following table:

Section	Summary of change
ISA(UK) 570	Paragraph 1-181 has been added to provide guidance that if the auditor disclaims their opinion on the financial statements, they do not report on whether the use of going concern basis is appropriate.
A(UK) 600	The section has been updated to reflect the objectives of the auditor in the revised standard. Paragraph 1-188 from the previous version has been deleted. It provided guidance on the group auditor's use of the work of component auditors and component materiality (which is no longer a concept in the revised standard). Paragraphs 1-191 to 1-195 have been amended to provide guidance on combined financial statements which include a large number of components whose financial information is individually immaterial, but is material in aggregate to the group financial statements. The amendments include: • clarifying that such financial statements are group financial statements within the scope of the revised standard • deleting references to component auditors facilitating access to the auditor of the combined financial statements, since these are considered group financial statements • amending the guidance where combined financial statements consistent entirely of a large number of non-significant components (since there is no longer a concept of non-significant components in the revised standard). Guidance is

Section	Summary of change
	now provided where combined financial statements consist entirely of a large number of small components with disaggregated transactions, balances and disclosures which are material in aggregate to the group financial statements
Part 2 Regularity	Paragraph 2-86A has been added to provide guidance where an auditor disclaims their opinion on the financial statements. It advises that the auditor should also disclaim their opinion of regularity because they do not have sufficient assurance over the nature of the transactions entered into by the audited body.

7: Fraud and irregularities

This chapter contains a summary of fraud cases and other irregularities facilitated by weaknesses in internal control at audited bodies that have recently been reported by auditors to I&Q.

Auditors should consider whether weaknesses in internal control which facilitated each fraud may exist in their bodies and take the appropriate action

Payroll expenditure

48. An employee received £8,500 of salary when they were not entitled.

Key features
An employee continued to receive their full salary while on maternity leave because their manager did not report the leave to payroll. There were no follow-up checks to ensure the necessary paperwork was completed.
The overpayment was identified when payroll processed a payment for a "keeping in touch day" during the employee's maternity leave.
The service has reminded all staff and managers about the correct process for payroll amendments and terminations. The employee is now repaying the overpaid amount.

Technical Bulletin 2024/4

Technical developments and emerging risks from October to December 2024

Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
Phone: 0131 625 1500 **Email: info@audit.scot**
www.audit.scot

AS.5.0

AUDIT & RISK COMMITTEE

ANNUAL WORKPLAN 2024 / 2025

Governance – General						
	Lead	**16/05/24**	**20/06/24**	**12/09/24**	**12/12/24**	**13/03/25**
Minutes of Previous Meetings	**Chair**	✓	✓	✓	✓	✓
Action Plan	**Chair**	✓	✓	✓	✓	✓
Escalation of Issues to NHS Board	**Chair**	✓	✓	✓	✓	✓
Governance Matters						
	Lead	**16/05/24**	**20/06/24**	**12/09/24**	**12/12/24**	**13/03/25**
Audit Scotland Technical Bulletin	**Head of Financial Services**		**Deferred to next mtg**	✓ **2024/1 & 2024/2**	✓ **2024/3**	✓ **2024/4**
Annual Assurance Statement 2023/24	**Board Secretary**	✓ Draft	✓ Final			
Annual Assurance Statements from Standing Committees 2023/24	**Board Secretary**		✓			
Annual Review of Code of Corporate Governance	**Board Secretary**	✓				
Committee Self-Assessment	**Board Secretary**					✓
Corporate Calendar / Committee Dates 2025/26	**Board Secretary**			✓		
Delivery of Annual Workplan 2024/25	**Director of Finance & Strategy**	✓	✓	✓	✓	✓
Financial Operating Procedures Review	**Head of Financial Services**	(Two yearly review. Next review due December 2025)				
Governance Statement	**Director of Finance & Strategy**	✓ Draft	✓ Final			
IJB Annual Assurance Statement 2023/24	**Board Secretary**		✓ Letter	✓ Update	✓ Final	
Internal Audit Review of Property Transactions Report 2023/24	**Internal Audit**			**No transactions – nil report to SG**		

Governance Matters (cont.)						
	Lead	**16/05/24**	**20/06/24**	**12/09/24**	**12/12/24**	**13/03/25**
Losses & Special Payments	**Head of Financial Services**	✓		✓	✓	✓
Procurement Tender Waivers Compliance 2024/25	**Head of Financial Services**	✓ Q4		✓	✓	✓
Review of Annual Workplan 2025/26	**Board Secretary**				✓ Approval	
Review of Terms of Reference	**Board Secretary**					✓ Verbal
Risk						
	Lead	**16/05/24**	**20/06/24**	**12/09/24**	**12/12/24**	**13/03/25**
Annual Risk Management Report 2023/24	**Associate Director of Risk & Professional Standards**	✓ Draft	**Deferred to next mtg to allow risk appetite work to be completed**	✓ Final		
Corporate Risk Register	**Director of Finance & Strategy/Associate Director of Risk & Professional Standards**	✓	**Removed**	✓	✓	✓
Risk Management Key Performance Indicators 2023/24	**Associate Director of Risk & Professional Standards**	✓ **2023/24**		✓		
Risk Management Strategic Framework	**Associate Director of Risk & Professional Standards**				✓	
Risks & Opportunities Group Progress Report	**Associate Director of Risk & Professional Standards**	✓ **Annual Statement of Assurance**		**Removed**	**Removed**	✓
Governance – Internal Audit						
	Lead	**16/05/24**	**20/06/24**	**12/09/24**	**12/12/24**	**13/03/25**
External Quality Assessment (5 yearly)	**Internal Audit**					**Deferred to next mtg**
Internal Audit Framework *(previously titled FTF Shared Service Agreement / Service Specification)*	**Internal Audit**				**Deferred to next mtg**	**Deferred to next mtg**

