

NHS Ayrshire & Arran



Meeting: Ayrshire and Arran NHS Board

Meeting date: Monday 30 March 2020

Title: Internal Audit Plan for 2020/2021

Responsible Director: Derek Lindsay, Director of Finance

Report Author: Derek Lindsay, Director of Finance

1. Purpose

This is presented to the Board for:

- Approval

This paper relates to:

- Government policy/directive
- Legal requirement

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

- Effective

2. Report summary

2.1 Situation

Grant Thornton as the Board's internal auditors take a risk based approach and have proposed areas for internal audit review in 2020/2021.

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

Grant Thornton agree the Internal Audit scope with the review sponsor. As part of those discussions they agree the timetable. When a Director and/or review sponsor signs off the scope they are signing off on the timetable for the review and it is expected that the relevant individuals will be available to support the work in that timetable and to provide a reasonable response to requests for evidence/queries etc.

Within three weeks of completing the fieldwork, Grant Thornton will issue a draft report to the lead Director. This should be checked for factual accuracy and there may be discussion with the auditor on the appropriateness of recommendations, risk ratings

etc. This, and management responses should be completed within four weeks of receipt of the draft report.

2.3.1 Quality/patient care

Planned reviews on clinical governance of mental health services, on whistleblowing, on waiting times and on handling complaints.

2.3.2 Workforce

Planned reviews on mandatory and statutory training, staff performance and junior doctor workforce.

2.3.3 Financial

Planned reviews on financial sustainability, patient funds and financial controls.

2.3.4 Risk assessment/management

Programme is risk based.

2.3.5 Equality and diversity, including health inequalities

An impact assessment has not been completed because it is not required.

2.3.6 Other impacts

- Governance and accountability
- Use of resources
- Performance management

2.3.7 Communication, involvement, engagement and consultation

The Board has carried out its duties to involve and engage external stakeholders where appropriate:

Integration Joint Boards decide on the area to be covered in their 30 day allocation.

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 held 21 January 2020
- Audit Committee held 24 January 2020
- Integrated Governance Committee held 29 January 2020
- Audit Committee held 18 March 2020

2.4 Recommendation

Members are asked to approve the internal audit plan.

3. List of appendices (where required)

The following appendices are included with this report:

- Appendix No 1, Internal Audit Plan 2020/2021

NHS Ayrshire & Arran

Updated Internal Audit plan for 2020/21 for Audit Committee discussion and approval

In June 2018 the Audit Committee discussed and approved the 2018/19 internal audit plan in the context of the 3 year strategic plan. In drafting the internal audit plan for 2020/21 we have considered the 3 year plan, the risk register, the potential audit areas (universe), sector specific topics and discussions with Directors. This updated plan reflects the comments from the management team, the January Audit Committee and the Integrated Governance Chairs group.

5 March 2020



Proposed Internal Audit Plan 2020/21

Assurance area	Outline Scope	Proposed Timing	Planned days	AC Schedule
Property Transaction Monitoring	Review of property transactions undertaken during the financial year 2019/20 in accordance with the property transaction handbook.	June 2020	5	September 2020
Patient Funds	Rotational review of patient funds, including property arrangements. Based on the rotational plan we will focus on Ayrshire Central Hospital and actions underway to address recommendations raised at University Hospitals Ayr and Crosshouse from our previous internal audits	June 2020	8	September 2020
Financial Controls	As per the strategic internal audit plan, we will confirm the design and operations of certain financial controls on an annual basis. We will determine based on our risk assessment and discussion with Finance the relevant controls to consider within 2020/21	January 2021	10	March 2021
Handling complaints	Our review will focus on the design and operation of the controls in place to handle complaints, including ensuring completeness of complaints, response times, compliance with the complaints arrangements and how lessons are learned and cascaded across the organisation to prevent similar complaints in the future.	August 2020	12	November 2020
Workforce (Junior Doctors)	In relation to risk 695 under staffing and competence, failure to meet conditions met by the general medical council may lead to withdrawing provision of trainee doctors. We would review workforce planning arrangements around junior doctors now in place from recommendations raised from the Board's previous internal auditors (2017).	September 2020	15	November 2020
Risk Management (Occupational Road Risk)	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 could lead to external HSE interventions resulting in the potential for enforcement notices and/or criminal prosecution. Our review could focus around the controls in place to mitigate these risks	October 2020	15	March 2021
Clinical Governance (Mental Health)	On the back of work underway through the Scottish Patient Safety Programme (SPSP) on Mental Health, we will review the progress made on mental health in achieving national aims to reduce the risk of avoidable harm to people who receive care, the staff who deliver care, and carers of those using Mental Health Services. This review will focus on the governance and management arrangements within a particular specialty (child, acute, elderly mental health) to be agreed with management.	November 2020	20	March 2021

