

<b>Meeting:</b>	<b>Audit and Risk Committee</b>
<b>Meeting date:</b>	<b>13 May 2021</b>
<b>Title:</b>	<b>Internal Audit Operational Plan – 2021/22</b>
<b>Responsible Executive:</b>	<b>Margo McGurk – Director of Finance and Strategy</b>
<b>Report Author:</b>	<b>Tony Gaskin – Chief Internal Auditor</b>

## 1 Purpose

**This is presented to the Audit and Risk Committee for:**

- Discussion
- Approval

**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, and the views of senior managers, Standing Committee lead officers, and the Audit & Risk Committee Chair and members.

As part of the annual planning process we have engaged initially with the Director of Finance and Strategy and then with the wider Executive Directors Group to ensure the plan reflects current risks and any other areas where a review would be beneficial and add value to NHS Fife.

NHS Fife is in the process of revisiting the risk profile and introducing a Corporate Risk Register, with the Director of Finance and Strategy the executive lead for risk management from 1 April 2021. The draft Internal Audit Operational Plan 2021/22 has been mapped to the extant BAFs and the highest risks from the COVID 19 Risk Register, also taking into account issues identified in recent Internal Audit reports.

During 2021/22 we will actively reflect on the operational plan in place to ensure it continues to meet the needs of the service, reflects the current risk profile and incorporates the outputs from the ongoing assurance mapping work. Any consequent changes to the plan will be reported to the Audit and Risk Committee for approval.

## 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 2021/22 has been 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. The plan is driven by NHS Fife’s organisational objectives and priorities, and maps directly to the BAF and COVID risks that may prevent NHSF from meeting those objectives.

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 BAF Risk Register and objectives. The process overtly demonstrates cyclical coverage of all corporate risks and is designed to allow greater potential for 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 BAF 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.

If required further background information can be provided on the standard process, which will resume for 2022/23 onwards when the organisation will have a new overarching strategy and a revised risk register.

### **Current year process – 2021/22**

Due to the significant and emergent 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 and new information becomes available.

In order to provide a starting point for discussion, we have obtained the views of the Director of Finance and Strategy and the wider Executive Directors Group 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 which we will adapt to the views of the Audit and Risk Committee, if required, or obtain approval.

However, we know that the organisational risk profile is changing rapidly, as is organisational understanding of those risks and we will continuously review the plan and update as required, with approval sought from the Audit and Risk Committee for any changes required.

### **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/local plans/annual operational plans
- Previous internal audit reports, in particular the Internal Control Evaluation
- External audit reports and plans
- Board website, internal policies and procedures
- Our knowledge and experience at other client Health Boards
- Discussions with the EDG and the Audit and Risk Committee
- Changes to the risk profile due to Covid 19

### **Assurance mapping**

Internal Audit are working 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.

### **Other stakeholders**

There is congruence between Health Board internal audit plans and those of the Integrated Joint Board (IJB) Partners. The NHS Fife Internal Audit Plan currently includes days for Internal Audit of the IJBs, with IJB Plans agreed with the IJB Chief Officers and Chief Finance Officers and approved by the IJB Audit Committee. The IJB Chief Officer will have 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.

### 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. It is likely that the Board's workforce strategy, along with all key strategies will require fundamental review later in the year and this will be reflected in any later revisions to the Internal Audit plan.

### 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

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

See timetable above.

## 2.4 Recommendation

The Audit and Risk Committee are asked to:

- **Discuss** the draft Internal Audit Operational Plan for 2021/22 **and**,
- **Approve** the Internal Audit Operational Plan for 2021/22 if no changes are required. (If the plan needs to be updated it will be tabled at June 2021 meeting of the Audit and Risk Committee for approval).

## 3 List of appendices

The following appendices are included with this report:

- **Appendix 1** – Internal Audit Operational Plan 2021/22 including mapping to BAF/COVID 19 risks.

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## Appendix 1

Ref	Audit Process	Scope	Days	BAF Risk Link
<b>AUDIT MANAGEMENT</b>			<b>55</b>	
B 01	22 Audit Risk Assessment & Planning	Audit Risk Assessment & Operational Planning	8	-
B 02	22 Audit Management & Liaison with Directors	Audit Management, liaison with Director of Finance and other officers	15	-
B 03	22 Liaison with External Auditors	Liaison and co-ordination with External Audit	4	-
B 04	22 Audit Committee	Briefing, preparation of papers, attendance and action points	18	-
B 05	22 Clearance of Prior Year	Provision for clearance and reporting of 2020/21 audit reports	10	-
<b>CORPORATE GOVERNANCE</b>				
<b><i>Accountability and Assurance</i></b>			<b>110</b>	
B 06	22 Annual Internal Audit Report	CIA annual assurance to Audit Committee	15	-
B 07	22 Governance Statement	Preparation of portfolio of evidence to support	20	-
B 08	22 Interim Control Evaluation	Mid-year assurance for Audit and Risk Committee on specific agreed governance areas	35	-
B 09	22 Audit Follow Up	Undertaking the follow up of audit action points and provision of related reports to the Audit and Risk Committee	40	-
<b><i>Control Environment</i></b>			<b>15</b>	
B 10	22 Board, Operational Committees and Accountable Officer	Attendance and input / provision of advice at Standing Committees and other Groups.	5	-
B11	22 Assurance Framework	Review of assurance structures, including Audit and Risk Committee; relevance, reliability, timeliness and quality of evidence. Continuation of assurance mapping work.	10	-

