

# NHS Ayrshire & Arran



<b>Meeting:</b>	<b>Ayrshire and Arran NHS Board</b>
<b>Meeting date:</b>	<b>Tuesday 28 March 2023</b>
<b>Title:</b>	<b>Internal Audit Plan 2023/2024</b>
<b>Responsible Director:</b>	<b>Derek Lindsay, Director of Finance</b>
<b>Report Author:</b>	<b>Derek Lindsay, Director of Finance</b>

## 1. Purpose

This is presented to the Board for:

- Decision

This paper relates to:

- Government policy/directive

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

- Effective

## 2. Report summary

### 2.1 Situation

Azets as the Board's internal auditors take a risk based approach and have proposed areas for internal audit review in 2023/2024. Corporate Management Team, Integrated Governance Committee and the Audit and Risk Committee have all reviewed and amended the plan.

### 2.2 Background

Internal audit are required to provide an annual assurance statement. They take a risk based approach in determining areas to carry out reviews, which should cover all areas of governance.

### 2.3 Assessment

The attached document shows the areas suggested to be covered over the period 2023/2024 – 2025/2026. The focus for now is the 2023/2024 plan as an updated plan for subsequent years will be approved then.

Starting from the strategic risks to the organisation, the draft audit plan seeks to provide governance committees with assurance in some of these key areas, as well as providing some advisory input into areas of change.

<b>Audit review area 2023/2024</b>	<b>Lead Director</b>	<b>Governance Committee</b>
Performance monitoring	Kirstin Dickson	Performance
Financial management and reporting	Derek Lindsay	Audit and Risk
Capital procurement and contracting of NSAIS	Nicola Graham	Performance
Staff rostering	Jenny Wilson	Staff
Property Transaction Monitoring	Nicola Graham	Audit and Risk
Integration Joint Boards - delayed discharges	IJB chief officers	Audit and Risk
Infection prevention and control	Jenny Wilson	Healthcare
Waiting list management	Joanne Edwards	Performance
Digital strategy	Nicola Graham	Integrated

### **2.3.1 Quality/patient care**

Waiting list management and infection prevention and control are areas for review.

### **2.3.2 Workforce**

A review is planned on staff rostering.

### **2.3.3 Financial**

Financial controls are audited on a cyclical basis with a review of financial management and reporting planned for the first year.

### **2.3.4 Risk assessment/management**

The internal auditors reviewed the strategic risk register in designing their audit programme.

### **2.3.5 Equality and diversity, including health inequalities**

An impact assessment has not been completed because not relevant

### **2.3.6 Other impacts**

- Best value
  - Vision and Leadership
  - Effective Partnerships
  - Governance and accountability
  - Use of resources
  - Performance management
- Compliance with Corporate Objectives

### **2.3.7 Communication, involvement, engagement and consultation**

The Board has carried out its duties to involve and engage external stakeholders where appropriate including a discussion at Corporate Management Team and relevant governance committees.

### **2.3.8 Route to the meeting**

This has been previously considered by the following groups as part of its development. The groups have either supported the content, or their feedback has informed the development of the content presented in this report.

- Corporate Management Team 31 January 2023 and 28 February 2023
- Integrated Governance Committee 7 February 2023
- Audit and Risk Committee 15 February 2023

## **2.4 Recommendation**

Members are asked to approve the internal audit plan.

## **3. List of appendices**

- Appendix No 1, Draft internal audit plan



# NHS Ayrshire & Arran









**Draft Strategic Internal Audit Plan**

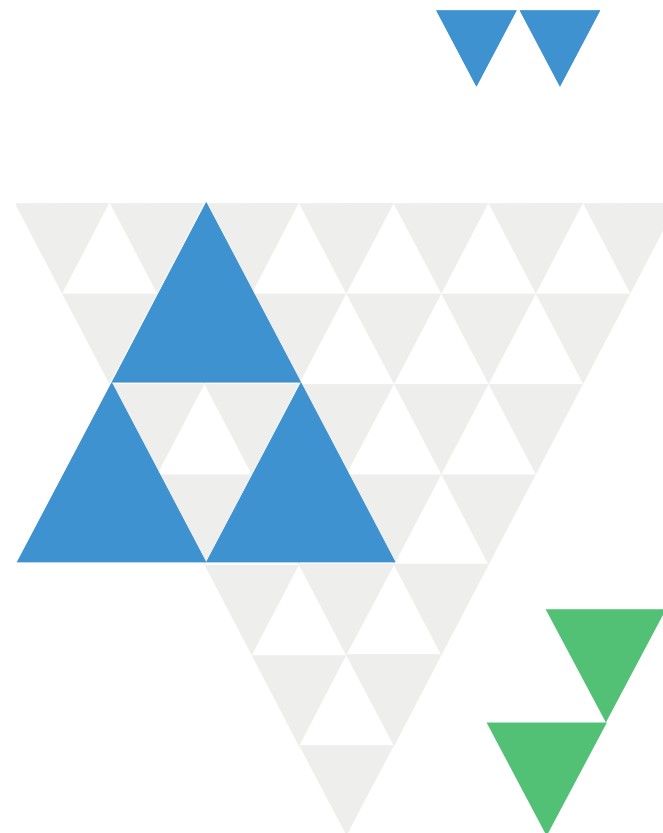
**2023/24 – 2025/26**

**February 2023**

# NHS Ayrshire & Arran

## Strategic Internal Audit Plan 2023/24 – 2025/26

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# Introduction

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.

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

Our strategic internal audit plan is designed to provide NHS Ayrshire and Arran (NHS A&A), 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 aim to contribute to the continuous improvement of governance, risk management and internal control processes through the implementation of this this plan.

Azets' internal audit methodology complies fully with the Public Sector Internal Audit Standards (PSIAS), which cover the mandatory elements of the Chartered Institute of Internal Auditors' International Professional Practices Framework.