Assurance area	Outline Scope	Proposed Timing	Input days	AC schedule
HR and OD (Mandatory Training)	A number of controls are in place in relation to staff training and development including mandatory training. This will be a review focused on the control measures in place around mandatory and statutory training completed by staff across directorates.	January 2021	15	March 2021
Whistleblowing	Our review plans to look at the controls in place in relation to the planning to align the NHS Ayrshire and Arran arrangements with the draft National Whistleblowing Standards.	December 2020	15	March 2021
Waiting Times	As required in the Scottish Government guidance we will consider the arrangements NHS Ayrshire & Arran have in place to validate the completeness and accuracy of waiting times recording and reporting to the Board. The current guidance requires an annual consideration by internal audit. As per our three year IA plan, we will focus on TTG within key services as discussed by management	November 2020	15	March 2021
Transformation (Public Health)	The NHS Ayrshire and Arran Delivery Plan 2020 sets Public Health as a key area and underpins requirements set by the Scottish Government's six public health priorities (June 2018). We will review the planning in place by the organisation to address these priorities, including governance and performance monitoring arrangements between health board and HSCP management arrangements.	January 2021	20	March 2021
Operational Performance (Pharmacy)	There are reputational risks related to pharmacy including controlled drugs and financial risks in relation to the cost of drugs. We will review the controls in place around pharmacy management across the organisation, including realistic medicine effective prescribing group. We will look at controls to share and promote good practice, and consideration to efficiency and effectiveness.	September 2020	15	November 2020
Financial sustainability	NHS Ayrshire and Arran have in place a financial recovery plan, and need to deliver annually savings to support longer term financial balance without brokerage. Our review will focus on the robustness of the process to identify savings (including the challenge over the achievability of savings, particularly if in previous years savings in those areas have not been realised). We will focus on testing a sample of CRES plans, speaking to the CRES lead to understanding the actions being taken to achieve the savings, how realistic the assumptions are and therefore the deliverability of the plans.	September 2020	15	November 2020

Assurance area	Outline Scope	Proposed Timing	Input days	AC schedule
Staff Performance	NHS A&A have a strategic risk in relation to failure to ensure that annual performance and personal development discussions are completed for all staff which could lead to reduce standards of service delivery and potentially impact on patient care. Our review could focus around the implementation of annual performance and development process, including monitoring through reporting to identify poor performing areas, roles & responsibilities and related directorate improvement plans.	March 2021	15	June 2021
Integration Joint Boards	As in prior years we have included days to support the Chief Internal Auditors of the 3 IJB's in obtaining assurance over certain aspects of the IJB arrangements. For 2020/21 we will liaise with the auditors to identify a suitable area for review, alongside specifically looking at HSCP patient and public engagement relationships.	November 2020	15	March 2021
HSCPs (Patient and Public Engagement)	The Board's previous internal auditors raised a number of recommendations in relation to NHS Ayrshire and Arran developing a Patient and Public Engagement Strategy and Plan. These actions were not addressed by management. We will make a review of the current arrangements in relation to patient and public engagement in line with National Standards for Community Engagement. We will also look at the mechanisms around governance and reporting and the relationship with health and social care partnerships and how they will monitor progress against those objectives.	March 2021	15	June 2021
Contract Management	Internal audit contract management including audit planning, regular internal audit meetings, attending Audit Committees and internal audit annual report	All year	20	N/a
Internal Audit Follow Up	Follow up of the implementation of internal audit actions verifying the action taken by management to close the recommendation	Each quarter	15	Each AC
Contingency	Flexibility to accommodate emerging risks and / or ad hoc requirements	TBC	15	
Total days			275	



Background to internal audit planning and extracts from the 3 year strategic internal audit plan (2018/19 to 2020/21)

Executive summary

We have set out within this report our indicative three year (strategic) internal audit plan for 2018/19 to 2020/21 for Audit Committee discussion and approval. This is supported by our annual plan for 2018/19, reflecting high level outline scopes and planned timing.



