



Integration Joint Board
Audit, Risk and Governance Committee

28th June 2024

This Report relates to
Item 7 on the Agenda

Chief Internal Auditor Quarterly Update June 2024

Paper presented by Julie Watters

For Discussion and Noting

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Approved for Submission by:	n/a
List of Background Papers:	n/a
Appendices:	Appendix 1 – Progress against 2023/24 Audit Plan – NHS Appendix 2 – NHS D&G Internal Audit Plan 2024/25

- 1.1 The purpose of this report is to provide an update to Audit, Risk and Governance Committee (ARGC) on delivery of Internal Audit assurances for the Integration Joint Board for 2023/24 and to highlight relevant assurances received from the NHS Dumfries and Galloway and Dumfries and Galloway Council audit plans as part of the IJB and Health and Social Care Partnership's overall governance and risk management processes.

2. Recommendations

2.1 The IJB Audit, Risk and Governance Committee is asked to:

- note this update on progress against the Internal Audit work for 2023/24.

3. Background and Main Report

- 3.1 Guidance requires the Integration Joint Board (IJB) to establish adequate and proportionate internal audit arrangements for the review of risk management, governance and controls over delegated resources.
- 3.2 The internal audit coverage for the IJB takes into consideration the fact that operational services are delivered within the Health Board and Local Authority respectively on behalf of the IJB and as such assurances are provided on these areas to their respective Audit and Risk Committees.
- 3.3 The overall objective of the audit plan is to provide assurance on the ongoing risk management, governance and control arrangements in the IJB. This is informed by the respective audits undertaken within each partner organisation and is enhanced, as required, with dedicated audit days being provided from both the Health Board and Council Internal Audit plans.
- 3.4 Audit assurances to the IJB are not delivered in isolation and the internal audit functions of both the NHS and Council will deliver assurances to their own organisations that should also be considered by the IJB where relevant. It is the responsibility of the Chief Internal Auditor for the IJB to ensure that these assurances are consolidated and reported on.
- 3.5 During 2023/24, the IJB Internal Audit annual report for 2022/23 was presented to the IJB ARGC in September 2023 and detailed the range of assurances that had been provided from the NHS and Council audit work during the year and highlighted those of specific relevance to the IJB.

Audit plan 2023/24

- 3.6 The Council and Health Board have separate internal audit plans for each financial year approved through their own Audit and Risk Committees. These individual plans deliver a range of assurances within the host organisations as well as occasionally giving a specific allowance for provision of assurance in relation to the IJB and Health and Social Care Partnership (H&SCP).
- 3.7 The NHS Internal Audit Plan for 2023/24 was approved as two 6-monthly plans taken to the April and October 2023 ARC meetings.

3.8 The Plan for the first 6 months of 2023/24 taken to the Audit and Risk Committee in April 2023, covers the following areas.

A/01/24	Adverse Event Management and Learning
A/02/24	Recruitment Process
A/03/24	Use of Data and Information
A/04/24	Estates Rationalisation
A/05/24	Child Protection
A/06/24	Infection Control
A/07/24	Out of Hours Service
A/08/24	Vehicle Use
A/09/24	Creditors – Accounts Payable
F/01/24	Property Transactions Monitoring

3.9 The Plan for the second 6 months of 2023/24 taken to the Audit and Risk Committee in October 2023, covers the following areas.

A/10/24	Primary Care Claims
A/11/24	Patient Information
A/12/24	Interpretation and Translation Services
A/13/24	Sickness Absence
A/14/24	Young Patients Family Fund
A/15/24	Information and Data Management

3.10 The Council's Audit Plan for 2023/24 was approved at their Audit, Risk and Scrutiny Committee meeting in April 2023. This plan covers a number of audits in relation to their main financial systems including reviews of the Assessors, social care income, procurement arrangements, iTrent self-service and, following the recent payroll audit, a further review of the Monthly iTrent Timesheet Submission (MiTTS) system. The plan also details that consultation with Services has resulted in suggestions for other audits and these are being developed for possible inclusion in the plan. None of these directly relate to the IJB.

3.11 Two further audits were considered, one relating to Care Needs and the other relating to the monitoring of Home Care contracts. Further information on these is detailed further in this report.

3.12 Audit work from the Local Authority, as reported through their Audit, Risk and Scrutiny Committee, has previously focussed on core financial work. Reports provided to their April 2024 meeting related to Revenue Budgeting and Pupil Equity Funding. Reports going to their June 2024 meeting relate to Nursery Fund Finances and Legislation relating to Self-catering properties.

3.13 Reporting to the NHS Audit and Risk Committee on progress against the Audit Plan includes provision of copies of all reports finalised in the previous. This information is summarised at year-end within the Statement of Assurance provided within the annual report.

3.14 The 15 reports within the following table have been taken to the NHS Audit and Risk Committee during the 2023/24 reporting year (or will be reported to the July 2024 meeting).

Table 1 – Audit reports presented to NHS Audit and Risk Committee

Audit	Assurance	To NHS ARC
TS/10/22 – Payments to Staff	Moderate	July 2023
A/08/23 – Gifts and Hospitality	Moderate	July 2023
A/09/23 – Home Teams	Moderate	July 2023
A/11/23 – Safer Staffing	Moderate	July 2023
A/05/23 – Public Health Screening	Significant	October 2023
A/10/23 – Mental Health Waiting Times	Moderate	October 2023
A/05/24 – Child Protection	Moderate	October 2023
A/07/24 – Out of Hours	Significant	October 2023
A/09/24 – Creditors (Accounts Payable)	Moderate	October 2023
A/01/24 – Adverse Event Reporting	Moderate	January 2024
A/08/24 – Use of Vehicles	Limited	January 2024
A/03/24 – Children’s Ward Admissions	Moderate	April 2024
A/06/24 – Infection Control	Moderate	July 2024
A/04/24 – Estates – Residences	Limited	July 2024

- 3.15 The Home Teams report (A/09/23) provided assurances around joint working between the NHS and Council as they deliver in this area and was brought to the November 2023 meeting of this Committee for information. This has also been shared with the Council’s Head of Audit and the Audit, Risk and Scrutiny Committee Chair for information.
- 3.16 The Internal Audit functions of both the NHS and Council have experienced some challenges in progressing audit work due to ongoing pressures across the services, which have been especially stretched over recent months, although this is starting to show early signs of easing. Audit approaches have being amended to allow for remote and hybrid working.
- 3.17 Both Internal Audit teams have recently had External Quality Assessments (EQAs) undertaken and the results of these will be captured within the Annual Internal Audit report which will come to the September Audit, Risk and Governance Committee meeting.
- 3.18 An approach to coordinate assurances from the individual audit plans was agreed through this committee in March 2022 and was applied for the 2021/22 and 2022/23 audit years. This has proved to be successful with sharing information, and a number of meetings have taken place between the respective Chief Internal Auditors to discuss the risks facing the NHS and Council and where independent assurances could be provided on these and where relevant for the IJB.
- 3.19 This sharing of information and discussion around assurances has also been supported by a number of meetings held to discuss the roles of the committees and Chairs within the Partnership and the assurances that they should be looking for from Management and Internal Audit. More recently a meeting between the NHS Heads of Audit, the Chief Social Worker and the Interim Chief Officer of the IJB discussed sharing assurances and audit findings.
- 3.20 This approach will continue and reporting on assurances will be in a similar format to previous years.

Audit Plans 2024/25

- 3.21 At the time of reporting, Audit Plans for 2024/25 have been approved by the NHS and Council Audit and Risk Committees. There is some allowance in these plans for some joint audit work for the year, however the detail of what this work will be still requires agreement. The NHS audit Plan is attached at **Appendix 2**. The Council audit plan can be accessed through the following link <https://dumfriesgalloway.moderngov.co.uk/ie/ListDocuments.aspx?CId=145&Mid=5918&Ver=4> at Item 9 on the agenda.

Audit Follow-Up Processes

- 3.22 Within the Health Board, all audit recommendations and subsequent actions are monitored through the Audit and Risk Committee.
- 3.23 The position as at 3 June 2024 shows there are 112 actions of which 80 (71.43%) are currently overdue, which is the same as last quarter (71.5%).
- 3.24 The closure of actions is being discussed at the NHS Audit and Risk Committee who have a clear view that reduction on the level of overdue actions needs to continue.
- 3.25 Reporting through the NHS ARC on these actions has also compared where these sit within the Board's risk appetite and this is being used to prioritise those for more urgent closure.
- 3.26 All audit reports are also taken to other Standing Committees within the Board so that management are given the opportunity to detail progress against closure of the actions and also detail any issue that may prevent their closure. This oversight of the reports allows scrutiny over the key findings of the audits and also the actions arising from them.
- 3.27 The Council has a process whereby all audits are followed-up to committee 6 months after the initial report is presented. This summarises the report and progress on the actions with a recommendation on whether the report can be closed.

Audit Planning beyond 2024/25

- 3.28 Any audit work delivered within the partnership needs to follow a risk based approach and therefore the risk register work that is being taken forward for the IJB and the Health and Social Care Partnership needs to continue so that risks to the achievement of objectives are clearly identified and articulated. This will assist in directing audit resource where assurances are needed most.
- 3.29 To assist in this planning and to understand the current business being discussed across the partnership, the Chief Internal Auditor has been attending the revised committee meetings following the recent change to the committee format within the IJB. This has been supported with a review of the agendas and associated papers presented to each committee. There has been a request to feed back any observations but it is still an early stage to do this in a meaningful way.

4. Conclusions

- 4.1 This report provides an update on progress against the plans for 2023/24 and details further work required to pull together these assurances.

