

Meeting:	Audit and Risk Committee
Meeting date:	18 May 2022
Title:	Draft Internal Audit Plan – 2022/23
Responsible Executive:	Margo McGurk – Director of Finance and Strategy
Report Author:	Tony Gaskin – Chief Internal Auditor

1 Purpose

This is presented to the Audit and Risk Committee for:

- Assurance

This report relates to a:

- Legal requirement

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

- Safe
- Effective
- Person Centred

2 Report summary

2.1 Situation

Public Sector Internal Audit Standards (PSIAS) require the Chief Internal Auditor to produce a risk based plan, which takes into account NHS Fife's risk management framework, strategic objectives and priorities.

This paper provides an update on the approach for the development of the Internal Audit plan for 2022/23. Given the impending changes to the Risk Register and the fluidity of strategic risks, the draft Internal Audit Operational Plan 2022/23 has not been mapped to the extant BAFs but does take into account issues identified in recent Internal Audit reports.

A Risk Management Improvement Programme was approved by NHSF Board in March 2022. NHS Fife is in the process of revisiting the risk profile and introducing a Corporate Risk Register (CRR), with completion due June 2022.

We have engaged initially with the Director of Finance and Strategy and then with the wider Executive Directors Group to identify areas where a review would add value.

Appendix A shows days already allocated for areas such as audit management, completion of prior year audits, risk assessed reviews from 2021-22, ICE themes, executive requests, audits required for year-end assurance or to comply with legislation and guidance.

A full internal audit operational plan, incorporating any comments from this meeting, will be presented to the Audit and Risk Committee once the Strategic Priorities and Corporate Risk Register are completed in June 2022.

Over the last two years, Internal Audit work has largely focused on key strategic responses to Covid and related issues and whilst some audit review of Strategy development is still incorporated within the draft 2022/23 annual plan, we intend to focus more on operational aspects this year, including any areas where the operation of key controls has changed as a result of revised working arrangements or any other impacts of Covid-19.

2.2 Background

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes.”

Public Sector Internal Audit Standards (PSIAS) – Section 3, Definition of Internal Auditing

The Operational Plan 2022/23 will be developed in accordance with Public Sector Internal Audit Standard 2010 – Planning, to enable the Chief Internal Auditor to meet the following key objectives:

- The need to establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals;
- Provision to the Accountable Officer of an overall independent and objective annual opinion on the organisation’s governance, risk management, and control, which will in turn support the preparation of the Annual Governance Statement;
- Audits of the organisation’s governance, risk management, and control arrangements which afford suitable priority to the organisation’s objectives and risks;
- Improvement of the organisation’s governance, risk management, and control arrangements by providing line management with recommendations arising from audit work;
- Effective co-operation with external auditors and other review bodies functioning in the organisation.

The internal audit service will be delivered in accordance with the Internal Audit Charter.

Our Strategic Internal Audit Plan is designed to provide NHS Fife, through the Audit and Risk Committee, with the assurance it needs to prepare an annual Governance Statement that complies with best practice in corporate governance. We also support the continuous improvement of governance, risk management and internal control processes by using a systematic and disciplined evaluation approach.

The objective of audit planning is to direct audit resources in the most efficient manner to provide sufficient assurance that key risks are being managed effectively.

2.3 Assessment

Standard process – Previous Years

Our Strategic Internal Audit planning process is normally structured around an audit universe based on a 5 year cycle which links to the Strategic Risk Register and objectives. The process overtly demonstrates cyclical coverage of all strategic risks and

is designed to allow Executive Directors and the Audit and Risk Committee to contribute their views on areas for inclusion. The resultant operational plan is again overtly linked to the relevant strategic risk, which will still be the focus of our work, together with any key governance or assurance elements required in order to provide a view on the overall adequacy and effectiveness of internal controls.

Current year process – 2022/23

As was the case for 2021/22, due to the significant and ongoing impact of Covid-19 on the risk profile of the organisation, a planning process which relied on a relatively static risk environment and change generally occurring in the medium to long term was no longer viable. As such, our view is very much that the plan will need to be flexible, responsive to the requirements of senior management and non executive directors and, to a certain extent, emergent as the risk profile changes.

We have asked for the views of Directors with greater emphasis on the organisations current rather than cyclical needs, focusing on emergent risks and those with most immediacy, as the basis for a first draft plan.

However, we know that the organisational risk profile is changing rapidly, as is organisational understanding of those risks and we may present an updated plan later in the audit year.

Environmental and change risks

We actively take into account ongoing projects, forthcoming changes and our wider knowledge of the NHS to ensure we provide an appropriate level of audit coverage across all key areas and risks. This includes consideration of the following key sources of information:

- Corporate Strategy & Plans/ Recovery and Remobilisation Plans / local plans
- Themes / risks emerging from our Internal Control Evaluation work
- Previous internal audit reports
- External audit reports and plans
- Board website, internal policies and procedures
- Our NHS knowledge and experience
- Discussions with the EDG and the Audit and Risk Committee
- Changes to the risk profile due to Covid-19
- Identification of any areas where the operation of key controls has changed as a result of revised working arrangements due to Covid-19.