Our planning process

Our internal audit plan complies with Public Sector Internal Audit Standards (PSIAS) and allows us to provide an annual opinion over your governance, risk and control arrangements.

This plan has been prepared taking into account:

- Meeting with the Director of Finance on 28 May 2018
- Integrated Governance Chairs meeting, attending the Audit Committee Chair on 28 May 2018
- Review of your strategic risk register (May 2018)
- Review of your annual plans
- Previous Internal Audit Annual Reports summarising work undertaken and findings, including higher risk findings
- Our wider NHS Knowledge and experience, including horizon scanning



Coverage

We have identified thematic areas which we would wish to cover either every year or on a rotational basis over the 3 year period. This is indicative only to give the Committee a sense of the planned activity over the 3 years and our assigned priorities.

In particular:

- Transformation
- Financial sustainability
- Wider risks associated with the workforce including medical and GP challenges
- West of Scotland Regional Working/partnership working
- Health and Social Care



Internal Audit Delivery

Our internal audit work will be planned and phased to a timetable that works for management and the Audit Committee

Our work will be delivered by our internal audit specialists. We use a suitably experienced team to add insight and independent challenge during the review as well as the final report.

We have agreed indicative timings with management for the 2018/19 Internal Audit plan which phases work during the year, and balances our reporting to the committee.

Our service will be monitored through a series of key performance indicators and discussed on a monthly basis with the Director of Finance and Deputy Director of Finance and quarterly with this Committee.

Benefit to you:

- Our plan is aligned to your desired outcomes from our internal audit service, including a clear articulation of value.
- Coverage over your strategic risks and linking internal audit assurance back to your risk management framework – integrated assurance
- Alignment of suitably experienced staff to each review to add insight and challenge during each review
- No duplication with other assurance providers and we will work in particular with external audit
- Aligned to your strategic priorities
- Ability to bring our insights from our range of NHS Clients



How we developed your internal audit plan

In developing NHS Ayrshire and Arran's Internal Audit plan we did the following:

The internal audit plan is risk driven, pragmatic and sensible, ensuring resources are focused on the right areas. However, developing an internal audit plan is not a science and it needs to balance multiple factors, including the preferences for Senior Management and the Audit Committee, alongside your Culture. As such, our plan is designed collaboratively to meet your needs.



Recognising the timeframe we met with the Director of Finance on 28 May 2018 and attended the Integrated Governance Chairs Committee meeting. Over the next quarter we will meet with the Senior Management team to start building our relationship with you and wider understanding of the organisation. This will support us in scoping the individual reviews outlined in our plan, alongside understanding your culture and areas of risk.

A key source in the preparation of your internal audit plan is your strategic risk register and the overall risk framework you have in place to capture, evaluate and mitigate risks. For our internal audit service to be effective and add value we align with your risk culture.

Risk Appetite

We work closely with you to understand what your risk appetite is and how it is applied on a day to day basis to the Board's operational arrangements and decision making.

By having this understanding we will ensure that all our internal audit recommendations are aligned to this appetite. For example, there is no value in us recommending the addition of controls where you have already accepted an element of risk within that area.

Equally as internal auditors we can help you identify controls that are beyond your appetite and therefore unnecessary or ineffective freeing up resource for other areas (people/time/money)

Integrated Risk Management and Internal Audit Assurance

It is important that your internal audit service is aligned and integrated with your risk management framework. Our work will directly inform your controls reliance and target risk per the risk framework.

Helping you re-think/re-score the risk register so your risks are continually refreshed and informed by our work.

Where we identify controls that are not working effectively, directly linked to the mitigation of a risk, we will let you know so you can reconsider and prioritise any necessary action.

Opportunity Risk

Recognising financial challenges alongside the Board's priorities, you will need to take measured risks to generate opportunities or further innovate.

We can support you by focusing on these areas from an internal audit perspective providing assurance risks are mitigated within appetite but are suitably flexible and adaptive to quickly capitalise on changing circumstances so opportunities are not lost.



Risk Scanning

We will support you in scanning the horizon for future risks, challenges and opportunities. For example: health and social care developments; examples of transformation and/or service redesign across the NHS in the UK; developments and best practice in governance and value for money considerations.



Indicative three year internal audit plan (2018/19 to 2020/21)

Set out below is our indicative three year strategic internal audit plan as at 8 June 2018 against the proposed planning for 2020/21.