5.	Resource Implications														
5.1	The Internal Audit provision for the IJB for 2023/24 has been provided from the existing NHS and Council audit resource.														
6.	Impact on Integration Joint Board Outcomes, Priorities and Policy														
6.1	Internal Audit is a key element of the delivery of independent assurances around the achievement of the IJB's objectives.														
7.	Legal and Risk Implications														
7.1	The IJB Risk Register requires continual review so that risks to the achievement of objectives are clearly identified and articulated. This will assist in directing audit resource where assurances are most needed.														
8.	Consultation														
8.1	This paper, as a summary of the overall audit approach, has been discussed with the Internal Audit Manager at Dumfries and Galloway Council.														
9.	Equality Impact Assessment														
9.1	The Equality Framework within NHS D&G has been considered in creating the audit plan. An equalities impact assessment has not been completed.														
10.	Glossary														
10.1	The following table details the abbreviations and associated terms encountered throughout this report and guidance referred to.														
<table border="1"> <tr> <td>ARC</td> <td>Audit and Risk Committee (pre Feb 2023)</td> </tr> <tr> <td>AR&GC</td> <td>Audit, Risk and Governance Committee (post Feb 2023)</td> </tr> <tr> <td>DGC</td> <td>Dumfries and Galloway Council</td> </tr> <tr> <td>EQA</td> <td>External Quality Assessment</td> </tr> <tr> <td>H&SCP</td> <td>Health and Social Care Partnership</td> </tr> <tr> <td>IJB</td> <td>Integration Joint Board</td> </tr> <tr> <td>NHS D&G</td> <td>NHS Dumfries and Galloway</td> </tr> </table>		ARC	Audit and Risk Committee (pre Feb 2023)	AR&GC	Audit, Risk and Governance Committee (post Feb 2023)	DGC	Dumfries and Galloway Council	EQA	External Quality Assessment	H&SCP	Health and Social Care Partnership	IJB	Integration Joint Board	NHS D&G	NHS Dumfries and Galloway
ARC	Audit and Risk Committee (pre Feb 2023)														
AR&GC	Audit, Risk and Governance Committee (post Feb 2023)														
DGC	Dumfries and Galloway Council														
EQA	External Quality Assessment														
H&SCP	Health and Social Care Partnership														
IJB	Integration Joint Board														
NHS D&G	NHS Dumfries and Galloway														

Progress against Audit Plan - NHS

Audit	Audit Subject	Days	Status	Recs	Assurance	To NHS Audit and Risk Committee	Comments
TS/10/22	Payments to staff	25	Final	7	Moderate	July 2023	
A/08/23	Register of Interests/Gifts and Hospitality	17	Final	9	Moderate	July 2023	
A/09/23	Home Teams - Governance and Reporting	25	Final	11	Moderate	July 2023	
A/11/23	Safer Staffing	25	Final	4	Moderate	July 2023	
A/05/23	Public Health Screening	25	Final	3	Significant	October 2023	
A/10/23	Mental Health Waiting Lists	20	Final	5	Moderate	October 2023	
A/05/24	Child Protection	23	Final	4	Moderate	October 2023	
A/07/24	Out of Hours Service	22	Final	1	Significant	October 2023	
A/09/24	Creditors – Accounts Payable	20	Final	5	Moderate	October 2023	
F/01/24	Property Transactions Monitoring	17	Final	3	A	October 2023	
A/01/24	Adverse Event Reporting and Learning	22	Final	7	Moderate	January 2024	
A/08/24	Vehicle Use	24	Final	14	Limited	January 2024	
A/03/24	Children's Ward Admissions	24	Final	14	Moderate	April 2024	
A/06/24	Infection Control	20	Final	7	Moderate	July 2024	
A/04/24	Estates Rationalisation – Residences	25	Prelim	21	Limited	July 2024	
A/12/23	Staff Appraisals	20	WIP				Being undertaken as consultancy work
A/02/24	Recruitment Process	23	WIP				Nearing reporting stage
A/10/24	Primary Care Claims	20	WIP				At scoping stage
A/11/24	Patient Information	20	WIP				Nearing reporting stage
A/12/24	Interpretation and Translation Services	20	Final			July 2024	
A/13/24	Sickness Absence	25	WIP				
A/14/24	Young Patient Family Fund	18	WIP				Nearing reporting stage
A/15/24	Information and Data Management	25	-				To possibly look at data sharing between NHS and Council



NHS Dumfries and Galloway

Meeting: Audit and Risk Committee
Meeting date: 29 April 2024
Title: Internal Audit Plan 2024/25
Responsible Executive/Non-Executive: Julie White, Chief Executive
Report Author: Julie Watters, Chief Internal Auditor

1. Purpose

This is presented to Committee for:

- Awareness
- Decision

This report relates to:

- Internal Audit

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

- Safe
- Effective
- Person Centred

Please select the level of assurance you feel this report provides to the board/committee and briefly explain why:

Significant	<input type="checkbox"/>	Moderate	<input checked="" type="checkbox"/>	Limited	<input type="checkbox"/>
None	<input type="checkbox"/>	Not yet assessed	<input type="checkbox"/>		<input type="checkbox"/>

Comment:

The proposed Internal Audit Plan is based on the most recent assessment of risks and exposures that may affect the Board. There are differing ways forward for how Internal Audit is provided following our External Quality Assessment which need to be considered.

From the list below, please select which Board Priority this paper relates to. If none of the priorities suit, please select other and briefly explain why this paper needs to be reviewed at Board/Committee:

Culture Improvement Programme and Integrated Workforce Plan		Women and Children’s Services	
Financial Recovery Plan		Integrated Intellectual Disability Service	

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Health Inequalities		Public Protection priorities	
Sustainability of Community Health and Social Care model		Digital Transformation	
Primary Care Transformation Programme		Carbon Reduction	
Delivery of General Dental Services		Realistic Medicine and Values Based Healthcare Programme	
Hospital Based Services model		Other (please explain below)	X

Comment:

The Internal Audit Plan is informed by all NHS Dumfries and Galloway's corporate objectives and tactical priorities and the risks that may impact on their achievement.

2. Report summary

2.1 Situation

This report details the overall strategy for the provision of Internal Audit within NHS Dumfries and Galloway.

2.2 Background

Internal Audit is a key element of the overall assurances received by the Board.

2.3 Assessment

This paper, once approved, will inform the work undertaken by Internal Audit during the first half of 2024/25.

Audit assurances gained will be used to inform the Annual Statement of Assurance prepared by the Chief Internal Auditor which in turn is used to inform and comment on the adequacy of the annual Governance Statement.

2.3.1 Quality/Patient Care

There is no direct impact on quality of care (and services) from the findings in this report.

2.3.2 Workforce

A decision requires to be taken around whether Internal Audit recruit to the current vacancy or look at the potential for a co-sourcing arrangement.

2.3.3 Financial

There are no direct financial implications as a result of this report, although the outcome of workforce or co-sourcing considerations will carry different financial impacts.

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2.3.4 Risk Assessment/Management

Internal Audit work is undertaken within a risk-based auditing framework. Internal Audit risks are assessed and contained within the Internal Audit risk register.

2.3.5 Equality and Diversity, including health inequalities

Whilst a full impact assessment has not been undertaken, Equality and Diversity issues are fully considered during the audit planning process and as each audit is undertaken.

2.3.6 Other impacts

No other impacts have been identified.

2.3.7 Communication, involvement, engagement and consultation

Whilst this paper considers the outcomes of discussions to support audit planning it provides an independent view on the plan required to inform on the risk management, governance and internal control framework within the Board.

2.3.8 Route to the Meeting

In previous years the audit plan has been considered at Board Management Team as part of its development, and have either supported the content, or their feedback has informed the development of the plan. Due to time constraints this has not been undertaken for this version of the plan, although wider consultation was undertaken prior to the plan brought to committee in October.

2.4 Recommendation

- **Decision** – Audit and Risk Committee is asked to:
 - Approve the revised Internal Audit Charter (Appendix 2)
 - Approve the proposed approach and Internal Audit Plan for the first half of 2024/25 (Appendix 1)
- **Awareness** – Audit and Risk Committee is asked to:
 - Note the outline of the Internal Audit Strategy (Appendix 3) which meets the requirements of PSIAS
 - Note the Risk and Audit Universe (Appendix 4)

3. List of appendices

The following appendices are included with this report:

- Appendix 1, Internal Audit Plan 2024/25 (Qs 1 and 2)
- Appendix 2, Internal Audit Charter
- Appendix 3, Internal Audit Strategy
- Appendix 4, Risk and Audit Universe Extract

Internal Audit Plan 2024/25

Introduction

1. This Plan sets out the audit and consultancy work that is proposed for the first part of the 2024/25 audit year. The Plan is based on an assessment of risks and exposures that may affect the Board, with the aim of reporting to the Board through Audit and Risk Committee on the adequacy and effectiveness of risk management, control and governance processes.
2. Quarterly reporting on progress against the plan will be supported by an annual report prepared by the Chief Internal Auditor which will give an overall opinion on the internal control system within the Board. This Statement of Assurance is one of the assurance sources required by the Accountable Officer in preparation of the Governance Statement.

Internal Audit Professional Practices Framework

3. In accordance with the Scottish Public Finance Manual, Finance Guidance Note 2012-05, Internal Audit work carried out must be in accordance with the Public Sector Internal Audit Standards (PSIAS), adopted by the Scottish Government in April 2013.
4. The Chief Internal Auditor is a Chartered Member of the Institute of Internal Auditors (CMIIA) and is therefore required to work within the professional framework as set by the Institute.
5. The PSIAS are identical to the International Professional Practices Framework (IPPF) of the IIA, but with the inclusion of guidance which provides an interpretation of the Standards for the Public Sector.
6. Adherence to the Standards will be driven forward by the Chief Internal Auditor to ensure all audit work and outcomes adequately reflect the objectivity, integrity and independence of the department.

Audit Charter

7. The Audit Charter sets out the purpose of the Internal Audit function within NHS Dumfries and Galloway and the authority and responsibilities conferred by the Board on the Chief Internal Auditor.
8. Following feedback from the recent External Quality Assessment (EQA) the Audit Charter has been given a full review to include the areas identified for inclusion and is brought for annual approval by Audit and Risk Committee (**Appendix 2**).