Assurance mapping

Internal Audit continues to work with the Board to develop a process and timetable for the development of a holistic Assurance Mapping process to identify key sources of assurance and any gaps in independent assurance, which will then be taken into account in the formation of future Internal Audit plans and audit scopes. The Assurance Principles have recently been updated and the Board Secretary is working with Standing Committees Chairs to ensure they are embedded within the Board's formal assurance processes.

Other stakeholders

There is congruence between Health Board internal audit plans and those of the Integrated Joint Board (IJB) Partner. The NHS Fife Internal Audit Plan currently includes days for Internal Audit of the IJB, with IJB Plans agreed with the IJB Chief Officers and Chief Finance Officers and approved by the IJB Audit Committee. The IJB Chief Officer was provided with the opportunity to influence the Health Board Plan as a member of the EDG and there is a sharing protocol that allows for Health Board and Council Internal Audit Plans to be shared with the IJB and vice-versa.

We will consult on the plan with our External Audit colleagues and we will ensure that work which will be relied upon by External Audit and that which provides assurance on the highest risk areas is prioritised.

2.3.1 Quality/ Patient Care

The Triple Aim 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

Whilst a detailed mapping has not been undertaken this year, the plan is cognisant of NHS Fife's risk profile as identified through the BAF and through our detailed ICE review. 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. Legal requirements are a core consideration in planning all internal audit reviews.

2.3.5 Equality and Diversity, including health inequalities

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 Other impact

N/A

2.3.7 Communication, involvement, engagement and consultation

See timetable above.

2.3.8 Route to the Meeting

Executive Directors Group – 21 April 2022

2.4 Recommendation

The Audit and Risk Committee are asked to:

- Decision – approve the partial audit plan for 2022/23 (Appendix A) and support the approach to further developing the Internal Audit Plan for 2022/23 once the Strategic Priorities and Corporate Risk Register are formalised.
- provide suggestions for inclusion in the annual internal audit plan for 2022/23.

Report Contact

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Appendix A – Draft Operational Internal Audit Plan 2022-23

Audit Process	Scope	Days
AUDIT MANAGEMENT		55
Audit Risk Assessment & Planning	Audit Risk Assessment & Operational Planning	8
Audit Management & Liaison with Directors	Audit Management, liaison with Director of Finance and other officers	15
Liaison with External Auditors	Liaison and co-ordination with External Audit	4
Audit Committee	Briefing, preparation of papers, attendance and action points	18
Clearance of Prior Year	Provision for clearance and reporting of 2020/21 audit reports	10
CORPORATE GOVERNANCE		
<i>Accountability and Assurance</i>		105
Annual Internal Audit Report	CIA annual assurance to Audit Committee	15
Governance Statement	Preparation of portfolio of evidence to support	15
Interim Control Evaluation	Mid-year assurance for Audit and Risk Committee on specific agreed governance areas	35
Audit Follow Up	Undertaking the follow up of audit action points and provision of related reports to the Audit and Risk Committee	40
<i>Control Environment</i>		10
Board, Operational Committees and Accountable	Attendance and input / provision of advice at Standing Committees and other Groups.	5

Audit Process	Scope	Days
Officer		
Assurance Framework	Continuation of assurance mapping work across FTF Clients – CIA leading	5
<i>Risk Management</i>		30
Risk Management Strategy, Standards and Operations	Yearly review of strategy and supporting structures in order to conclude on risk maturity. This review is a requirement of the Public Sector Internal Audit Standards.	15
Resilience and Business Continuity	Further review of Resilience following on from Interim Report T29/21	15
<i>Health Planning</i>		50
Strategic Planning	TBC	15
Health & Social Care Integration	Deliver Fife IJB Internal Audit Plans.	35
CLINICAL GOVERNANCE		10
Medicines Management	Follow-up audit of the Transportation of Medicines audit (B21/20) – Request from Director of Pharmacy (previous)	10
STAFF GOVERNANCE		35
Workforce Planning	TBC	25
Whistle blowing	Compliance with Whistle blowing Standards – Request from Kirstie MacDonald, Non Executive	10
FINANCIAL GOVERNANCE		

Audit Process	Scope	Days
<i>Capital Investment</i>		<i>15</i>
Property Transaction Monitoring	Post transaction monitoring	15
<i>Transaction Systems</i>		<i>35</i>
Financial Process Compliance	To be selected from: Central, payroll, travel, accounts payable, accounts receivable, banking arrangements.	15
Patients Funds/Endowments	Focus on the ward controls – Request from Kevin Booth	20
Total Days Allocated		<i>345</i>
Unallocated – approx 6 reviews		<i>118</i>
Total Days for 2022/23 Internal Audit Plan		<i>463</i>