Assurance area	High level overview	Strategic risk register link (ID)	2018/19	2019/20	2020/21	Inclusion in 2020/21 annual plan
Finance	Rotational review of core financial controls on a rotational basis covering all controls over three years. This will include financial strategy and budgetary control.	492 and 493	Yes	Yes	Yes	2021/21 Financial controls
Workforce	There are a number of workforce risks that the Board are looking to manage and mitigate. We will look at certain aspects of workforce planning on an annual basis including: Consultant job planning, recruitment and retention, workforce linked to regional planning, impact of Brexit on workforce plans.	634, 574	Yes	Yes	Yes	2020/21 Junior Doctors
Property Transactions	We will undertake a review of any property transactions undertaken in year in accordance with the requirements of the Property Transaction Manual (PTM)	Requirement of SGHSCD	Yes	Yes	Yes	2020/21 Property transaction
Information Governance	We will consider GDPR in 2018/19 and thereafter certain aspects of the Board's overall information governance arrangements	557	Yes	-	Yes	Considered within individual internal audit reviews
Governance	Good corporate governance arrangements are essential and we will consider the Board's arrangements in light of best practice and recent outcomes at NHS Tayside and the forthcoming NHS Highland review.	N/a	Yes	-	Yes	2020/21 Complaints handling and Whistleblowing reviews.
Regional Planning	Working in partnership with the regional Board structures will be a key development for the Board over the next three years and internal audit could support in identify areas to share services, inefficiencies and duplication. Alongside a focus on the governance and future decision making related to regional partnerships.	668, 669	-	Yes	Yes	Covered in 2019/20 regional planning review and to be considered as part of 2020/21 Financial Sustainability review
Patient funds	Although potentially smaller values it is important that the Board mitigates reputational risk re patient funds and property.	N/a	Yes	Yes	Yes	2020/21 Patient funds at Ayrshire Central Hospital
Business continuity	Business continuity planning will be a key consideration for the Board and it is important that the controls in place are suitably designed and operate effectively should an incident occur.	683, 163	-	-	Yes	Covered within 2019/20 Decontamination and Sterilisation management review.
Cyber Security	Cyber security continues to have a high profile across the sector and an area of focus for the Scottish Government.	603, 683	-	Yes	-	Considered within individual internal audit reviews
IT Controls	The Board operate a number of IT systems and it is important that: access to systems and data is restricted, data retained is complete and accurate; data is secure and can be retrieved; and the IT systems and applications support the business needs of the Board.	683	Yes	Yes	Yes	Considered within individual internal audit reviews

Assurance areas	High level overview	Strategic risk register link (ID)	2018/19	2019/20	2020/21	Inclusion in 2020/21 annual plan
Bed management	The Board's arrangements for effective bed management including delayed discharges, unscheduled to scheduled care and patient flow	-	-	Yes	-	Covered in 2019/20 Service Redesign review (cardiac care services) and unscheduled care review
Risk management	Risk management underpins the Board's strategy in respect of identify risks to the strategy, and ensuring the risks are effectively mitigated (where practical). The Board should have in place a risk management framework and a process for identifying, escalating, monitoring and reporting risks.	N/a	Yes	Yes	Yes	2020/21 Occupational road risk
Capital planning	On an annual basis the Board receive capital funding from SG and will need to ensure capital plans reflect the needs and prioritisation of the Board's strategy. This area could link to expansion and also estates.	466	Yes	-	-	Covered in 2018/19 Capital planning review
Estates	One of the Board's key asset is it is estate and the estate needs to be maintained to a sufficient standard, maintenance planned and delivered and optimum use made of the estate to deliver the Board's services	417, 432	Yes	-	-	Covered in 2018/19 Estates review
TTG	The Board is required to be meet relevant targets related to treatment time guarantees (TTG), monitoring performance and taking action where required.	494	Yes	-	Yes	2020/21 Waiting Times
HR and OD	A number of controls are in place in relation to staff training and development including mandatory training, staff appraisals, underpinned by national HR systems	219, 357, 315	Yes	Yes	Yes	2020/21 Mandatory Training
Compliance with policies and procedures	The Board's internal control framework will rely on the Board's key policies being complied with and controls designed and operating effectively to identify non-compliance. Areas could include for example: Health and Safety, Healthcare Associated Infection, Scheme of delegation, mandatory training.	Runs as a theme through a number of risks	Yes	Yes	Yes	2019/20 Compliance with Policies review and considered within individual internal audit reviews
Performance management	The Board has in place a performance management framework to monitor delivery of the various strategies, including reporting to the Board against a suit of national and local KPIs.	494	-	Yes	-	2020/21 Staff Performance
eHealth	eHealth is a key function for the Board. Work in this area may relate to IT controls and systems/applications or also the consideration of the implementation of the eHealth strategy and how this is flexed to accommodate different priorities or increases/decreases in funding.	603	-	-	Yes	Reviewed in 2018/19 digital strategy review