Audit Strategy

9. The Audit Strategy for the Internal Audit function is attached at **Appendix 3**.

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10. This has been amended this year to take into consideration feedback from the recent EQA. This will form the basis of an overall action plan for the team to move the function forward.
11. The Audit Strategy previously included an overview of how the planning process is undertaken and the value of the assurances on audit work undertaken. This is to be maintained as a high level departmental document which will detail how the planning process itself is undertaken. The final audit plan will have different potential outcomes depending on the Boards overall Assurance Framework and Risk Appetite at a given time.
12. The Planning Process is summarised below to provide a brief overview of the process to support approval of the plan.

Audit Planning Process

13. Due to a number of pressures over the previous years and the faster changing environment in which we are now operating, it was agreed at the January 2021 Audit and Risk Committee meeting that a 6 month plan be brought to the April 2021 meeting, with a further plan to cover the remainder of the audit year taken to the October 2021 meeting.
14. This decision was also based on changes within the audit team and to allow a more flexible planning approach to be able to match audit resource against required assurances.
15. The outcome from this approach is that Audit and Risk Committee have agreed to receive 6-monthly audit plans to allow for more flexibility in the planning approach and to ensure that proposed audits reflect the assurance needs of the Board moving forward.
16. The Board has identified Tactical Priorities over the last few years with an aim that these identify the key deliverables for the year ahead. The Board also has 7 key ambitions and has identified a requirement to tie these in with the Tactical Priorities, Annual Delivery Plan (ADP) and Corporate Risk Register and Board's Risk Appetite. There have been a number of workshops around this and this is nearing completion.
17. The following Tactical Priorities were in draft at the time of writing, however, have been considered in preparing the audit plan to ensure that the audits are in key areas that contribute to overall assurances in these areas:
 - Service Sustainability
 - Financial Sustainability
 - Workforce Sustainability
 - Environmental Sustainability
 - Quality and Safety
 - Population Health and Health Inequalities

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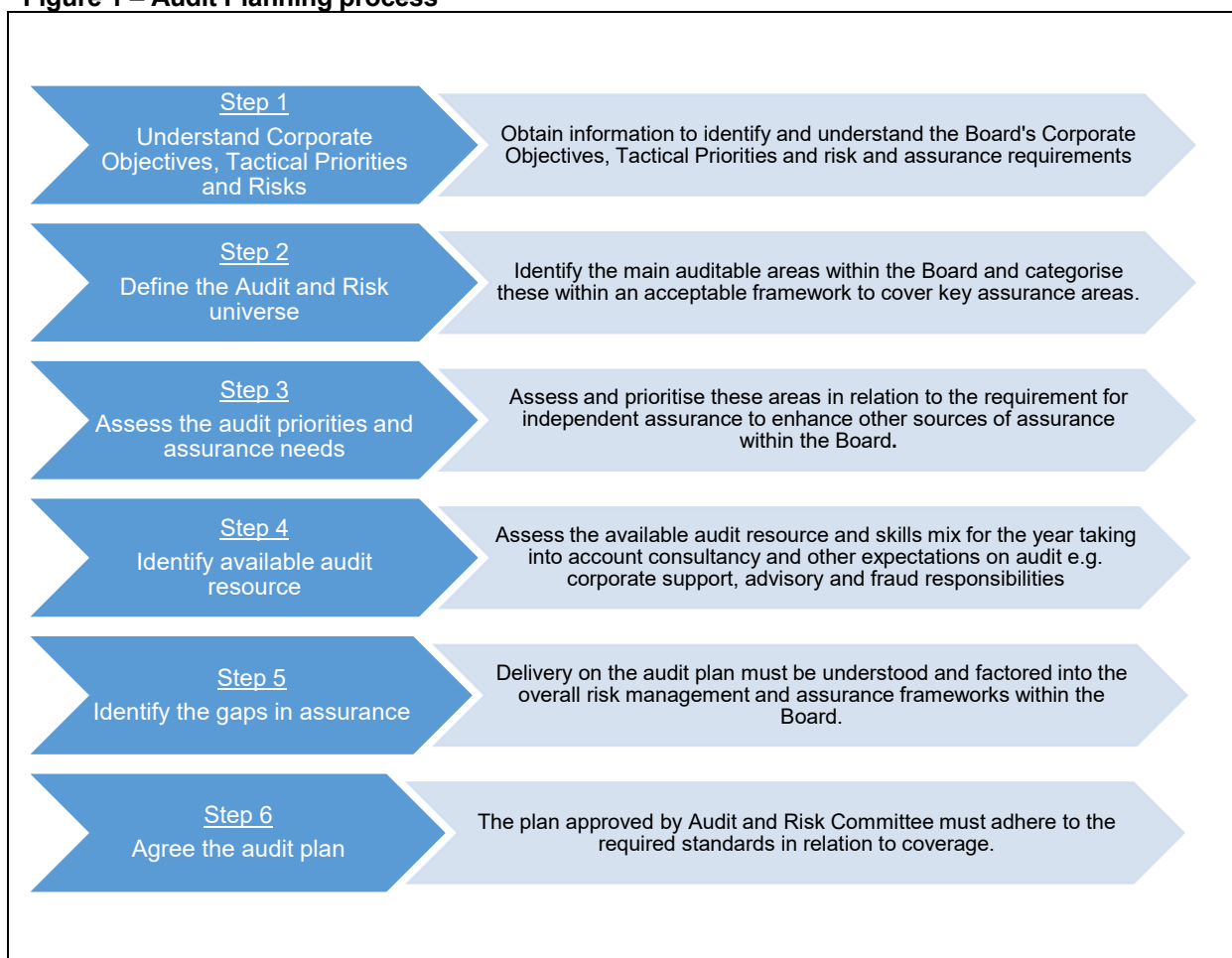
18. The Chief Internal Auditor has attended a number of workshops relating to this work and this has been considered along with planning discussions with Board Members and Senior Managers within the organisation.
19. In developing a high level approach to the coverage of the work that is undertaken by Internal Audit, the following has been considered by the Chief Internal Auditor to identify potential auditable areas within the Board:
 - Dumfries and Galloway Health and Social Care Partnership Strategic Plans and associated documents which have been prepared over the last few years
 - Integration Scheme between NHS Dumfries and Galloway and Dumfries and Galloway Council
 - Dumfries and Galloway Local Outcomes Improvement Plan (2017–2027)
 - Draft Digital Health and Care Strategy 2020-2024
 - The Healthcare Quality Strategy for NHSScotland – May 2010
 - Audit Scotland Priorities and Risks Framework - A national planning tool for 2011/12 NHSScotland audits (Audit Scotland, November 2011)
 - Audit Scotland reports which are relevant to the NHS in Scotland and offer a wide range of insights and recommendations
20. These documents have helped to provide information on the key areas of risk not only within NHS Dumfries and Galloway, but across the NHS and the wider public sector in Scotland.
21. Further scrutiny is undertaken of Board communications and areas covered within Board and Committee agendas and minutes to ensure that, where possible, emerging issues are identified and that the audit strategy and final plan consider the Board's corporate aims and objectives and the risk of not achieving these. The implications of the Committee "Lite" structure on our governance framework over the last few years have also been considered. We do not necessarily need to return to previous ways of working and this has given opportunities to rethink our governance strictures to ensure that they are robust moving forward whilst also remaining efficient.
22. The Chief Internal Auditor maintains a "Risk and Audit Universe" which is used to inform the audit planning process. This a record of the areas that can potentially be audited, where assurance may be required to the Board through Audit and Risk Committee. An extract of this is attached in **Appendix 4**.
23. The structure of the audit planning universe has been revised to cover the Risk categories in the Orange Book.
24. The approach to preparing the audit plan also includes:
 - Review of Corporate Risk Register
 - Review of annual Governance Statement guidance

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- Review of changes within the board such as a revised programme board structure or transformation work streams and changes to associated decision making processes
- Review of recent financial and service proposals as part of financial planning work
- Consideration of service and programme risk registers, where available
- Consideration of emerging issues and risks nationally, regionally and locally
- Issues arising from previous audit reports and other assurance providers

25. On a rolling basis the Chief Internal Auditor meets with the Executive Directors, General Managers and other senior managers across the board. These discussions inform both of the 6-monthly plans.

Figure 1 – Audit Planning process



26. The planning process has been discussed with the Chair of Audit and Risk Committee, Executive Directors and Chief Executive. These discussions have been extremely valuable and will be used to inform the scopes of proposed audits to ensure that emerging issues are considered during the course of the audits.

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30. This resourcing model makes the assumption that a decision is made to recruit to the vacant post and is based on a start date of end August.
31. The planned direct audit days this year is currently 377 days, which equates to 166 in Quarters 1 and 2. These are days allocated to work on audits that will then be reported back to Audit and Risk Committee in terms of completion and outcomes. Audit input in areas of Consultancy and Support, Fraud, Risk Management and Payment Verification will be reported on as an update is required.
32. We have an allocation of days within the audit plan for Corporate Support. We receive many queries and requests for support throughout the year and there are requests for auditors to provide, amongst other things, advice on pieces of work related to previous audits undertaken, more often than not to support management or staff in the implementation of audit recommendations. This is an essential part of our relationship with staff and managers and key to being seen as a valued advisor within the board. This year has seen a focus on adding value and improvement, where the unique skills within the audit team are helping a number of functions to improve their working practices and the audit findings in a number of audits have helped to inform action plans created by the functions to drive forward their plan of work.
33. The Chief Internal Auditor has responsibility for ensuring delivery of the Audit Plan and achievement of the strategic aims of Internal Audit. In addition to this, work undertaken by the Chief Internal Auditor includes audit planning and risk assessments, reporting against the plan, policy review and consideration of associated audit implications, ongoing monitoring of audit outputs and quality, input in Payment Verification (PV) meetings and development of a PV assurance framework and completion of the annual Statement of Assurance. Attendance at meetings and events such as national audit and governance events and Counter Fraud Services meetings are also required, although as these meetings are mostly virtual these have less of an impact due to travel time being less.
34. The Chief Internal Auditor, in her role as Fraud Liaison Officer, carries out both proactive and reactive fraud work. It is anticipated that the focus of this work in the forthcoming year will include further review of the Proactive Fraud Plan and general Fraud awareness raising in line with the new Counter Fraud Standard.
35. There has been increasing pressure on the team to deliver on audits in the latter part of 2023/24 to deal with the back log of audit work that the current vacancy has placed on the completion of the audit plans. This has been compounded by the work that was undertaken within the team around the External Quality Assessment (EQA). Some work was required around our audit methodologies and associated processes to ensure that they were compliant with the PSIAS and to also ensure we had sufficient documentation within our Audit Manual to support the EQA review.