Ref	Audit Process	Scope	Days	BAF Risk Link	
<b>Risk Management</b>			<b>20</b>		
B12	22	Risk Management Strategy, Standards and Operations	Review of strategy and supporting structures in order to conclude on risk maturity as required of the Public Sector Internal Audit Standards. Review of revised Risk Register.	20	-
<b>Health Planning</b>			<b>105</b>		
B13	22	Strategic Planning	Provide advice and input at key stages of the development of Clinical and related Strategies	15	Strategic Planning
B14	22	Operational Planning	Review of the Strategic Planning and Resource Allocation process, including savings and related risks.	20	Strategic Planning
B15	22	Health & Social Care Integration	Delivery of Fife IJB Internal Audit Plans. Note : first year of FTF CIA role - days will reduce in future years	70	IJB
<b>CLINICAL GOVERNANCE</b>			<b>15</b>		
B16	22	Medicines Management	Review of Secured Stationary as requested by the Safer Use Medicine Group.	15	Quality and Safety
<b>STAFF GOVERNANCE</b>			<b>25</b>		
B17	22	Workforce Planning	Specific review to ensure safe staffing levels are being maintained	25	Workforce Sustainability
<b>FINANCIAL GOVERNANCE</b>			<b>50</b>		
<b>Financial Management</b>			<b>25</b>		
B18	22	Procurement	Review of procurement arrangements including governance.	25	Financial Sustainability
<b>Capital Investment</b>			<b>10</b>		
B19	22	Property Transaction Monitoring	Post transaction monitoring	10	-
<b>Transaction Systems</b>			<b>15</b>		

Ref		Audit Process	Scope	Days	BAF Risk Link
B20	22	Financial Process Compliance	To be selected from: Central, payroll, travel, accounts payable, accounts receivable, banking arrangements.	15	Financial Sustainability
<b>INFORMATION GOVERNANCE</b>				<b>25</b>	
B21	22	Digital and Information (eHealth) governance		25	Digital and Information
<b>CONTINGENCY and DEPARTMENTAL REVIEWS</b>				<b>35</b>	
B22	22	Contingency		15	-
B23	22	Departmental Review	Compliance with policies & procedures & risk management arrangements – Department TBC	20	-
<b>Total Days Allocated</b>				<b>455</b>	
<b>Contingency and discretionary</b>				<b>8</b>	
<b>Total Days for 2021/22 Internal Audit Plan</b>				<b>463</b>	

## Review of COVID Risk Register

There are 96 COVID risks within the COVID risk register, of which 13 high level risks are monitored by the Executive Directors Group. These risks relate to the following and have been mapped to audit reviews to be undertaken during 2021/22:

	High Level COVID Risks	Internal Audit	Link to Audit Review
1	As a result of the current global COVID-19 pandemic, there is a risk of significant morbidity and mortality in the Fife population due to a lack of immunity to this novel disease. This could result in mild-to-moderate illness in the majority of the population, but complications requiring hospital care and severe disease (including death) in a minority of the population, particularly among the elderly and those with underlying health risk conditions. The potential impacts for NHS Fife include increased deaths, increased pressure on healthcare and support services affecting service delivery, reduced capacity for non-urgent services, disruption to supply chains	This has links to the development of the Clinical Strategy and other related strategies and delivery of services both now and in the future	B13/22 – Strategic Planning  B14/22 – Operational Planning