Assurance areas	High level overview	Strategic risk register link (ID)	2018/19	2019/20	2020/21	Inclusion in 2020/21 annual plan
Procurement	Compliance with procurement procedures ensures that the Board achieves value for money from its procurement and complies with procurement regulations.	492, 493	Yes	-	Yes	Considered as part of 2020/21 Pharmacy review
Strategic planning	Strategic planning is a key Board activity and could encompass areas already reflected: Performance management, regional planning, capacity as well as focusing on strategy development including engagement with stakeholders.	669	-	Yes	-	2019/20 Regional planning review
Pharmacy	There are reputational risks related to pharmacy including controlled drugs. In addition, there are financial pressures on NHS Boards related to the cost of drugs.	493	-	-	Yes	2020/21 Pharmacy review
Transformation	The Board has in place a transformation programme which is overseen by a Director and supported by a PMO structure. Delivering this programme will be key to financial sustainability	668, 669	Yes	Yes	Yes	2020/21 Transformation review (Public Health)
Health and Social Care	Health and Social Care Partnerships and the IJB's will be key to delivering integrated healthcare services across NHS Ayrshire and Arran.	674	Yes	Yes	Yes	2020/21 HSCPs (Patient and Public Engagement) review and IJB Arrangements
GP	Linked to primary care sustainability and the new GP contract – there is known pressures nationally on GP services	674, 634	Yes	-	Yes	Reviewing progress as part of follow up actions
Clinical governance	Ensuring appropriate and sufficient clinical governance structures are in place and could including: Clinical and quality strategies, adverse events, clinical audit and coding, hospital acquired infections	502, 511	Yes	-	Yes	2020/21 Mental Health Clinical Governance review
Patient and public engagement	In order to manage reputational risks and deliver service redesign the Board will need to have in place effective patient and public engagement strategies.	668	-	Yes	-	To be covered in 2020/21 HSCPs (Patient and Public Engagement) review
Energy and sustainability	Linked to estates and capital planning, focused on the arrangements the Board has in place to meet environmental legislation including energy efficiency.		Yes	-	-	Part of 2018/19 Capital Planning review
Operational performance	On a rotational basis we will consider certain of the Board's operational areas for example specific service reviews focused on design, and operation of controls to promote good practice/share learning, and consideration of efficiency and effectiveness.	Across a number of risks	Yes	Yes	Yes	2020/21 Financial sustainability review

Appendices

Appendix 1 -Previous internal audit activity (2014-2019)

As part of our internal audit planning we have reviewed previous year internal audit annual reports, individual reports and the agreed plans. Set out below is a summary of the previous five years internal audit activity for information as this informed in particular our indicative timing of work for 2020/21 planning.

Review	2015/16	2016/17	2017/18	2018/19	2019/20
Key Financial Controls	Yes	Yes	Yes	Yes	Yes
Clinical governance	Yes			Yes	Yes
EHealth Programme controls	Yes			Yes	
Workforce planning	Yes (nursing)		Yes (Junior doctors)	Yes	Yes
Energy and sustainability	Yes			Yes	
Service review	Yes (radiology)		Yes (AHP)	Yes (TTG)	Yes
Financial strategy and targets	Yes			Yes	
Consultant Job Planning	Yes				Yes
Fraud arrangements	Yes		Yes	Yes	Yes
Risk management	Yes			Yes	Yes
Business continuity planning	Yes		Yes		Yes
HSCI Governance	Yes				
Building for better care	Yes				
PTM	Yes	Yes	Yes		
Patient Funds	Yes	Yes	Yes	Yes	Yes
Bed Management	Yes			Yes	Yes
Theatre stock management	Yes				Yes
Lab Controls	Yes				