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36. We have a very flat structure within Internal Audit and the Auditors provide support to the Chief Internal Auditor on initiatives and pieces of work that need to be taken forward as a team, which allows for development of their understanding of the requirements of PSIAS.
37. The audit section maintain a strong focus on training and development. Audit time is also allocated to Personal and Audit Development. This allows for basics such as the completion of mandatory training and also other development as identified in each auditors' Personal Development Plan (PDP). An area which all members of the team have as an objective is to build relationships with staff and managers across the organisation to raise the profile and understanding of Internal Audit.
38. This increases the professionalism and competencies within the team ensuring development opportunities are maximised and that working practices are enhanced with input from current audit research and methodologies. The aim of this is that the standard of work undertaken is improved and therefore more robust assurances are gained from the audits with a higher standard of reporting of audit findings to management.
39. There will be many pressures on completion of the audit plan, however, the audit days available are as a result of a pragmatic approach to planning for other demands and requirements over the forthcoming year.

Alternative resourcing models

40. There are a number of areas within the recent EQA that need to be considered by the Audit and Risk Committee in relation to the following areas of feedback.
 - *Ensuring that the Audit and Risk Committee have full visibility of Internal Audit resources when approving the Internal Audit Plan, and any in-year changes to the plan. The low non-pay budget for the function would benefit from being reviewed as this has remained static for several years.*
 - *Lack of career progression opportunities for the Internal Audit team may lead to staff turnover or difficulties recruiting.*
 - *A low non-pay budget impacts the CAE's ability to ensure that team members have appropriate training or to buy in external expert support. This could impact the ability of Internal Audit to deliver the assurance required.*
 - *Key person dependency for the CAE role, with no current formal succession plan.*
41. The plan presented in this paper is based on a continuing model of recruiting to a vacant post, however, based on the EQA feedback this does not appear to be the most favourable model moving forward.

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42. There are a number of options that should be considered in relation to how the Internal Audit function is structured and resourced. These are:
- Continue with current model and recruit to the vacant post
 - Recruit to a more senior role that provides support to the Chief Internal Auditor and allows the opportunity for succession planning
 - Look at a co-sourcing arrangement as detailed in the EQA findings
43. The current model has a number of weaknesses which were picked up within the EQA. In addition to this, recruitment has proved problematic in the past as there is a lack of qualified or experienced staff and therefore the trainee option has been implemented for the last two recruitments. The current Auditor salary is not competitive within local or national markets and therefore is not an enabler in relation to recruitment.
44. The option to restructure within the department could also be considered. This could allow for development within the current team or could allow the opportunity to bring external resource and expertise into the team to support existing staff. This option would carry an additional cost.
45. An option that should now be considered is the potential to enter into a co-sourcing arrangement with an external provider. This would provide audit days that could cover more specialised audits, could provide training to the existing team and would support the Chief internal Auditor and provide resilience to this role that cannot be provided from the existing team. The budget from the vacant post could help to finance this, although it could not be said at this point whether this would meet the full cost of this provision.
46. Audit and Risk Committee are not being asked to approve a course of action in this paper but are being appraised of the various options and asked to agree to receive further updates on this to ensure that the audit plan approved has the most success of being delivered.

Audit Plan Coverage

47. For information the audits approved at the October 2023 meeting were:

Table 2 – Previously approved audits

Audit	Current status (April 2023)
Primary Care claims	WIP – Scoping stage
Patient Information	WIP – Testing underway
Interpretation and Translation	WIP – Nearing completion
Sickness Absence	WIP – Testing underway
Young Patients Family Fund	WIP – Testing underway
Information and Data Management	Still to commence

48. The table below details the proposed audits for the first half of 2024/25 and highlights the rationale for inclusion in the plan with a note of when the audit was last carried out and also the assurance level provided.

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Table 3 – Risk Assessed Audit Plan coverage

Audit	Rationale	Last audit and Assurance level
Property Transaction Monitoring	Mandatory audit Review of all property transactions in the previous financial year as per the Property Transaction Handbook.	2024 Significant
Board Internal Control Framework	This underpins the annual audit opinion and the management of risks on Datix. A review of how this is articulated and captured will help to form this opinion and also support work in moving us to the new InPhase Risk Management System	None No Assurance
Alcohol and Drug Partnership	This audit would evaluate how well local strategies align with national policies and objectives and assess the governance arrangements, shared responsibilities, and the extent to which partnership working is contributing to shared outcomes.	None No Assurance
Radiology Reporting	There have been a number of SAE's coming through of delayed results reporting resulting in significant harm requiring duty of candour. There are a couple of risks within the risk management system at Corporate and Operational level that can be considered.	None No Assurance
Catering Provision	To consider the safety, quality and cost-effectiveness of out catering services with consideration of the nutritional requirements along with areas that contribute to value for money such as procurement and food wastage.	None No Assurance
Volunteers – Recruitment, management and use	To consider our reliance on volunteer support and its impact on service delivery and to consider the effectiveness of volunteer programmes and whether these are optimised and recognised.	None No Assurance
Income Recognition and Recovery	To review whether Income due to the Board is consistently and appropriately recognised, recovered and recorded. By reviewing associated processes, we could highlight areas where these could be improved, training might be required or where improvements may lead to better recovery rates.	pre 2019 Moderate Assurance

49. The resources available have restricted the number of audits we are able to undertake in the period in addition to the current audits underway that have carry forward days associated with them. Consideration has also been given to whether Internal Audit support will be required in relation to any reviews of the Board's response to the recent cyber attack.
50. At this point in time, there are many risks facing the Board in relation to a number of change programmes, financial constraints, Health and Social Care Integration, new working models as we move forward from the pandemic and an increased prevalence of fraud nationally. The proposed plan covers a range of audit areas with an aim to deliver independent assurances where they are most required.

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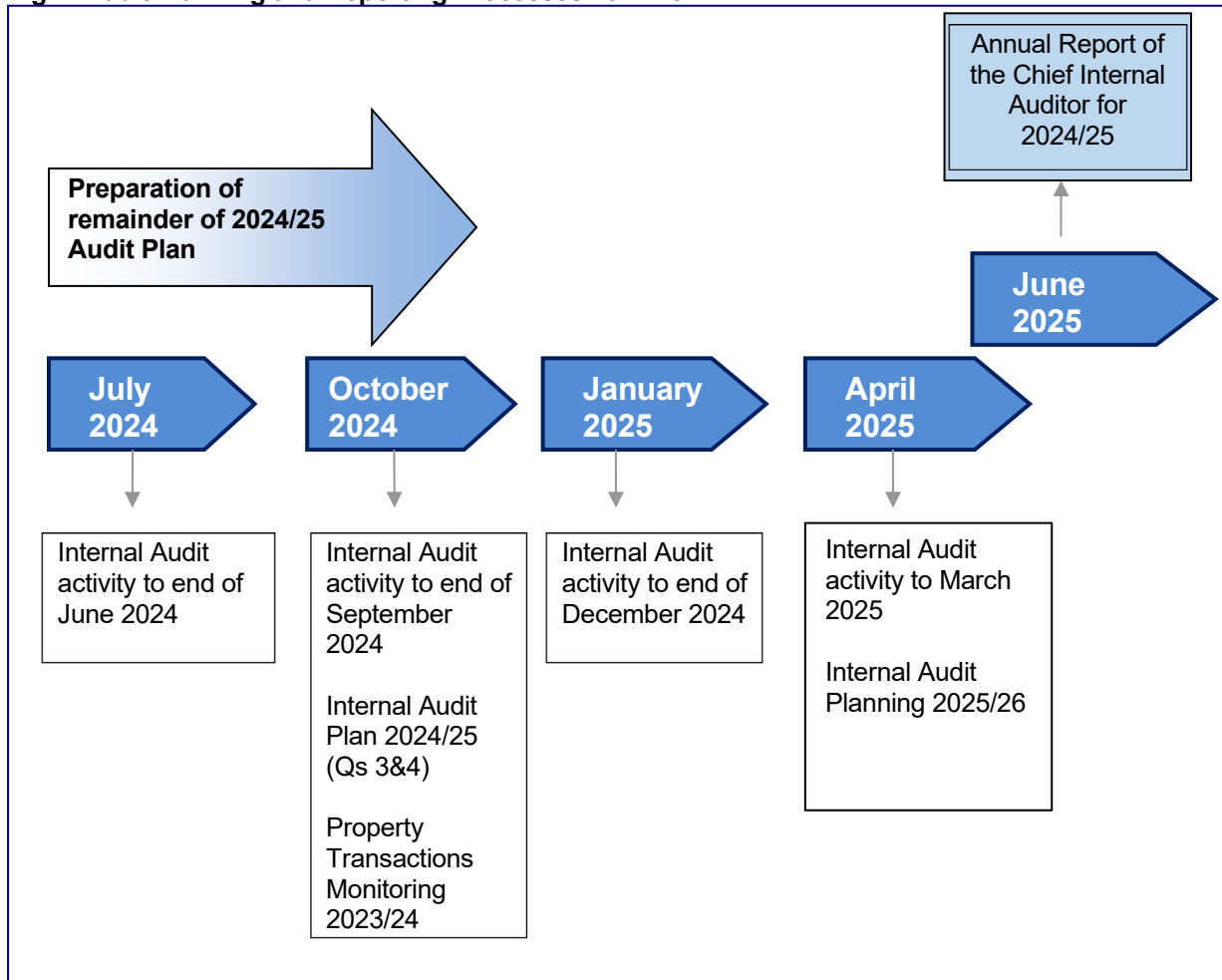
51. The Chief Internal Auditor is also the Head of Audit for the Integration Joint Board (IJB). There is a need for integrated assurances with both the NHS and Council audit functions considering the impact of integration on the overall assurance provided, and the plan has been developed on this basis. The coverage above will also provide assurances to the IJB Audit and Risk Committee and will be reported accordingly. This approach has previously been discussed with the Chief Officer and Chief Finance Officer for the IJB and has been endorsed by them.
52. In terms of the perception of overall assurance, this is an area of judgement, primarily of the Audit and Risk Committee and of the Accountable Officer who will use this as information that informs the annual Governance Statement. The format of the Audit Plan that is proposed is intended to allow adequate information on levels of assurance across wide areas of the Board that will enable this perception of assurance to be formed.
53. Where there is a limitation to the number of available audit days, it is essential that audits carried out are focussed on areas where greater assurance is required within the Board. There is also an ongoing aim to create efficiencies in the overall work that we undertake utilising tools such as data analytics.
54. Due to issues that may arise during the course of the year and emerging audit findings, it may be necessary to amend the audit programme, or the scope of individual assignments. It is proposed that significant changes will be brought to Audit and Risk Committee for prior approval, however, where time may not allow for this, information will be brought to the next available Committee meeting on the nature of the change and the overall impact that this may have on the completion of the audit plan.