The PSIAS require the Chief Internal Auditor to produce a risk-based plan that takes into account NHS A&A's risk management framework, its strategic objectives and priorities and the views of senior managers and the Audit and Risk Committee. 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 and value for money is being achieved.

This document addresses these requirements by setting out a strategic internal audit plan for the three-year period 2023/24 to 2025/26.





# Introduction

## Audit and Risk Committee action

In order to develop the plan, we hold a series of meetings with the Corporate Directors to understand the key risks, issues and challenges within their respective areas of responsibility as a means of understanding and prioritising the areas where we can add most value through our work. We also meet with the Chief Executive and Chair of the Audit and Risk Committee to inform this process.

We then collate all feedback, alongside our own assessment of audit needs, and prepare a draft Internal Audit Plan for consideration by the Executive Management Team.

We then ask the Audit and Risk Committee to review and approve the proposed three-year Strategic Internal Audit Plan for 2023/24 to 2025/26.



# Internal audit approach

## 2.1 Supporting the Governance Statement

Our Internal Audit Plan is designed to provide NHS&A, 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 aim to contribute to the improvement of governance, risk management and internal control processes by using a systematic and disciplined evaluation approach.

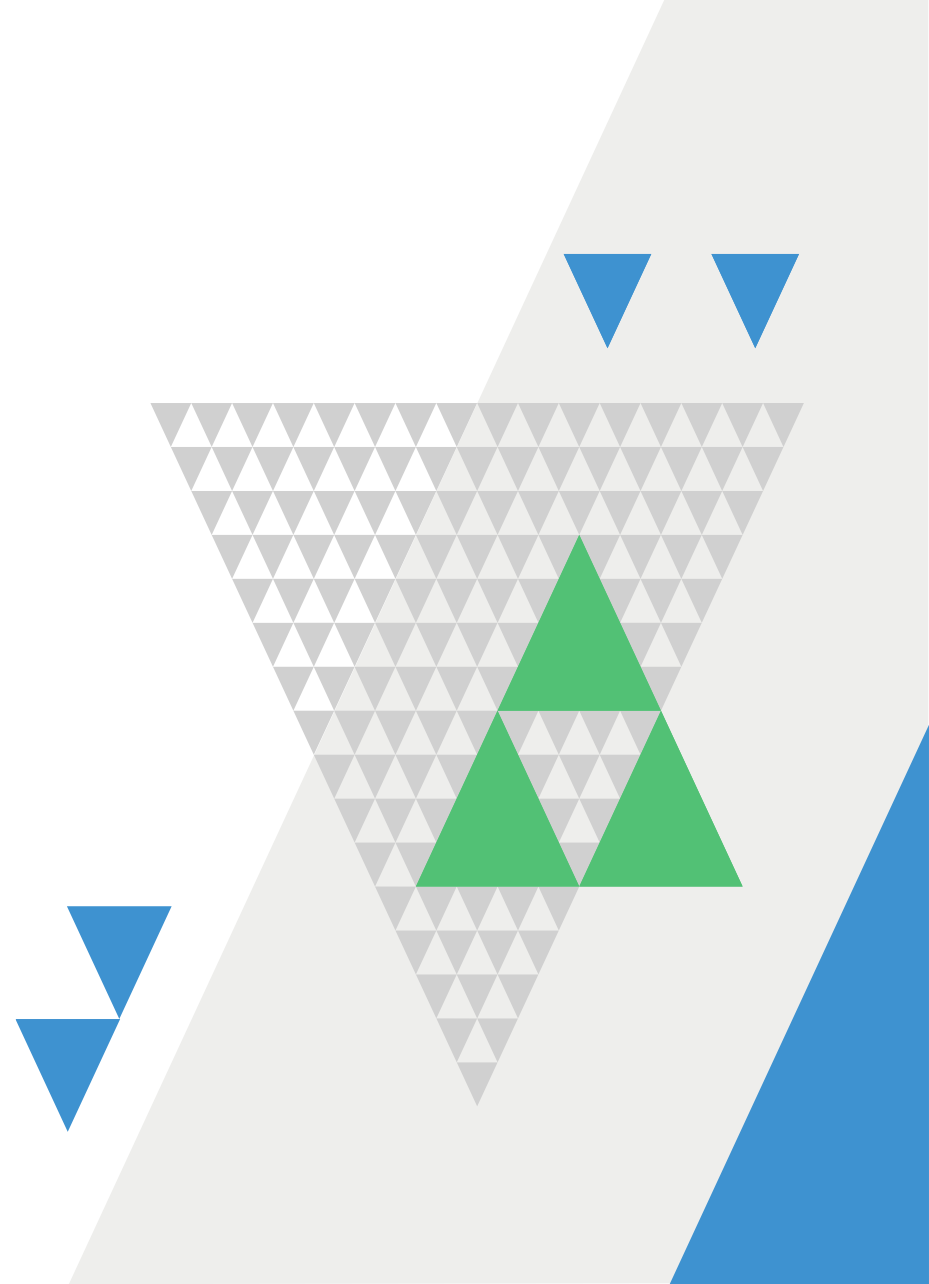
## 2.2 Risk based internal auditing

Our methodology links internal audit activity to the organisation's risk management framework. The main benefit to NHS&A is a strategic, targeted internal audit function that focuses on the key risk areas and provides maximum value for money.

By focussing on the key risk areas, internal audit should be able to conclude that:

- Management has identified, assessed and responded to NHS&A's key risks;
- The responses to risks are effective but not excessive;
- Where residual risk is unacceptably high, further action is being taken;
- Risk management processes, including the effectiveness of responses, are being monitored by management to ensure they continue to operate effectively; and
- Risks, responses and actions are being properly classified and reported.

We have reviewed NHS&A's risk management arrangements and have confirmed that they are sufficiently robust for us to place reliance on the risk register as one source of the information we use to inform our audit needs assessment.