	and high levels of employee absence due to personal illness and caring responsibilities.		
2	Unavailability of AlphaSolway S-3v FFP3 mask (specially designed for smaller fit) and low pass rates for fit testing for AlphaSolway Hx Series masks (17%) and 3M 1863+ (50%) [These being the only disposable FFP3 masks currently with sustainable supply in NHS Scotland] has resulted in increasing number of staff who do not have access to a disposable FFP3 mask which fits correctly.	Internal Audit will be reviewing the Procurement Governance Board and will consider as part of this review how related risks are being monitored.	B18/22 - Procurement
3	The area that NHS Fife has available to serve as a PPE distribution hub is limited in its capacity, with items being received in bulk by the pallet and items moving unexpectedly slower. There is a risk that the space available in the hub is quickly reaching capacity which limits what items we can stock and hold locally and slow throughput could indicate areas not ordering PPE products.	Internal Audit will be reviewing the Procurement Governance Board and will consider as part of this review how related risks are being monitored.	B18/22 - Procurement
4	There is a risk that due to the focus on managing the coronavirus outbreak and impact on the transformation programme and budget savings, the IJB's budget deficit will increase going forward.	This risk will be considered as part of both our year end work and Internal Control Evaluation (ICE).	B06/22 – Annual Report B08/22 – ICE
5	As services remobilise, the impact on the Procurement function and its resources is unknown and currently unquantified. Anticipate pressures on product demand, requirements for PPE and cleaning products, and Procurement BAU functions. Risk for the Procurement function handling the competing demands of the operational requirements (post-COVID PPE/stock management/mass vaccination clinics requiring a trial of a pull model (agreed at bronze group) to help deliver the stock to each independent location- involving a lot of planning) versus strategic requirements (remobilisation, return to pre-COVID BAU, longer-term procurement activity).	Internal Audit will be reviewing the Procurement Governance Board and will consider as part of this review how related risks are being monitored.	B18/22 - Procurement
6	COVID-19 is highly transmissible from person to person. Contact tracing is a well-established public health measure to reduce transmission in the population by rapid identification and self-isolation of cases and their contacts. At an earlier stage in the pandemic (containment phase), it was accepted nationally that contact tracing all cases was not possible due to the scale and	A review of Workforce Planning will be scoped for 2021/22 and this risk considered as part of that review.	B17/22 – Workforce Planning

	resources available. Now the virus has been suppressed to lower levels, there is a requirement to undertake contact tracing for all confirmed cases of COVID-19. There is a risk that we are not able to undertake contact tracing at a larger scale in Fife due to limited specialist workforce and the rate of transmission of COVID-19. An inability to maintain low levels of transmission risks increasing illness, increasing pressure on NHS services and extended lockdown measures impacting the economy and health outcomes of the population in Fife.		
7	There is a risk that medicines expenditure rises during COVID, and that medicines efficiency targets are missed. This is because pharmacy teams are unable to focus on delivery of efficiencies, shortages cause switches to more expensive alternatives, and patients may change their ordering behaviour  Against Pharmacy priorities and key Pharmacy risk categories, this impacts: Governance	This risk will be considered as part of both our year end work and Internal Control Evaluation (ICE) on Financial Governance.	B06/22 – Annual Report B08/22 - ICE
8	There is a risk that, due to competing demands for nursing resource to support urgent programmes such as test and protect and vaccination roll-out, combined with staff absences due to illness, fatigue, child care issues and the need to self-isolate, the HSCP may be unable to maintain safe staffing levels and this may impact on provision of critical services.	This risk will be considered within Workforce Planning, with a specific review included on maintaining safe staff levels.	B17/22 – Workforce Planning
9	As a result of the current global COVID-19 pandemic, there is a risk of significant morbidity and mortality. It is recognised that adults living in care homes often have multiple health and care needs and many are frail with varying levels of dependence. Many are inevitably at greater risk of poorer outcomes if they were to contract COVID-19 due to conditions such as frailty, multiple co-morbidity, pre-existing cardio-respiratory conditions or neurological conditions. Care homes are environments that have proved to be particularly susceptible to Coronavirus and require whole system support to protect residents and staff. The potential impacts for care home include increased morbidity and mortality, increased pressure on care home	Noted.	-

	staff, high levels of employee absence due to personal illness and caring responsibilities		
10	The supply of non-PPE goods and services continues to fluctuate following global supply chain pressures or goods that have been impacted by an increased uptake following the COVID-19 outbreak (e.g. gloves, soap, cleaning products, airway consumables). There is a risk that supply shortages on specific items could have an adverse impact on NHS Fife's ability to meet its objectives and provide the expected level of care	Internal Audit will be reviewing the Procurement Governance Board and will consider as part of this review how related risks are being monitored.	B18/22 - Procurement
11	There is a risk that NHS Fife will be unable to deliver and sustain Cancer Waiting Times Access Standards which will result in delays to patient appointments, investigations and treatment.	This has links to the development of the Clinical Strategy and other related strategies and delivery of services both now and in the future	B13/22 – Strategic Planning B14/22 – Operational Planning
12	As a result of amendments to the Resuscitation Guidance in response to Covid 19, requiring full AGP PPE to be worn during chest compressions/airway interventions as part of a cardiac arrest call, there is a risk that we will be unable to respond to a "resus" incident in a timely fashion which could lead to a poor clinical outcome for patients and stress and anxieties for staff.	Noted.	-
13	Number of staff shielding within ECD directly impacts on staffing of services and poses increased risk to staff members affected.	This risk will be considered within Workforce Planning, with a specific review included on maintaining safe staff levels.	B17/22 – Workforce Planning