Reporting against the Plan

55. The diagram below summarises the timings of the various reports which are taken to Audit and Risk Committee over the year.

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Fig 2: Audit Planning and Reporting Processes 2024/25



56. Other reports will be brought to Audit and Risk Committee as necessary to update on relevant issues that may require attention. This is in addition to reporting on Fraud and related matters that may be required to be brought to the attention of Audit and Risk Committee.
57. At the end of an audit a report is issued to management which gives an overall assurance grading for the area reviewed. These are as follows:
- Significant
 - Moderate
 - Limited
 - Unable to provide assurance
58. Limited Assurance audits and “Unable to provide assurance” reports will be brought back to Audit and Risk Committee where they will remain a standing agenda item until such time as Audit and Risk Committee feel they are assured on progress.
59. The Annual Report of the Chief Internal Auditor will include the Statement of Assurance used to inform the Governance Statement. This will also include

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information on the performance of the Internal Audit function in relation to the KPI's set within the department.

Future Audit Plans

60. It is intended through annual review of the Risk and Audit Universe that the Very High and High risks will be prioritised over future years, although it is apparent that there are a large number of audits that will never be covered.
61. The Audit Universe carries over 2000 potential days' worth of audits, which demonstrates the requirement for a thorough risk assessment and linking into the Board Assurance map to ensure appropriate assurance is brought forward from the work that is undertaken. Audit and Risk Committee need to consider where assurances come from in relation to the wide range of areas and processes within the Board that are not subject to Internal Audit scrutiny.
62. Audit planning will continue to move forward with half yearly plans to allow for flexibility and the opportunity to reflect changes across the board that impact on assurance requirements.
63. Any concerns in relation to resourcing the Audit Plan or changes that may impact on service delivery will be brought back to the Audit and Risk Committee for consideration.

Summary

64. Internal Audit work will continue to be provided in accordance with an approved Internal Audit Plan and Audit Charter. Preparation of the plan and its subsequent approval by Audit and Risk Committee is in line with the Public Sector Internal Audit Standards (PSIAS) and the Scottish Government Audit and Assurance Committee Handbook. As set out in PSIAS, the focus of the Internal Audit strategy and plan should be built around a risk-based approach within the organisation which underpins and enhances its value.
65. An Audit Plan should provide sufficient coverage to achieve the objectives of Internal Audit, which are to provide an independent opinion on the effectiveness of risk management, internal control and governance processes within the Board and therefore the content of this audit plan will aim to give an adequate level of coverage to be able to provide sufficient assurance across all areas of governance for the first half of the year.
66. In terms of the perception of overall assurance, this is an area for judgement, primarily of the Audit and Risk Committee and of the Accountable Officer who will use this information to not only inform the Governance Statement, but to provide an overall view on risk management, control and governance on an ongoing basis.
67. The format of the audit plan that is proposed is intended to allow adequate information on assurances across wide areas of the Board that will enable this perception of assurance to be formed.



Internal Audit Charter 2024-2025

This Audit Charter sets out the purpose of the Internal Audit function within NHS Dumfries & Galloway and details the authority and responsibilities conferred by the Board on the Chief Internal Auditor.

Public Sector Internal Audit Standards

1000 Purpose, Authority, and Responsibility

The purpose, authority and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the *Mission of Internal Audit* and the mandatory elements of the International Professional Practices Framework (the *Core Principles for the Professional Practice of Internal Auditing*, the *Code of Ethics*, the *Standards* and the *Definition of Internal Auditing*). The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.

Interpretation: The internal audit charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. The internal audit charter establishes the internal audit activity's position within the organisation, including the nature of the chief audit executive's functional reporting relationship with the board; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the board.

Public sector requirement

The internal audit charter must also:

- define the terms 'board' and 'senior management' for the purposes of internal audit activity
- cover the arrangements for appropriate resourcing
- define the role of internal audit in any fraud-related work, and
- describe safeguards to limit independence or objectivity if internal audit or the chief audit executive undertakes non-audit activities.

Introduction

1. This Audit Charter sets out the purpose of the Internal Audit function within NHS Dumfries & Galloway and details the authority and responsibilities conferred by the Board on the Chief Internal Auditor.

Purpose

2. The purpose of the internal audit function is to strengthen NHS Dumfries and Galloway's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice and insight.

Background and Requirements

3. Internal Audit operates in accordance with the Definition of Internal Auditing, Code of Ethics and Standards detailed within the Public Sector Internal Audit Standards (PSIAS) adopted by Scottish Government and NHS Scotland in April 2013 and updated in 2016.
4. Internal Audit will adhere to the mandatory elements of PSIAS. The Chief Internal Auditor will report periodically to the board and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

5. PSIAS detail specific roles within the standards which are interpreted as being the following within NHS Dumfries and Galloway.
 - **The Board** - For the purposes of this Charter and internal audit activity, the interpretation of “the Board” within PSIAS relates to Audit and Risk Committee. This interpretation has been adopted by other NHS Boards.
 - **Senior Management** – This is the Board’s Chief Executive and Executive Management Team
 - **Chief Audit Executive** – This role is assigned to the Chief Internal Auditor as the person who holds a relevant professional qualification and is suitably experienced.

Mission and Definition

6. The mission of internal audit is to:

“enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight”.

7. The definition of Internal Audit as detailed within PSIAS is:

“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, control and governance processes.”

Role and Scope of work

8. Internal Audit provides its assurances to the whole of NHS Dumfries and Galloway, however it is not a substitute for, nor an extension of, good management. It remains the duty of management to operate an adequate system of internal control.
9. Internal Audit’s remit covers the whole range of Board systems and internal controls established to:
 - Achieve the Board’s objectives,
 - Ensure the economical and efficient use of resources,
 - Ensure compliance with established policies, procedures, laws and regulations,
 - Safeguard the Board’s assets and interests from losses of all kinds including those arising from fraud, irregularity and corruption, and
 - Ensure the integrity and reliability of information and data.
10. Internal Audit will provide an opinion on the integrity and reliability of financial and other information provided to management and stakeholders, including information involved in decision-making within the Board.

11. Internal Audit will examine the arrangements by which decisions are made, monitored and reviewed and the application and understanding of policies within the organisation. It is not within the remit of Internal Audit to question the appropriateness of policy decisions other than to review how local policies and guidance sit within the context of national policy and legislation.
12. Internal Audit may also undertake consulting/advisory services. The nature and scope of this work will be agreed in advance to ensure that this is focussed on key areas to add value and this work will be allocated and undertaken to ensure that the independence and objectivity of Internal Audit is not impaired.
13. The Chief Internal Auditor undertakes the CIA role for the Integration Joint Board. There are no impairments to independence and objectivity in this role as this is an extension of the assurances that are provided in the NHS role.
14. The Chief Internal Auditor is the Fraud Liaison Officer for the board. This non-audit role does carry a risk of impairments to independence and objectivity in relation to how independent assurances are given over how the board manages fraud risks. This is managed through regular updates to Audit and Risk Committee and any impairments will be reported through quarterly and annual reporting to the committee.
15. Other than the Chief Internal Auditor's fraud role, Internal Audit do not support much fraud work as this is undertaken by NHS Counter Fraud Services.

Independence and Organisational Position

16. The Chief Internal Auditor reports managerially to the Chief Executive, although there is a direct reporting line from the Chief Internal Auditor to the Audit and Risk Committee, which is independent of the Chief Executive and other Executive Directors. This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the board, when necessary, without interference and supports the Internal Auditors' ability to maintain objectivity.
17. This allows a degree of independence in terms of personal objectivity to enable the Internal Audit role and duties to be performed in a manner which will allow professional judgement and for recommendations to be effective and impartial.