## 2.3 Audit needs assessment

Our internal audit plans are based on an assessment of audit need. “Audit need” represents the assurance required by the Audit and Risk Committee from internal audit that the control systems established to manage and mitigate the key inherent risks are adequate and operating effectively. The objective of the audit needs assessment is therefore to identify these key controls systems and determine the internal audit resource required to provide assurance on their effectiveness.

Our audit needs assessment involved the following activities:

- Reviewing NHS&A’s corporate and operational risk registers,
- Reviewing NHS&A’s corporate objectives and supporting operational plans,
- Reviewing previous internal audit reports,
- Reviewing external audit reports and plans,
- Reviewing the NHS&A website and internal policies and procedures,
- Utilising our experience at similar organisations, and
- Discussions with senior management and the Audit and Risk Committee.

The plan has also been cross-referenced to the NHS&A Corporate Risk Register as at June 2022. The audit universe is included at Appendix 2

## 2.4 Best value

Our work helps NHS&A to determine whether services are providing best value. Every report includes an assessment of value for money i.e. whether the controls identified to mitigate risks are working efficiently and effectively. Where we identify opportunities for improving value for money, we raise these with management and include them in the report action plan.

## 2.5 Liaison with external audit

We seek to complement the areas being covered by NHS&A’s external auditors, Audit Scotland. We welcome comments on the internal audit plan from External Audit at any time and we will formally discuss the plan with Audit Scotland on at least an annual basis. This will help us to target our work in the most effective manner, avoiding duplication of effort and maximising the use of total audit resource.

# Delivering the internal audit plan

## 3.1 Internal Audit Charter

At Appendix 5 we have set out our Internal Audit Charter, which details how we will work together to deliver the internal audit programme.

## 3.2 Internal Audit team – indicative staff mix

Grade	2023/24 Input (days)	Grade mix (%)
Partner	22	9%
Senior Manager	43	18%
Audit Manager /Assistant Audit Manager	36	15%
Senior Auditors	67	28%
Junior Auditors	72	30%
Total	240	100%

## 3.3 Internal Audit Team Contacts



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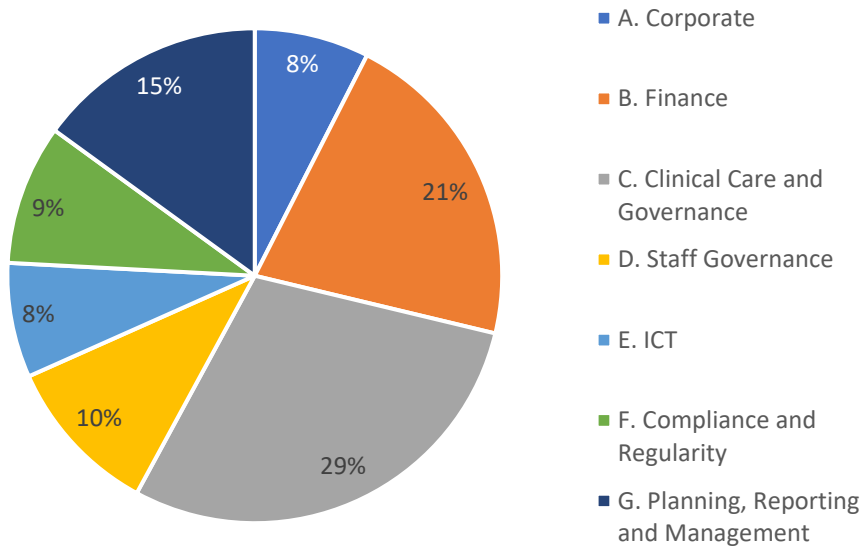
# Proposed Internal Audit Plan

Appendix 1 presents the internal audit plan for 2023/24 to 2025/26. The Internal Audit plan is based on our risk and audit needs assessment as at November 2022. As our approach is based on risk, the proposed plan is also cross-referenced to the corporate risk register, which is included at Appendix 2 for reference.

Internal audit is only one source of assurance for the Audit and Risk Committee. Assurance on the management of risk is provided from a number of other sources, including the senior management team, external audit and the risk management framework itself.

The diagram below demonstrates how the internal audit days for 2023/24 are allocated across each area of the audit universe.

Allocation of audit days



## Appendix 1 – Internal Audit Plan 2023/24 - 2025/26

Audit area	2023/24	2024/25	2025/26	Risk Register Ref	Audit objectives
<b>A. Corporate</b>					
<b>A.1 Performance Monitoring</b>	18			<i>All risks</i>	We will consider the extent to which NHSA&A has developed and implemented robust performance monitoring arrangements to ensure that performance against key corporate performance measures, and Covid-19 recovery plans and targets are subject to appropriate scrutiny and monitoring on a timely basis. This will include review of governance structures to ensure that duplication of effort is minimised.
<b>A.2 Strategic and Operational Planning</b>		20		743, 669, 668,	We will consider arrangements for ensuring that clear and coherent operational plans are consistently developed across Directorate areas, aligned to the Board's strategic priorities – for example legacy Remobilisation Plans and forward-looking Annual Delivery Plans.
<b>A.3 Occupational Road Risk</b>		13		417, 743	NHS A&A has regulations in relation to the Management of Occupational Road Risk that it must comply with, in particular, provision of pedestrian/vehicle separation and safe traffic management including car parking, which could lead to external HSE interventions resulting in the potential for enforcement notices and/or criminal prosecution.  We will review processes and controls in place to mitigate these risks, including lessons learned from near misses where appropriate.
<b>A.4 Health and Safety</b>			18	432, 743	To assess whether the current processes for managing and complying with non-clinical external inspection requirements are fit-for-purpose.
<b>A.5 Environmental Sustainability</b>		18		<i>All risks</i>	We will assess the extent to which NHSA&A has prepared to implement the requirements of the NHS Scotland Climate Emergency and Sustainability Strategy. We will review the extent to which local plans have been developed and embedded within NHSA&A strategies, policies, procedures and decision-making frameworks.