Review	2015/16	2016/17	2017/18	2018/19	2019/20
Infection Controls	Yes				
Medical Equipment	Yes				Yes
IT General		Yes		Yes	Yes
HR Functions and processes		Yes			Yes
Car Parking		Yes			
Prevent Duty		Yes			
Compliance - immunisations		Yes			
Procurement		Yes		Yes	
Transformation change		Yes		Yes	Yes
Endowments		Yes			
Public and patient engagement		Yes			
Promoting attendance		Yes			Yes
Corporate Governance – Information Governance		Yes		Yes	Yes
Health and Social Care Integration		Yes	Yes (adverse events)	Yes	Yes
Services review		Yes			Yes
Waiting Times/TTG		Yes		Yes	Yes
Health promotion activities		Yes			
IT security				Yes	Yes
HR / OD				Yes	Yes
Patient discharge			Yes (MSG indicators)		
Compliance				Yes	Yes
Pharmacy stock			Yes (prescribing)		
Records management					Yes

Review	2015/16	2016/17	2017/18	2018/19	2019/20
Risk management	Yes	Yes	Yes	Yes	Yes
Estates procurement				Yes (PAMS and Property Transaction Monitoring)	Yes Property Transaction Monitoring)
Staff engagement					Yes
Outpatient records				Yes (TTG)	Yes (DNA/ CNA management)
Ward product management					
CVC and PVC Auditing and reporting					
Cyber Security			Yes		Yes
GP sustainability			Yes	Yes	
UK Bribery – Gifts and hospitality			Yes		
Unscheduled care			Yes		Yes
Adverse events			Yes		
Regional Working					Yes
IJBs				Yes	Yes
Theatre Utilisation					Yes
Capital Planning				Yes	Yes

Appendix 2 - NHS A&A Strategic Risk Register and 2020/21 Internal Audit Plan

As part of our internal audit planning we have reviewed the organisation's Strategic Risk Register (SRR) as presented to the Audit Committee on the 27 November 2019. The following table provides a summary of the high level strategic risks against the 2020/21 Internal Audit Annual Plan.

SRR ID	Risk Title	Risk Grading*	Within 2020/21 Internal Audit Plan
703	Financial – Financial out-turn 2019/20	Very High	2020/21 Financial Sustainability review
603	Service/ Business Interruption – exposure to malware via email	Very High	Previously covered by internal audit in 18/19 and partly in 19/20 (Cyber review)
674	Patient experience/ outcome - primary care sustainability	High	Previously covered by internal audit in 18/19 and 19/20
634	Patient experience/ outcome – GP workforce	High	Previously covered by internal audit in 18/19
574	Patient experience / outcome – lack of medical staff	High	2020/21 Junior Doctors
695	Staffing and competence – General (Internal) Medicine Provision at UHA	High	2020/21 Junior Doctors
669	Objectives and projects – transformational change programme dependencies	High	Previously covered by internal audit in 18/19
668	Objectives and projects – transformational change portfolio delivery	High	Previously covered by internal audit in 18/19
557	Compliance – Information governance	High	Previously covered by internal audit via GDPR in 18/19
494	Compliance – legal treatment time guarantee	High	2020/21 Waiting times review
432	Compliance – Statutory management of the estate	High	2020/21 Property Transaction Monitoring and previously covered by internal audit in 18/19 (PAMS)
417	Compliance – Statutory regulations management of occupational road risk	High	2020/21 Occupational Road Risk
351	Staffing and competence – personal development review	High	2020/21 Staff Performance review
219	Staffing and competence – promoting attendance	High	Previously covered by internal audit in 18/19
502	Compliance – statutory regulations, blood safety and quality	Moderate	Potential area – Blood safety not previously reviewed but is very clinical focused
357	Compliance – mandatory and statutory training	Moderate	2020/21 Mandatory Training review

* Risk gradings extracted from NHS Ayrshire and Arran SRR plan as at 27 November 2019.

Appendix 3 - Overview of our internal audit arrangements

Preparation of our plan

Our Internal Audit plan has been prepared on the basis of our engagement letter, and our internal audit contract. This plan, and our subsequent deliverables, do not constitute an assurance engagement as set out under ISAE3000. This plan and our subsequent reports have not been designed to be of benefit to anyone except the client. In preparing this plan we have not taken into account the interests, needs or circumstances of anyone apart from the client. Any party other than the client that obtains access to this report (or a copy) under Freedom of Information Act 2000, through the clients publication scheme or otherwise, and chooses to rely on this report (or any part of it) does so at their own risk. To the fullest extent permitted by law, Grant Thornton UK LLP does not assume any responsibility and will not accept any liability in respect of this report to any party other than the client.