Authority and Access

18. The Chief Internal Auditor has a right of access to the Chair of the Board and the Chair of Audit and Risk Committee, to bring matters forward as required that impact on the workings of the Board and its governance committees.
19. The Chief Internal Auditor shall be entitled, without necessarily giving prior notice, to request and receive:
 - access to all records, documents and correspondence, whether paper or electronic, relating to any financial or other relevant transactions, including

documents of a confidential nature with the ability to take possession of documents should that action be required,

- access at all reasonable times to any land, premises or employee of the Board,
 - the production or identification of any Board cash, stores or other property under the employee's control or within their area of responsibility, or
 - information concerning any matter under investigation or review.
20. Requests for information should be dealt with as a matter of priority especially where this is part of an investigation.
21. These powers and right of access are also delegated to individual auditors during the course of normal audit work or during specific investigations carried out under the instruction of the Chief Internal Auditor.

Reporting

22. The Chief Internal Auditor will present an Annual Report to the Audit and Risk Committee, on the adequacy and effectiveness of the whole internal control system within the Board, and the extent on which it can be relied upon.

Specifically the report will aim to provide confirmation that:

- adequate and effective internal controls were in place throughout the year;
 - the Chief Executive as Accountable Officer has implemented a governance framework sufficient to discharge the responsibilities of this role; and
 - the Internal Audit Plan has been delivered in line with the Public Sector Internal Audit Standards.
23. Internal Audit will undertake to produce a Preliminary Report within two weeks of completion of each audit, detailing audit findings and observations and making recommendations to minimise identified risks and address control weaknesses.
24. Managers are required to respond to the audit report within two weeks of issue stating their proposed action, with an identified responsible officer and timescale, for implementing these.
25. Once this response is received, a Final Report will be issued to management incorporating the agreed actions and timescales. The Final Report will also be issued to the Chief Executive and External Auditors, and also taken to the next Audit and Risk Committee meeting for information.
26. It is for management to determine whether or not to accept and implement audit recommendations, with an explanation of reasons for non-implementation being provided to Internal Audit where this will be shared with Audit and Risk Committee. This decision should be based on a full understanding of the risks identified in the audit process that may remain unmitigated if no action is taken.

27. Outstanding audit actions which are deemed to be of a higher risk, may be put onto the Datix risk management system to allow management the opportunity to demonstrate how they are mitigating the identified risks.
28. All audit recommendations will be subject to a formal review of evidence provided, prior to closure of the agreed action. The implementation of audit recommendations through closure of management actions will be monitored and reported to Audit and Risk Committee with specific attention given to any major audit findings where action has been identified but has not been taken.
29. All audit recommendations will be considered for a formal follow up processes at a suitable point following their implementation. This is to determine whether the controls in place at the time of closure remain in place and effective on an ongoing basis.

Responsibilities

30. The Chief Internal Auditor will:

- Create an audit strategy which details the high level approach for delivery of Internal Audit and creation of the audit plan,
- Undertake an assessment of risks within systems of internal control,
- Formulate and gain acceptance of a risk based audit plan to provide assurance to Audit and Risk Committee and the Board that systems of internal control are operating satisfactorily,
- Ensure sufficient, relevant and reliable evidence is obtained on which to examine and evaluate systems of internal control and on which to base conclusions and recommendations,
- Communicate findings, conclusions and recommendations arising from individual audit assignments and overall programmes, and
- Ensure that arrangements are made to facilitate the follow up of audit recommendations and monitor the effectiveness of any actions taken.

31. This will be enabled by:

- Providing leadership of the audit team,
- Managing available resources, financial and otherwise, to achieve audit objectives,
- Continually monitoring and reviewing the implementation of organisational, procedural and technical change to optimise working practices and staff development, and
- Identifying potential areas for quality improvement and ensure proposals are communicated to appropriate people.

32. All internal audit work will be undertaken with due professional care and in accordance with the Public Sector Internal Audit Standards.

Resourcing

33. The Chief Internal Auditor will be selected and appointed by a panel chaired by a non-executive director, preferably the Chair of the Audit and Risk Committee. The Chair of the Audit and Risk Committee will approve the composition of the panel and Audit and Risk Committee will approve the appointment.
34. The Chief Internal Auditor is responsible for appointing members of the Internal Audit team. The Chief Internal Auditor will appoint appropriate individuals to ensure skills and experience are continually introduced and developed within the section. The Chief Internal Auditor will ensure that staff maintain professionalism and that there are adequate resources to fulfil Internal Audit's assurance role.
35. The Chief Internal Auditor shall ensure:
 - Individual and collective skills, competence, experience and qualifications are appropriate for the audits being performed,
 - All internal audit work undertaken is properly supervised,
 - Compliance with all relevant standards and codes of ethics as laid down by the Chartered Institute of Internal Auditors and NHSScotland, and
 - All audit staff undertake training and development activities to enable them to progress their Personal Development Plans, and demonstrate a commitment to personal and professional development to meet relevant CPD requirements and achieve personal and departmental objectives.

Audit Plan Scope and Coverage

36. To enable achievement of Internal Audit objectives, the Chief Internal Auditor shall prepare and submit an annual risk-based audit strategy for approval through the Audit and Risk Committee that assesses the Board's Risk Management, Control and Governance processes. This will indicate the extent of audit cover proposed and will provide a detailed plan for the forthcoming year with an indication of the audit planning approach and rationale to be used for following years.
37. The proposed audit coverage will be taken to Audit and Risk Committee for approval twice a year to ensure that audits are relevant to the board's most recent priorities and risks. This flexibility will allow for more meaningful input on the plan from management and Executive and Non-Executive Directors.
38. Audit will consider the adequacy of controls necessary within a sound governance framework. It will seek to confirm that management have taken the necessary steps within this framework to achieve the Board's objectives and manage the associated risks.
39. The Chief Internal Auditor will:
 - Prepare and undertake a risk assessed audit programme based on both audit and management's perception of key risks which may impact on the achievement of Board objectives;
 - Identify key processes on which it is proposed to provide assurance;

- Determine that systems of control operate to promote the most economic, efficient and effective use of resources;
 - Evaluate those systems, identify inappropriate or inadequate controls, and recommend improvements in procedures or practices; and
 - Report on results to management and Audit and Risk Committee;
40. The Chief Internal Auditor will liaise with the Board's External Auditors to minimise any duplication of audit effort and ensure that, although they are no longer required to place reliance on Internal Audit work, they are informed of the outputs from our work and assurances provided.
41. Internal Audit will coordinate its work with other assurance providers as much as is practicable. This will complement any support that is required around the creation of the Board Assurance Framework.

Quality Assurance and Improvement

42. All Internal Audit work carried out will be in accordance with locally documented Internal Audit working practices and protocols. These set out the steps which Internal Audit will take to ensure that the audit process meets the requirements of Internal Audit, management, Audit and Risk Committee and the Board. These Audit protocols, which will be held within the Audit Manual, may be amended as required in line with internal auditing best practice, changes to internal auditing standards and management, governance and Audit and Risk Committee requirements.
43. The Chief Internal Auditor is responsible for implementing internal performance measures to monitor the effectiveness of the service and compliance with standards. A set of measures has been prepared and approved through Audit and Risk Committee to provide a framework around which the performance of Internal Audit can be measured.
44. The Audit and Risk Committee will review, comment on and if considered satisfactory, approve Internal Audit performance measures as required. In accordance with the Public Sector Internal Audit Standards, Internal Audit performance must be measured, monitored and reported through Audit and Risk Committee.
45. Internal Audit quality, including conformance with relevant Standard and internal audit independence, will be reported to the Audit and Risk Committee on a regular basis through the quarterly report which will offer the committee the opportunity to scrutinise and challenge the performance of the team.
46. Internal quality and performance reporting will be further supported by the five yearly External Quality Assessment which gives a formal view on the department's compliance with the Standards. This review is commissioned from out with the Internal Audit team to ensure that the assessor is independent of the department and there are no conflicts of interest.

47. The Chief Internal Auditor shall report managerially to the Chief Executive who will undertake the Chief Internal Auditor's annual development review on Turas.
48. The Chief Internal Auditor will also meet with the Chair of Audit and Risk Committee annually to consider and discuss individual and team performance.
49. The role of Internal Audit will be clearly communicated to managers to ensure that there is an understanding of the role of Internal Audit. Continual feedback from managers on audits undertaken will be monitored to identify opportunities for improvement in audit processes.
50. The Chief Internal Auditor will continually review the required skills and knowledge within the audit team to ensure that the team members demonstrate or are working towards the attainment of pre-agreed skills and competencies.
51. Continuous improvement will be embedded in everything that we do.