Audit area	2023/24	2024/25	2025/26	Risk Register Ref	Audit objectives
<b>A.6 Stakeholder Engagement</b>			19	<i>All risks</i>	We will review Board policies and procedures for ensuring effective, accurate and timely communications with key stakeholder groups, including Scottish Government, HSCPs, patient groups and oversight bodies including e.g. the General Medical Council.
<b>Subtotal A:</b>	<b>18</b>	<b>51</b>	<b>37</b>		
<b>B. Finance</b>					
<b>B.1 Financial Management and Reporting</b>	31			703, 743, 669, 668	To review arrangements for ensuring that a robust financial management and reporting framework is in place to allow NHSA&A to demonstrate the effective and efficient use of financial resources.  In particular we will consider the use of appropriate budgeting and forecast models to mitigate against economic uncertainty arising from inflationary pressures, supply chain issues, and ongoing discussions on staff pay awards. This will include a focus on CRES implementation, with a more detailed consideration of CRES progress in 24/25 under B.3.
<b>B.2 Capital Procurement and Contracting of National Secure Adolescent Inpatient Service (NSAIS)</b>	20			703	To review overarching governance and project managements arrangements over procurement and contracting related to the NSAIS project. Our review will also consider progress by management in implementing actions identified from the prior NHS Assure review.
<b>B.3 Cash Releasing Efficiency Savings (CRES) Plan</b>		25		703, 743, 669, 668	To review progress towards implementation of the CRES plan, including confirmation that progress is monitored regularly and reported to those charged with governance on a consistent basis. This review will also consider the roles of operational service managers in monitoring budgets and taking remedial action to address budget variances, including the clarity of this role, the central support provided and the consistency of application.
<b>B.4 Core Financial Controls</b>			20	703	To review an aspect of core financial controls to be agreed with management. May include e.g. Payroll, Non-Pay Expenditure, or Patient Funds.
<b>Subtotal B:</b>	<b>51</b>	<b>25</b>	<b>20</b>		

Audit area	2023/24	2024/25	2025/26	Risk Register Ref	Audit objectives
<b>C. Clinical Care and Governance</b>					
<b>C.1 Delayed Discharges</b>	30			753, 743, 668, 742	End to end review of arrangements for managing delayed discharges, working with IJB Internal Audit teams. We will also review effectiveness of performance management systems and availability of data to support the process. We will work with IJB colleagues to facilitate a cross-system approach to the audit.
<b>C.2 GP Enhanced Service Provision</b>		20		634, 743, 668, 742	We will review progress towards implementing the Enhanced Service Provision Model for GPs including the extent to which: <ul style="list-style-type: none"> <li>1) reliable and consistent data exists to support and inform the required service redesign;</li> <li>2) The relative cost v benefit has been consistently assessed for potential alternative delivery models; and</li> <li>3) key stakeholder groups including GPs, other NHS staff, HSCP staff and patients have had the opportunity to feedback to proposed amendments to the service provision in their local areas.</li> </ul>
<b>C.3 Care Home Discharges</b>		25		753, 743, 668, 742	To review arrangements for ensuring that patients requiring discharge to Care Homes are identified upon admission, with discharges promptly and proactively enacted to minimise the risk of delays. We will review the timeliness of Social Work referrals within the process and arrangements for liaising with HSCP and Care Home staff at each stage of the patient journey, and consider specific arrangements for AWI patients. This audit will build on our 2023/24 audit of the overarching Delayed Discharges process.
<b>C.4 Patient Flow Management</b>			25	743, 668, 742, 494	We will assess the extent to which drivers of demand for Acute services are consistently understood and factored into resource planning. We will use data analytics to identify potential pressure points within the patient flow pathway as a means of supporting prompt discharge from hospitals.



Audit area	2023/24	2024/25	2025/26	Risk Register Ref	Audit objectives
<b>C.5 Infection Prevention and Control</b>	20			744, 741, 743	To review arrangements for ensuring that Infection Control measures are consistently understood and applied across Acute sites. We will consider the extent to which:  1) staff receive training aligned to Infection Control policies; 2) there are clear and consistent processes for monitoring and reporting of compliance with policies; 3) identified breaches are reported to an appropriate governance group; and 4) remedial action is taken where appropriate to minimise the likelihood of sustained non-compliance
<b>C.6 Waiting List Management</b>	20	20	20	743, 742, 741, 674, 668, 494	To provide assurance that waiting lists are being effectively and accurately maintained to support achievement of Treatment Time Guarantees as required by Scottish Government. Areas of focus to be agreed on an annual basis to consider prioritisation of cases and monitoring of backlog and performance. This may cover areas such as ensuring the consistent application of policies / processes, quality of data used, oversight over performance and implementation of new initiatives.
<b>C.7 Mental Health Waiting Times</b>			20	741, 669	To review the recording, reporting and data quality associated with the waiting times statistics within CAMHS and Psychological Therapies, ensuring robust processes are in place to support accurate and timely monitoring.
<b>Subtotal C:</b>	<b>70</b>	<b>65</b>	<b>65</b>		
<b>D. Staff Governance</b>					
<b>D.1 Staff Rostering</b>	25			764, 742, 741	To confirm whether consistent and effective staff planning rules are in place; that unsafe working patterns are identified, appropriately reported and managed; and that clinical risk is minimised through the use of suitably skilled staff.