Governance – Internal Audit (cont.)						
	Lead	**16/05/24**	**20/06/24**	**12/09/24**	**12/12/24**	**13/03/25**
Internal Audit Progress Report	**Internal Audit**	✓		✓	✓	✓
Internal Audit Annual Plan 2024/25	**Internal Audit**		**Deferred to next mtg**	✓ Final		
Internal Audit Annual Report 2023/24	**Internal Audit**		✓			
Internal Audit – Follow Up Report on Audit Recommendations 2023/24	**Internal Audit**	✓		✓	**Deferred to next mtg**	✓
Internal Controls Evaluation Report 2023/24	**Internal Audit**				✓	
Governance – External Audit						
	Lead	**16/05/24**	**20/06/24**	**12/09/24**	**12/12/24**	**13/03/25**
Annual Audit Plan 2023/24	**External Audit**				✓	
External Audit – Follow Up Report on Audit Recommendations	**Director of Finance & Strategy**					✓
Patients' Private Funds - Audit Planning Memorandum	**Head of Financial Services**					✓
Service Auditor Reports on Third Party Services	**Head of Financial Services**		✓			
Annual Accounts						
	Lead	**16/05/24**	**20/06/24**	**12/09/24**	**12/12/24**	**13/03/25**
Annual Accounts Preparation Timeline	**Head of Financial Services**	✓ Follow Up				✓
External Auditors Annual Accounts Progress Update	**External Auditor**	✓				
Annual Accounts & Financial Statements 2023/24	**Director of Finance & Strategy / External Audit**		✓			
Annual Audit Report 2023/24	**External Audit**		✓			
Letter of Representation 2023/24	**Director of Finance & Strategy / External Audit**		✓			
Patients' Funds Accounts 2023/24	**Head of Financial Services**		✓			
Annual Statement of Assurance to the NHS Board 2023/24	**Board Secretary**		✓			

Counter Fraud						
	Lead	**16/05/24**	**20/06/24**	**12/09/24**	**12/12/24**	**13/03/25**
Counter Fraud Service – Quarterly Report (Alerts & Referrals)	**Head of Financial Services**	Private Session		Private Session	Private Session	Private Session
Counter Fraud Standards Assessment	**Head of Financial Services**	Private Session				**Deferred to May 2025**
Counter Fraud Action Plan 2024/25	**Head of Financial Services**			Private Session		
Counter Fraud Annual Report 2023/24	**Head of Financial Services**	**Deferred**	**Deferred**	Private Session		
Adhoc						
	Lead	**16/05/24**	**20/06/24**	**12/09/24**	**12/12/24**	**13/03/25**
Private Meeting with Internal / External Auditors	**Committee**			Private Session Internal Auditors only		Private Session
Appointment of Patients' Private Funds Auditor	**Director of Finance & Strategy**	**As required**				
Legal & regulatory updates (e.g. Audit Scotland reports etc.)	**Head of Financial Services**					
Progress on National Fraud Initiative (NFI)	**Head of Financial Services**				Private Session	
Additional Agenda Items (Not on the Workplan e.g. Actions from Committee)						
	Lead	**16/05/24**	**20/06/24**	**12/09/24**	**12/12/24**	**13/03/25**
Update to Scheme of Delegation *(Governance Matters Section)*	**Head of Financial Services**	✓				
Blueprint for Good Governance Action Plan Update *(Governance Matters Section)*	**Board Secretary**			✓		
IJB Lessons Learned Update	**Director of Health & Social Care**				✓	
NHS Fife Board's Risk Appetite Statement	**Director of Finance & Strategy**				✓	

Additional Agenda Items (Not on the Workplan e.g. Actions from Committee) (Cont.)						
	Lead	**16/05/24**	**20/06/24**	**12/09/24**	**12/12/24**	**13/03/25**
Audit Scotland report: NHS in Scotland 2024 – Finance & Performance	**Director of Finance & Strategy**				✓	
Blueprint for Good Governance Improvement Plan Update	**Board Secretary**					✓
Global International Accounting Standards Changes in 2025	**Chief Internal Auditor**					✓
Training Sessions Delivered						
	Lead	**16/05/24**	**20/06/24**	**12/09/24**	**12/12/24**	**13/03/25**
Members' Training Session – the Annual Accounts: The Role & Function of the Audit & Risk Committee	**External Auditors**	✓				