

NHS Forth Valley  
Audit Committee

13 March 2020

## NHS Forth Valley - Review of internal controls in financial systems 2019/20

1. Audit Scotland's Code of Audit Practice requires us to assess the systems of internal control put in place by management. In carrying out this work, we seek to gain assurance that NHS Forth Valley:

- has systems for recording and processing transactions which provide a sound basis for the preparation of financial statements and the effective management of its assets and interests
- has systems of internal control which provide an adequate means of preventing or detecting material misstatement, error, fraud or corruption
- complies with established policies, procedures, laws and regulation.

## Overall conclusion

2. Our work to date has been a combination of walkthroughs of key systems, testing of key controls, and substantive testing of transactions. On the basis of audit work undertaken, we concluded that appropriate and effective internal controls were in place for those key financial systems reviewed by us.

## System coverage

3. The following table summarises the key systems that we have tested in our interim audit for financial year 2019/20.

| Key System                         | Audit coverage |
|------------------------------------|----------------|
| Payroll                            | ✓              |
| General ledger                     | ✓              |
| Expenditure / trade payables       | ✓              |
| Income / trade receivables         | ✓              |
| Banking                            | ✓              |
| Capital accounting                 | ✓              |
| Family health services             | ✓              |
| Integration joint board accounting | ✓              |

## Key findings

4. Our audit testing did not identify any significant control weaknesses. We did identify some less significant issues which were discussed and resolved with management.

## Risk identification

5. While we have not identified any significant controls weaknesses from our audit work, this does not mean there are no risks to the financial systems used by NHS Forth Valley. It remains the responsibility of management to determine the extent of the internal control system appropriate to NHS Forth Valley. We

would stress, however, that an effective system of internal control is an essential part of the efficient management of any organisation.

## **Acknowledgement**

**6.** The co-operation and assistance we received during the course of our audit work carried out to date from NHS Forth Valley staff is gratefully acknowledged.

Yours sincerely

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