Audit area	2023/24	2024/25	2025/26	Risk Register Ref	Audit objectives
<b>D.2 Sickness Absence</b>		22		219	To ensure that Sickness and Absence Management policies are up-to-date, consistent with national guidance, and consistently applied to promote attendance across different locations.  We will also consider whether a sickness absence tolerance level has been set and is subject to appropriate monitoring. We will use data analytics to target areas exceeding this tolerance and undertake root analysis to seek to understand drivers of high absence rates.
<b>D.3 Recruitment and Retention</b>		20		764, 743, 674, 558, 668	A review into recruitment and retention processes, with specific focus on the time taken to fill vacancies so as to ensure any disruption to services is minimised as far as possible.
<b>D.4 Staff Performance Management</b>			20	351	To consider arrangements for staff performance management, including consistency of the appraisal process, objective setting and identification and resolution of training/development needs for staff.
<b>Subtotal D:</b>	<b>25</b>	<b>42</b>	<b>20</b>		
<b>E. ICT</b>					
<b>E.1 Cyber Security</b>			18	603	We will perform a Cyber Security Health Check to assess NHTA's relative cyber health including arrangements for management of cyber security risks, governance arrangements and staff training. We will use our insight from the recent post-event review of the cyber-attack at SEPA to share any relevant learning with NHTA.
<b>E.2 Business Continuity Planning</b>		20		603, 674	To consider effectiveness of business continuity and IT disaster Recovery arrangements in the case of a large-scale disruption that compromises business-as-usual. We will consider the effectiveness of testing arrangements, staff training and awareness and organisational resilience.
<b>E.3 Information Governance</b>			25	557	To review arrangements to ensure compliance with the Data Protection Act and Freedom of Information and Public Records Scotland Act. This audit will also consider progress towards delivery of the Electronic Patients Record Programme.

Audit area	2023/24	2024/25	2025/26	Risk Register Ref	Audit objectives
<b>E.4 Digital Strategy</b>	18				An initial, advisory review of Digital Strategy, including best practice recommendations to support development/implementation of the strategy.
<b>Subtotal E:</b>	<b>18</b>	<b>20</b>	<b>43</b>		
<b>F. Compliance and Regularity</b>					
<b>F.1 Property Transaction Monitoring</b>	7	7	7		Review of property transactions as required by the Scottish Government Property Transaction Handbook
<b>F.2 Follow-up</b>	15	15	15		To confirm that management actions have been implemented as agreed.
<b>Subtotal F:</b>	<b>22</b>	<b>22</b>	<b>22</b>		
<b>G. Audit Management</b>					
<b>G.1 Contract management</b>	7	7	7		
<b>G.2 Audit and Risk Committee planning and attendance</b>	12	12	12		ARC prep and attendance, including Chair liaison/support
<b>G.3 Audit needs analysis – strategic and annual planning</b>	4	2	2		Audit needs assessment, in line with PSIAS and quality standards
<b>G.4 Liaison with external audit</b>	2	1	1		For coordination and efficiency
<b>G.5 Liaison meetings and progress reporting</b>	6	6	6		For ongoing liaison, regular communication and mgt support/comms
<b>G.6 Annual internal audit report</b>	2	2	2		Per PSIAS
<b>G.7 Contingency</b>	3	3	3		To respond to issues as/when they arise over the year
<b>Subtotal G:</b>	<b>36</b>	<b>33</b>	<b>33</b>		
<b>TOTAL</b>	<b>240</b>	<b>258</b>	<b>240</b>		

## Potential future areas of coverage

In conversation with management, we have discussed the potential to include the following areas within our audit plans for 2024/25 or 2025/26:

- Use of Agency Staff; and
- Review of Active Governance Arrangements.

We have noted these audits as a placeholder within this document and will revisit with management and the Audit Committee their inclusion within subsequent annual audit plans as part of our annual refresh of the plan in late-2023.

## Appendix 2 – Corporate Risk Register

As part of our audit needs assessment, we reviewed the Corporate Risk Register (as at June 2022) to consider auditable areas against identified risks.

REF	Risk Title	Status
764	Patient experience / outcome - Registrant workforce supply and capacity	Treat
753	Injury (physical and psychological) to service users/staff - Care Homes	Treat
744	Injury (physical and psychological) to service users/staff - Infection Prevention and Control	Treat
743	Adverse publicity / reputation - Inform, communicate and engage with stakeholders (staff and public) to deliver services	Treat
742	Adverse publicity / Reputation - Provision of Data and Intelligence for the purposes of Planning	Treat
741	Injury (physical and psychological) to patients/staff - Staff Support	Treat
703	Financial – Financial Outturn	Treat
674	Service / business interruption – Primary Care Sustainability	Treat
669	Objectives and projects - Reform and transformation of services deliverability (Caring for Ayrshire)	Treat
668	Staffing & Competence - Transformational Change reform and recovery of services	Treat
634	Patient experience / outcome - General Practitioner Workforce	Treat
603	Service / Business Interruption - Cyber Incident	Treat
557	Compliance - Information Governance	Treat
511	Staffing and competence - Immunisation Programmes - Implementation and Monitoring	Treat
494	Complaints / claims - Legal treatment time guarantee	Tolerate
432	Compliance – Statutory Regulations Management of the Estate	Treat
417	Compliance - Statutory regulations Management of Occupational Road Risk	Treat
351	Staffing and Competence - Personal Development Review Process	Treat
219	Staffing and Competence - Promoting Attendance	Treat
695	Staffing and Competence - General (Internal) Medicine Provision at University Hospital Ayr	Treat
357	Compliance - Mandatory and Statutory Training	Tolerate

## Appendix 3 – Review timetable 2023/24

We have provided indicative dates below for each of the planned reviews for 2023/24 and will confirm exact timings with management following approval of the plan at the March 2023 Audit and Risk Committee meeting.