Approved at Audit and Risk Committee on 29th April 2024

Signed:

Chair of Audit and Risk Committee

Chief Executive

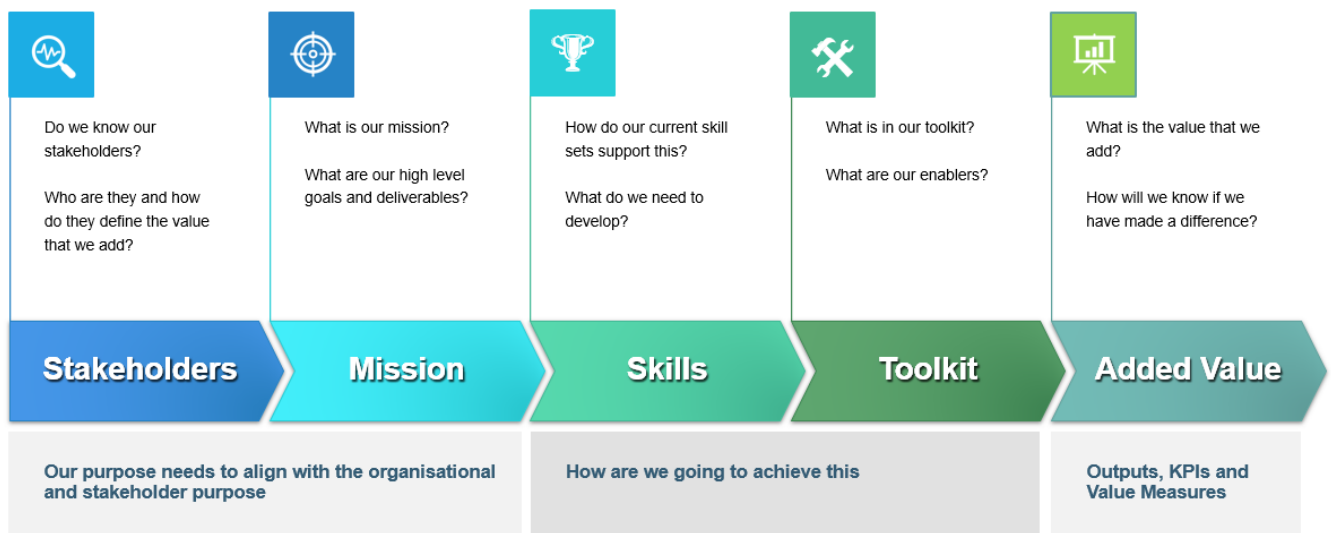
Chief Internal Auditor

Internal Audit Strategy 2024-2025



Introduction

1. This document outlines the strategic vision and roadmap for the Internal Audit function of within NHS Dumfries and Galloway. It aims to enhance Internal Audit's alignment with the organisation's evolving assurance needs, focusing on skill development, resourcing strategies, data analytics, and stakeholder communication.
2. The key components of an Internal Audit strategy are the Vision and Mission of Internal Audit, Internal Audit Positioning, Processes and Resources and Stakeholder Expectations.
3. These key areas have been expanded upon to consider how the Internal Audit function provides an effective service that makes a difference within NHS Dumfries and Galloway and ultimately adds value. Others across the organisation cannot be expected to understand what we do if this cannot be articulated and understood within the team.



Stakeholder Engagement and Communication

4. The following key actions require to be undertaken to ensure that we consider our stakeholders at all times.
 - **Creation of a Communication Strategy**
A structured communication plan will be developed to ensure regular and open engagement with our stakeholders, including Audit and Risk Committee, Board members and senior management.
 - **Engagement Activities**
Introduce regular email updates, workshops, and feedback sessions to ensure stakeholders are informed and involved in the audit processes with the potential to support this with a Teams channel.

- **Reporting Enhancements**

To further develop changes to our reporting process to ensure that our reports are insightful and actionable.

Internal Audit Vision and Mission

5. Our vision is to establish the Internal Audit function as a proactive, data-driven, and strategic partner in governance across NHS Dumfries and Galloway. We strive to provide a comprehensive assurance service that supports the organisation's objectives, enhances operational efficiencies, and fosters an environment of robust risk management.
6. The audit strategy is linked to the higher-level corporate aims and objectives of the Board and the tactical and operational objectives which help to support the achievement of these. This will ensure that the overall audit strategy will facilitate:
 - The improvement of risk management, control and governance processes within the Board by providing management with assurances on the audit work undertaken and recommendations to support the enhancement of controls within the organisation, and
 - The provision of an overall opinion each year on risk management, control and governance processes, to support the preparation of the Governance Statement.

Skills Analysis

7. The Internal Audit team possess strong auditing skills with strengths in risk management and governance processes. There is, however, a gap in our IT and data analytic skills which are proving increasingly vital within the current environment.
8. The evolving healthcare landscape, financial pressures and technological opportunities require us to develop skills to address these changes and enhance our capabilities in data analytics and cyber security. We need to consider where we cannot meet these requirements from within our current resource and be transparent around our limitations in these areas.
9. We will also build upon and enhance our soft skills such as critical thinking, relationship management and communication.

What is in our Toolkit?

10. We will continue to improve upon our existing learning and development approach to further develop a continuous learning environment through a mix of training courses, CPD, self-directed reading and work-shadowing and mentoring. We will also explore the opportunity to partner with the Council to access training. Should the potential to co-source our audit work materialise, we would look at learning and development opportunities that may arise from that.

Evaluation of Resourcing Models

11. Currently the Internal Audit function is staffed in-house. This model has supported our basic auditing needs up to now but has limitations in scaling up where we need to provide additional support and is not a resilient model in terms of succession planning.
12. Co-sourcing can provide access to specialised skills as required, help to support our workload at certain times of the year, and introduce specialist knowledge and access to practices and technologies that a small team might otherwise be unable to adopt. There is however a cost element that requires to be considered and this must be weighed up against the recruitment of a full-time Auditor or Trainee.
13. Consideration of the way forward needs to identify the areas where co-sourcing would be most beneficial and align with the Board's own needs at the current time. Independent support in relation to Cybersecurity is a priority at the current time and this needs to be explored further.

Advancing Data Analytics

14. The use of data analytics is presently limited to basic data review and reporting through PowerBI.
15. We will review our current capabilities against what is required to support our audit and reporting processes moving forward. Where there are gaps we will consider how best to manage these looking to our internal IT and Health Intelligence teams for support as well as considering where external support can be provided.
16. Over the next year we will review our capabilities in relation to predictive analytics and real-time audit capabilities. As well as exploring training with the Council we will also consider how sharing of experience and expertise within the NHS can be maximised, for example through contacts within the FTF Consortium.

Adding Value

17. The ultimate objective of the Internal Audit function is to add measurable value to our organisation by focussing on three core areas of risk management, governance and operational efficiency. It is therefore important that we outline how we quantify and communicate the value added by what we do.
18. Our risk based approach to our work identifies potential weaknesses and vulnerabilities where we then offer recommendations to strengthen processes and improve organisational resilience. By reinforcing our governance framework we will ensure more effective oversight within the Board which is aligned with changing demands and best practice elsewhere.

Monitoring and Continuous Improvement

19. Whilst we do measure some aspects of our performance, this needs to be enhanced to reflect the expectations of our stakeholders and to ensure

transparency, especially where we are limited by our resources and are unable to deliver on the assurances that are required by the Board.

20. As per the improvement areas identified in our recent EQA we need to enhance our key performance indicators to ensure that they measure the efficiency and effectiveness of the Internal Audit function. We will therefore develop a range of quantitative and qualitative indicators to enable reporting on our performance to be more robust.
21. We have reintroduced post-survey feedback forms and to support continuous improvement a more formal process will be established whereby all our stakeholders have the opportunity to provide input on audit processes and outcomes, which is critical for ongoing improvement and to ensure that we are aligned to the Board's aims and objectives.

Conclusion

22. This strategy sets the foundation to improve on our strengths and to allow for improvements in our processes and to support NHS Dumfries and Galloway at a very critical time. By adopting the measures within this strategy, we aim to not only fulfil our audit role, but to drive forward improvements in risk management, governance and supporting organisational processes.

Risk and Audit Universe

Audit area	Risk Assessed Priority	Risk Appetite adjustment	Previous assurance level	Financial Year of Last Review
Strategy				
Strategic and Operational Planning	Very High	Very High	No previous assurance	None
Environmental Strategy and Policies	High	High	Limited	2023
Governance				
Board Governance and Decision Making - Structures	Very High	Very High	Moderate	None
Board Governance and Decision Making - Policy framework	Very High	Very High	Limited	2021
Governance Blueprint	Medium	High	Moderate	2022
Governance and Control Framework	Medium	High	Significant	Older
Risk Management	Low	Medium	Moderate	2023
Control Environment and Control Structures	Medium	High	Significant	Older
Boards Internal Control Framework - Risk Management	Very High	Very High	No previous assurance	None
Audit Scotland report actioning	Medium	Medium	Significant	Older
DL's and Scottish Government guidance	Medium	High	Moderate	2020
Delegated Authorities	High	High	Moderate	Older
Register of Interests & Gifts and Hospitality	Low	Medium	Moderate	2023
Integration Governance Framework	High	High	Moderate	Older
Performance Management and Reporting	Medium	High	Moderate	2021
Waiting Times - SG request	Medium	Medium	Significant	Older
Local Delivery Plan monitoring and reporting	Medium	Low	Significant	Older
Quality Outcome Indicator monitoring and reporting	Very High	Very High	No previous assurance	None
Legal/Statutory				
Feedback Management	Medium	Medium	Significant	2020

Audit area	Risk Assessed Priority	Risk Appetite adjustment	Previous assurance level	Financial Year of Last Review
Competitive Tenders and Quotations	High	High	Moderate	Older
DPA, GDPR and Caldicott Guardian	Low	Low	Moderate	2022
Freedom of Information	Low	Low	Significant	2023
Information Governance and Security (DL(2015)17)	Very High	Very High	Limited	Older
IT Security	High	High	Moderate	Older
Property Transactions Monitoring	Low	Low	Significant	2024
Operations				
Emergency Planning and Civil Contingencies Act	Low	Low	Moderate	2023
Business Continuity	High	High	Moderate	Older
Communication - Internal	Medium	Medium	Moderate	2022
Communication - External	Low	Low	Moderate	2023
Internet and Intranet sites	High	Very High	No previous assurance	None
Energy and Utilities Management	Medium	Low	Significant	Older
Overseas Visitors - CEL 9(2008)	Low	Medium	Significant	Older
IT Asset Management - Procurement/Inventory/Disposal	Medium	High	Moderate	Older
Stock Management	High	High	Moderate	Older
Stores and Stock Control - Theatre	Very High	Very High	Limited	Older
Stores and Stock Control - Supplies	Low	Low	Significant	Older
Stores and Stock Control - Pharmacy	Medium	Medium	Significant	2020
Out of Hours Service Pharmacy stock	Medium	Medium	Moderate	Older
Stores and Stock Control - Equipment Bank - ICES	Low	Medium	Significant	Older
Stores and Stock Control - Catering	High	Very High	No previous assurance	None
Annual Stock Taking process	Very High	Very High	Limited	Older
CSSD - Surgical Equipment decontamination process	Low	Medium	Moderate	2022