Public Sector Internal Audit Standards (PSIAS)

PSIAS require the Chief Audit Executive (Head of Internal Audit) to produce a risk based plan which takes into account NHS Ayrshire and Arran's risk management framework, your strategic priorities and objectives, and the views of senior management, the Audit and Risk Committee and the Board. On an annual basis we are required to produce a balanced plan which gives sufficient coverage over governance, risk and internal control to provide an annual internal audit opinion.

Risk based approach to internal audit

Our internal audit plans are required to be risk based. In accordance with our PSIAS compliant IA methodology we have considered your overall risk management framework, the robustness of the framework in relation to the identification and prioritisation of risk, and the organisations overall culture as related to risk. We can confirm we have used your risk management framework as a basis for identifying and prioritising our internal audit work.

Our work, in discussion with Management, has been prioritised to take into account your overall budget for internal audit. This has been capped at 350 days per annum.

In prioritising our work we have used our judgement alongside management discussions. It is emphasised that our internal audit plan does not set out to cover all the risks facing NHS Ayrshire and Arran and that this has been accepted and agreed with management.

We believe we have sufficient internal audit coverage to provide an annual internal audit opinion, limited to the work we have completed, on an annual basis.

Your control environment

Internal audit, is not itself part of the internal control system, nor is it responsible for internal control or compliance. This remains the responsibility of management. Our work as internal audit typically includes: reviewing risk management and internal control processes developed and maintained by management to ensure the achievement of the agreed organisational goal/department goal.

Your control environment

Internal audit, is not itself part of the internal control system, nor is it responsible for internal control or compliance. This remains the responsibility of management. Our work as internal audit typically includes:

- reviewing risk management and internal control processes developed and maintained by management to ensure the achievement of the agreed organisational goal/department goal.
- Assessing compliance with policies and procedures, including where relevant laws and regulations and strategic plans
- Considering the robustness and reasonableness of arrangements to ensure effective and efficient use of resources.

Sources of assurance

Internal audit is only one source of assurance available to Management. The delivery of our internal audit plans will not, and does not, seek to cover all the risks and controls in place across the organisation. We will work closely with other assurance providers. In particular we will also liaise with external audit to ensure that duplication is minimised.

We do not place reliance on other sources of assurance available to you when forming our annual opinion.

Independence

Independence and objectivity is deemed to be impaired if internal audit are required to/or carry out any executive or operational duties. In order to ensure independence our reporting line is to the Audit Committee with unrestricted access to the Chief Executive.

We have an operational executive reporting line on a day to day basis and this is the Director of Finance. We can confirm, in accordance with PSIAS we are independent of management and our objectivity has not been compromised.

Further details of our internal audit arrangements, including quality arrangements are set out in our internal audit quality plan (including internal audit charter).

Appendix 4 - Monitoring our performance

It is important that the Audit Committee and Senior Management can monitor our performance as your internal auditors. We meet quarterly with the Director of Finance and Deputy Director of Finance to track progress against the internal audit plan, and any emerging issues. This will also includes tracking our performance against the agreed performance indicators.

Our Internal Audit Progress report template includes an analysis of our performance on a quarterly basis and the cumulative annual position in our Annual Opinion.

We will agree a suite of measures which are input based as well as outcome/output based. Our proposed metrics are set out opposite

Outwith our performance metrics we would also highlight:

- We have an internal audit charter setting out our overall approach to internal audit which complies with PSIAS. We present this to the Audit Committee on an annual basis.
- We have in place an independent client satisfaction survey. Andrew Howie as our independent Relationship Partner meets on an annual basis with the Director of Finance and the Audit Committee to discuss our performance as your internal auditors, and the performance of the team. Your feedback is shared with the team, and where required an action plan developed and tracked to ensure we act on your feedback
- In accordance with PSIAS we routinely undertake internal and external assessments with our compliance which we will share.



The Annual Internal Audit plan is presented and approved by the Audit Committee before the start of the audit year.



Draft reports are issued 15 working days on completion of fieldwork.



Management responses are received within 20 working days.



At least 95% of audit recommendations are agreed with and accepted by management.



All Audit Committee meetings are attended by the Chief Internal Auditor.



All internal audit outputs are finalised and submitted to you at least 5 working days before the Audit Committee meeting.



90% of the audit input is provided by the core team and continuity is maintained year on year.