Review	Start fieldwork	Complete fieldwork	Draft Report	Management Response	Final Report	ARC meeting
A.1 Performance monitoring	Jan 2024	Jan 2024	Feb 2024	Feb 2024	Mar 2024	Mar 2024
B.1 Financial management and reporting	Oct 2023	Nov 2023	Dec 2023	Dec 2023	Jan 2024	Mar 2024
B.2 Capital procurement and contracting of National Secure Adolescent Inpatient Service (NSAIS)	Jul 2023	Jul 2023	Jul 2023	Aug 2023	Aug 2023	Sep 2023
C.1 Delayed discharges	Aug 2023	Sep 2023	Sep 2023	Oct 2023	Oct 2023	Dec 2023
C.5 Infection prevention and control	Oct 2023	Nov 2023	Dec 2023	Dec 2023	Jan 2024	Mar 2024
C.6 Waiting list management	Jul 2023	Aug 2023	Aug 2023	Sep 2023	Sep 2023	Dec 2023
D.1 Staff rostering	Aug 2023	Sep 2023	Sep 2023	Oct 2023	Oct 2023	Dec 2023
E.4 Digital strategy	Feb 2024	Mar 2024	Mar 2024	Apr 2024	Apr 2024	May 2024
F.1 Property transaction monitoring	May 2023	May 2023	Jun 2023	Jun 2023	Jul 2023	Sep 2023
F2. Follow up - Q1			n/a			Jun 2023
F2. Follow up - Q2			n/a			Sep 2023
F2. Follow up - Q3			n/a			Dec 2023
F2. Follow up - Q4			n/a			Mar 2024
G.6 Annual internal audit report			n/a			May 2024



## Appendix 4 – Internal audit universe

Auditable area	2023/24	2024/25	2025/26	Comments
Strategic Planning		✓		Key risk area in respect of wider remobilisation and recovery activity
Operational Planning		✓		Key risk area in respect of wider remobilisation and recovery activity
Performance Management and Reporting	✓			Key risk area in respect of wider remobilisation and recovery activity
KPI Setting and Monitoring	✓			Key risk area in respect of wider remobilisation and recovery activity
Remobilisation / Recovery		✓		Key risk area in respect of wider remobilisation and recovery activity
Whistleblowing				Not identified as priority area for audit. Potential to revisit if risk profile increases
Risk Management				Fundamental in ensuring achievement of organisational objectives.
Risk Strategy and Appetite	✓			
Stakeholder Engagement			✓	Key risk area in ensuring success of the organisation
Partnership Working			✓	Key risk area in ensuring success of the organisation. Covered through audits of Strategic/Op Planning and Stakeholder Engagement
Occupational Road Risk		✓		Key risk area per audit needs assessment
Estate Management				Not identified as priority area for audit. Potential to revisit if risk profile increases
Service Level Agreements				Not identified as priority area for audit. Potential to revisit if risk profile increases
Energy & Utilities Management				Not identified as priority area for audit. Potential to revisit if risk profile increases
Environmental Sustainability		✓		Key risk area in context of national policy developments
Service Redesign	✓	✓	✓	Key risk area. Covered through reviews of Strategic / Op Planning. Discharge Planning and Waiting List Management
Budget Setting and monitoring	✓	✓		Key risk area in context of reduced funding environment. Covered in audit of Financial Management and Reporting in Y1 and CRES follow up audit in Y2
Non-pay Expenditure			✓	Key risk area due to challenging external economic conditions. Potential to cover as part of Financial Controls audit
Accounts Payable			✓	Key risk area due to challenging external economic conditions. Potential to cover as part of Financial Controls audit
Income				Not identified as priority area for Internal Audit due to predominantly SG funding. Reviewed annually by External Audit.
Accounts Receivable				Not identified as priority area for Internal Audit due to predominantly SG funding. Reviewed annually by External Audit.
Investment Management				Not identified as priority area for Internal Audit

Auditable area	2023/24	2024/25	2025/26	Comments
Efficiency Targets and Savings	✓	✓		Key risk area in context of reduced funding environment. Covered in audit of Financial Management and Reporting in Y1 and CRES follow up audit in Y2
Financial Planning	✓	✓		Key risk area in context of reduced funding environment. Covered in audit of Financial Management and Reporting in Y1 and CRES follow up audit in Y2
Financial Reporting	✓	✓		Key risk area in context of reduced funding environment. Covered in audit of Financial Management and Reporting in Y1 and CRES follow up audit in Y2
Capital Planning				Reviewed annually by External Audit. Not identified as priority area for Internal Audit.
Cashflow Management				Reviewed annually by External Audit. Not identified as priority area for Internal Audit.
Treasury Policies and Procedures				Reviewed annually by External Audit. Not identified as priority area for Internal Audit.
Intangible Assets				Reviewed annually by External Audit. Not identified as priority area for Internal Audit.
Lease Contract Management				Reviewed annually by External Audit. Not identified as priority area for Internal Audit.
Ledger Management				Reviewed annually by External Audit. Not identified as priority area for Internal Audit.
Bank & Control Account Reconciliations				Reviewed annually by External Audit. Not identified as priority area for Internal Audit.
Patient Funds				Reviewed annually by External Audit. Not identified as priority area for Internal Audit.
Payroll				Reviewed annually by External Audit. Not identified as priority area for Internal Audit.
Starters & Leavers				Reviewed annually by External Audit. Not identified as priority area for Internal Audit.
Time recording				Reviewed annually by External Audit. Not identified as priority area for Internal Audit.
Travel & Subsistence				Reviewed annually by External Audit. Not identified as priority area for Internal Audit.
Procurement & Tendering				Reviewed annually by External Audit. Not identified as priority area for Internal Audit.
Property, Plant and Equipment				Reviewed annually by External Audit. Not identified as priority area for Internal Audit.
Infection Control	✓			Key risk area from audit needs assessment
Waiting Times	✓	✓	✓	Key risk area from audit needs assessment
Prescribing				Not identified as priority area for audit. Potential to revisit if risk profile increases
Incident / SAE Management				Not identified as priority area for audit. Potential to revisit if risk profile increases
Duty of Candour				Not identified as priority area for audit. Potential to revisit if risk profile increases