Audit area	Risk Assessed Priority	Risk Appetite adjustment	Previous assurance level	Financial Year of Last Review
Medical Physics - Equipment and Devices	Medium	Medium	Significant	Older
Child Protection	Low	Low	Significant	2024
Accident and Emergency Departments	High	High	No previous assurance	None
Hospital Admissions	High	High	No previous assurance	None
Hospital Discharging	Low	Low	Significant	Older
Theatre Management	Very High	High	No previous assurance	None
Covid Vaccinations	Low	Medium	Significant	2022
Laboratories	High	High	No previous assurance	Older
Radiology and Diagnostics reporting	Very High	Very High	No previous assurance	None
Speech and Language Therapy	High	High	No previous assurance	Older
Gaining and Recording of Informed Consent	Medium	Medium	Moderate	Older
Clinical Governance Framework	High	High	No previous assurance	None
Patients Discharged with Appropriate Medication	High	Medium	Moderate	Older
Incident Reporting, Management and Learning	Low	Low	Moderate	2024
Capacity Management	Low	Low	Significant	Older
Safety Action and Hazard Warning Notice Implementation	Medium	Medium	Significant	Older
Outpatient Departments	High	High	No previous assurance	None
Hospital Cleaning	Low	Low	Significant	Older
Catering - Patients and Staff	Very High	Very High	No previous assurance	None
Waiting Lists (prev audit Patient Access and Waiting Times)	Low	Medium	Moderate	2023
Volunteers	Very High	Very High	No previous assurance	None
Mental Health Waiting Lists	Low	Medium	Moderate	2023
Blood Borne Virus Transmission	Medium	Medium	Moderate	Older
Out of Hours Service	Low	Low	Significant	2024

Audit area	Risk Assessed Priority	Risk Appetite adjustment	Previous assurance level	Financial Year of Last Review
Medicine Management and Dispensing	Medium	Low	Significant	Older
Improvement Programmes - Patient Safety	High	Medium	Moderate	Older
Children's Ward Admissions	Low	Low	Moderate	2024
Dementia Standards	High	High	No previous assurance	Older
Patient Information	Low	Low	No previous assurance	2024
Interpretation and Translation	Low	Low	Moderate	2024
Long Term Care Arrangements	High	Medium	Moderate	Older
Community Engagement	Low	Low	Moderate	2022
Health Inequalities	Low	Low	Moderate	2022
Health Visiting	Medium	Low	Significant	Older
Morbidity and Mortality reviews	Medium	Low	Significant	Older
Emergency Dental Services	Medium	High	No previous assurance	Older
Francis Enquiry response	High	High	Moderate	Older
Alcohol and Drug Partnership	Very High	Very High	No previous assurance	None
Adult Protection and Support	High	Medium	Moderate	Older
Services for Older People	Medium	Low	Significant	Older
Day Surgery Unit	Medium	Medium	Moderate	Older
Screening Programmes - Public Health	Low	Low	Significant	2023
Death certification documentation and processes	Low	Low	Significant	Older
Management of Cardiology Patient records	Medium	Low	Moderate	Older
Infection Control	Low	Low	Moderate	2024
Home Teams - Governance and reporting	Low	Low	Moderate	2023
Ward level controls	Medium	Medium	Moderate	2022
Property				

Audit area	Risk Assessed Priority	Risk Appetite adjustment	Previous assurance level	Financial Year of Last Review
Review of Water Testing Processes	Low	Low	Significant	2021
Estate Management	Very High	Very High	No previous assurance	None
Residences	Low	Low	No previous assurance	2024
Security - Compliance with NHS Security Manual	Very High	Very High	Limited	2021
Vehicle Use	Medium	Low	Limited	2024
Property Maintenance / Maintenance prioritisation	High	Medium	Moderate	Older
Vulnerability of Steam Supplies	Low	Low	Significant	Older
Installation of IT - FM considerations	Medium	High	No previous assurance	None
Financial				
Best Value	High	Very High	Moderate	Older
Authorised Signatories	High	High	Significant	Older
CRES schemes	High	High	Significant	Older
Financial Governance	Low	Low	Significant	2021
Construction Industry Tax	Medium	Medium	Moderate	Older
Changes to Board bank accounts	Low	Low	Comprehensive	Older
Financial Performance Management	Very High	Very High	No previous assurance	None
Capital Planning	High	Very High	No previous assurance	Older
Financial Controls - SFI's and Financial Operating Procedures	High	Very High	Moderate	Older
Financial Planning and Directorate Budgetary Control	Medium	Medium	Significant	Older
Financial Ledger Maintenance	Low	Low	Significant	Older
Losses and Compensation	Medium	High	Moderate	2018
Budgetary Control - Ring Fenced Funding	High	Very High	Moderate	2018
Creditors - Accounts payable	Low	Medium	Moderate	2024
Debtors - Accounts receivable	Low	Low	Significant	Older

Audit area	Risk Assessed Priority	Risk Appetite adjustment	Previous assurance level	Financial Year of Last Review
Ledger Controls and Reconciliations	Low	Low	Significant	2018
Treasury Management	Low	Low	Comprehensive	Older
Income - Recognition and Recovery	High	High	Moderate	Older
Externals - activity monitoring	Low	Low	Moderate	2020
Financial transactions	Low	Low	Significant	2021
Payroll	High	Very High	Moderate	Older
Payroll: Overtime Review	Medium	Medium	Significant	Older
Payroll: Permanent Data	Low	Low	Significant	Older
Payments to Staff	Low	Low	Moderate	2023
Endowments	Low	Medium	Significant	Older
Cash Controls/Petty Cash (prev incl Banking)	Low	Low	Significant	2023
Patients' Funds processes	High	Very High	Moderate	Older
Primary Care Claims	Low	Medium	No previous assurance	2024
Yount Patients Family Fund	Low	Medium	No previous assurance	2024
Travel and Subsistence claims	Medium	Medium	Significant	Older
Patient's Travel Expenses	Low	Medium	Significant	Older
Revenue Transactions - PFI	Low	Medium	Significant	Older
Adults with Incapacity Act	Medium	High	Moderate	Older
Capital Assets	Low	Low	Significant	Older
Commercial				
Contract Management	Medium	High	Moderate	Older
Procurement	Low	Medium	Moderate	2023
Contract Monitoring - DGRI	Low	Medium	Moderate	2023
Laundry and Linen Services Contract Lanarkshire	Low	Low	Significant	Older

Audit area	Risk Assessed Priority	Risk Appetite adjustment	Previous assurance level	Financial Year of Last Review
Waste Management	Medium	Medium	Moderate	Older
Transport	Medium	Medium	Moderate	Older
People				
Whistleblowing	Low	Low	Moderate	2023
Working Time Compliance	High	High	Moderate	Older
Recruitment processes	Low	Low	Moderate	2024
Pre-employment checking	Medium	Medium	Moderate	2022
Staff Wellbeing - Development and performance	High	High	No previous assurance	Older
Linking PDP's to Service Needs	Low	Low	Moderate	Older
Staff Engagement	Very High	Very High	No previous assurance	None
Locum Doctors - Use and Payment	High	High	Moderate	Older
Safer Staffing Bill	Low	Low	Moderate	2023
Nurse Bank	High	High	No previous assurance	None
Agency Staff	High	High	No previous assurance	None
Remote Working	Medium	Medium	Moderate	2020
Nurse Training	High	High	No previous assurance	None
Mandatory training	Medium	Medium	Moderate	Older
Staff Development - Recording of Training	Medium	Medium	Moderate	Older
Health and Safety Policy and Procedures	Very High	Very High	Limited	Older
Medical Staff Management	Low	Low	Significant	Older
Use of Learning Funds	Medium	Medium	Moderate	Older
Nurse and Midwife Rostering and Work Patterns	Medium	Medium	Moderate	Older
Nurse Revalidation (incl midwifery and AHP's)	Medium	Medium	Significant	Older
Leadership and Management Capacity	Medium	Medium	Moderate	Older

Audit area	Risk Assessed Priority	Risk Appetite adjustment	Previous assurance level	Financial Year of Last Review
Absence/Attendance Management	High	High	Significant	2024
Workforce Planning	Low	Low	Significant	Older
Diversity and Equality	Low	Low	Significant	Older
Consultant Succession Planning	Low	Low	Significant	Older
Information				
Information Integrity - (to support reporting, monitoring etc)	Very High	Very High	No previous assurance	None
Overreliance on Electronic Communication	Low	Low	Significant	Older
Records Management - Staff/Patients/Other	High	High	Moderate	Older
Medical Records	Medium	High	Moderate	Older
Use of Data and Information	Low	Low	No previous assurance	2024
Asset register System	High	High	No previous assurance	None
Information Governance	High	High	Moderate	Older
Information Security	Medium	High	Moderate	Older
Technology				
HR systems – eESS	Very High	Very High	Limited	2020
Digital Health and Care	High	High	Moderate	Older
Systems for Theatre Management	Low	Medium	Significant	Older
Mobile Devices	Very High	Very High	Limited	Older
IT Project Management	Medium	High	No previous assurance	None
Contingency Planning for Systems/ Disaster Recovery	Low	Medium	Significant	Older
Patient Administration Systems	Low	Low	Significant	Older
Project/Programme risks				
Sustainability and Modernisation Programme	Low	Low	Significant	2022
Research and Development Governance	High	High	No previous assurance	None

Audit area	Risk Assessed Priority	Risk Appetite adjustment	Previous assurance level	Financial Year of Last Review
Project and Change Management	Medium	Medium	Moderate	Older
Post Implementation Review processes	Medium	High	Moderate	Older
Project Appraisal	Medium	Medium	Moderate	Older
New Hospital - Migration and Commissioning Plans	Very High	High	Moderate	Older
Commissioning	High	High	Significant	Older
External Contractors and Consultants	High	Very High	No previous assurance	None
SLA Processes	High	High	Moderate	Older