Auditable area	2023/24	2024/25	2025/26	Comments
Patient Transport				Not identified as priority area for audit. Potential to revisit if risk profile increases
Waiting List Management	✓	✓	✓	Key risk area and contributor to remobilisation. Rolling programme of annual audits to be agreed with management and ARC.
Portering				Not identified as priority area for audit. Potential to revisit if risk profile increases
Theatre Utilisation				Not identified as priority area for audit. Potential to revisit if risk profile increases
Catering				Not identified as priority area for audit. Potential to revisit if risk profile increases
Public Protection Arrangements				Not identified as priority area for audit. Potential to revisit if risk profile increases
Safeguarding				Not identified as priority area for audit. Potential to revisit if risk profile increases
Delayed Discharge / Discharge Planning	✓	✓	✓	Key risk area and contributor to remobilisation. Rolling programme of annual audits to be agreed with management and ARC.
Patient Flow Management			✓	Key risk area identified through audit needs assessment
Care Home Discharges		✓		Key risk area identified through audit needs assessment
Public Health Screening				Not identified as priority area for audit. Potential to revisit if risk profile increases
Enhanced GP Provision		✓		Key risk area identified through audit needs assessment
Medicines Governance				Not identified as priority area for audit. Potential to revisit if risk profile increases
Admissions Process				Not identified as priority area for audit. Potential to revisit if risk profile increases
Mental Health Waiting Times			✓	Key risk area identified through audit needs assessment
NMC Referrals				Not identified as priority area for audit. Potential to revisit if risk profile increases
Hospital Standardised Mortality Ratios				Not identified as priority area for audit. Potential to revisit if risk profile increases
Review of Patient Results				Not identified as priority area for audit. Potential to revisit if risk profile increases
Medicines Reconciliation in Hospital				Not identified as priority area for audit. Potential to revisit if risk profile increases
Freedom of Information				Not identified as priority area for audit. Potential to revisit if risk profile increases
Governance Structures				Not identified as priority area for audit. Potential to revisit if risk profile increases
Board & Committee Evaluation				Not identified as priority area for audit. Potential to revisit if risk profile increases
Member Policies & Training				Not identified as priority area for audit. Potential to revisit if risk profile increases
UK Bribery Act				Not identified as priority area for audit. Potential to revisit if risk profile increases
Records Management				Covered within planned Information Governance review.
Internal and External Comms			✓	Key risk area. Covered in audit of Stakeholder Engagement
Staff Performance Management			✓	Key risk area from audit needs assessment

Auditable area	2023/24	2024/25	2025/26	Comments
<b>Absence Management</b>		✓		<i>Key risk area from audit needs assessment</i>
<b>Appeals &amp; Disciplinary Procedures</b>			✓	<i>Covered in audit of Staff Performance Management</i>
<b>People Management</b>			✓	<i>Covered in audit of Staff Performance Management</i>
<b>Recruitment and Retention</b>		✓		<i>Key risk area from audit needs assessment</i>
<b>Staff Rostering</b>	✓			<i>Key risk area from audit needs assessment</i>
<b>Training &amp; Development</b>				<i>Not identified as priority area for audit. Potential to revisit if risk profile increases</i>
<b>Use of Agency Staff / Locums</b>				<i>Key risk area from audit needs assessment. Covered in audit of Nurse Rostering.</i>
<b>Health and Safety</b>			✓	<i>Key risk area from audit needs assessment</i>
<b>Workforce Planning</b>				<i>Key risk area from audit needs assessment. Covered in audit of Nurse Rostering.</i>
<b>Business Continuity</b>		✓		<i>Key risk area from audit needs assessment.</i>
<b>IT Disaster Recovery</b>		✓		<i>Key risk area from audit needs assessment.</i>
<b>eHealth / Digital Strategy</b>	✓	✓	✓	<i>Key risk area – elements covered in aspects of IT audit programme</i>
<b>Cyber Security</b>			✓	<i>Key risk area from audit needs assessment.</i>
<b>Data / Records Management</b>			✓	<i>Key risk area from audit needs assessment. Covered in audit of Information Governance.</i>
<b>ICT Project Management</b>				<i>Not identified as priority area for audit.</i>
<b>ICT Service Management</b>				<i>Not identified as priority area for audit.</i>
<b>Property Transaction Monitoring</b>	✓	✓	✓	<i>As per statutory requirements.</i>

# Appendix 5 – Internal Audit Charter

The mission for internal auditing is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

## Definition

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

## Aim

The aim of this Charter is to set out the management by all parties of the internal audit process. The Charter sets out the context of the internal audit function, including the place of the Audit and Risk Committee, the key personnel, timescales and processes to be followed for each internal audit review.

## Role

The internal audit activity is established by the Board of Directors or oversight body (hereafter referred to as the Board). The internal audit activity's responsibilities are defined by the Board as part of their oversight role.

## Professionalism

The internal audit activity will govern itself by adherence to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Core Principles of Professional Practice of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

The IIA's Practice Advisories, Implementation Guidance, Practice Guides, and Position Papers will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to NHS&A's relevant policies and procedures and the internal audit activity's standard operating procedures manual.

## Authority

The internal audit activity, with strict accountability for confidentiality and safeguarding records and information, is authorised full, free, and unrestricted access to any and all of the organisation's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the internal audit activity in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the Board.

## Accountability

The Chief Internal Auditor will be accountable to the Audit and Risk Committee and will report administratively to the Director of Finance.

The Audit and Risk Committee will approve all decisions regarding the performance evaluation, appointment, or removal of the Chief Internal Auditor.

The Chief Internal Auditor will communicate and interact directly with the Audit and Risk Committee, including between meetings as appropriate.

## Independence and objectivity

The internal audit activity will remain free from interference by any element in the organisation, including matters of audit selection, scope, procedures, frequency, timing, or report content. This is essential in maintaining the internal auditors' independence and objectivity.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, manage risks, prepare records, or engage in any other activity that may impair internal auditor's judgment.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Chief Internal Auditor will confirm to the Audit and Risk Committee, at least annually, the organisational independence of the internal audit activity. Any interference experienced should be disclosed by the Chief Audit Executive to the Board and the implications discussed.





## Scope and responsibility

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal control processes in relation to the organisation's defined goals and objectives. Internal control objectives considered by internal audit include:

- Consistency of operations or programs with established objectives and goals and effective performance.
- Effectiveness and efficiency of operations and employment of resources.
- Compliance with significant policies, plans, procedures, laws, and regulations.
- Reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information.
- Safeguarding of assets.

Internal Audit is responsible for evaluating all processes ('audit universe') of NHSA&A, including governance processes and risk management processes. In doing so, internal audit maintains a proper degree of coordination with external audit and where practical other assurance providers.

Internal audit may perform consulting and advisory services related to governance, risk management and control as appropriate for the organisation. It may also evaluate specific operations at the request of the Audit and Risk Committee or management, as appropriate.

Based on its activity, internal audit is responsible for reporting significant risk exposures and control issues identified to the Audit and Risk Committee and to senior management, including fraud risks, governance issues, and other matters needed or requested by NHSA&A.

## Annual internal audit plan

The audit year runs from 01 April to 31 March.

At least annually, the Chief Audit Executive will submit to the audit committee an internal audit plan for review and approval. The internal audit plan will detail, for each subject review area:

- The outline scope for the review,
- The number of days budgeted,
- The timing, including which Audit and Risk Committee the final will report will go to,
- The review sponsor.

The Chief Audit Executive will communicate the impact of resource limitations and significant interim changes to senior management and the Board. The internal audit plan will be developed based on a prioritisation of the audit universe using a risk-based methodology, including input of senior management. Prior to submission to the Audit and Risk Committee for approval, the plan will be discussed with appropriate senior management. Any significant deviation from the approved internal audit plan will be communicated through the periodic activity reporting process.

## Assignment Planning and Conduct

An assignment plan will be drafted prior to the start of every assignment setting out the scope, objectives, timescales and key contacts for the assignment.

Specifically, the assignment plan will detail the timescales for carrying out the work, issuing the draft report, receiving management responses and issuing the final report. The assignment plan will also include the name of the staff member who will be responsible for the audit (review sponsor) and the name of any key staff members to be contacted during the review (key audit contact).

The assignment plan will be agreed with the review sponsor and the key audit contact (for timings) before the review starts.

## Reporting and Monitoring

The internal auditor will discuss key issues arising from the audit as soon as reasonably practicable with the key contact and/or review sponsor, as appropriate.

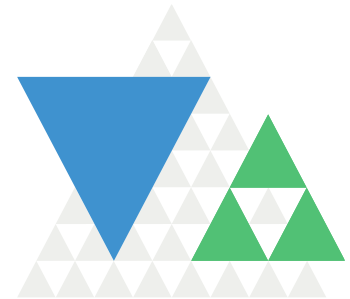
A written report will be prepared and issued by the Chief Audit Executive or designee following the conclusion of each internal audit engagement and will be distributed to the review sponsor and key contacts identified in the assignment plan for management responses and comments.

Draft reports will be issued by email within 10 working days of fieldwork concluding. The covering email will specify the deadline for management responses, which will normally be within a further 10 days. The management comments and response to any report will be overseen by the review sponsor. Internal Audit will make time after issuing the draft report to discuss the report and, if necessary, meet with the review sponsor and/or key contact to ensure the report is factually accurate and the agreed actions are clear, practical, achievable and valuable.

The internal auditors will issue the final report to the review sponsor and the Director of Finance. The final report will be issued within five working days of the management responses being received. Finalised internal audit reports will be presented to the Audit and Risk Committee. Finalised internal audit outputs must be in the hands of the Secretariat by prescribed dates annually.

The working days set out above are maximum timescales and tighter timescales may be set out in the assignment plan.

The internal audit activity will follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.



## Audit and Risk Committee

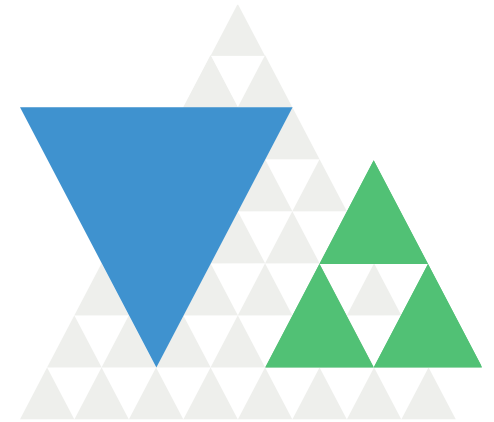
The Audit and Risk Committee meets five times a year, normally in May, June, November, January and March. Dates for Audit and Risk Committee meetings will be provided to internal audit as soon as they are agreed. The Chief Internal Auditor and/ or Senior Internal Audit Manager will attend all meetings of the Audit and Risk Committee.

Internal audit will schedule its work so as to spread internal audit reports reasonably evenly over Audit and Risk Committee meetings. The annual internal audit plan will detail the internal audit reports to be presented to each Audit and Risk Committee meeting.

The internal auditor will generally present specific reports to the committee as follows:

Output	Meeting
Annual internal audit plan	March
Follow-up report	May, November, January and March
Annual report	June
Progress report	All meetings

The Audit and Risk Committee will meet privately with the internal auditors at least once a year.



## Periodic Assessment

The Chief Audit Executive is responsible for providing a periodic self-assessment on the internal audit activity as regards its consistency with the Audit Charter (purpose, authority, responsibility) and performance relative to its Plan.

In addition, the Chief Internal Auditor will communicate to senior management and the Audit and Risk Committee on the internal audit activity's quality assurance and improvement programme, including results of on-going internal assessments and external assessments conducted at least every five years in accordance with Public Sector Internal Audit Standards.

## Review of Charter

This Charter will be reviewed by both parties each year and amended if appropriate.



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