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INSIGHTS

GOVERNANCE AND INTERNAL CONTROL

Internal Audit and public healthcare

from internal control to certifiable financial statements

What Internal Audit does in any organisation, how it differs from the statutory auditor and the board of statutory auditors, and why in Italian healthcare bodies it grew out of the financial statements certifiability pathway (PAC).

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GOVERNANCE AND INTERNAL CONTROL

Internal Audit: *what it is, what it is for and why it has become central to public healthcare*

by **Domenico Merlino** and **Elda Gagliano** · 23 November 2026

> Every complex organisation needs someone who, from the inside but with independent eyes, checks that controls actually work. That is the job of Internal Audit. In Italian public healthcare bodies the function arrived relatively late, but today it is one of the pillars of the path towards certifiable financial statements.

What Internal Audit is

The Institute of Internal Auditors defines Internal Audit as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic approach to evaluating and improving the effectiveness of governance, risk management and control processes.

Since 9 January 2025 the professional reference has been the Global Internal Audit Standards, which replaced the previous framework of principles and standards.

How it works

Internal Audit work follows a clear cycle:

- risk assessment, to understand where the organisation is most exposed;
- an audit plan, annual or multi-year, approved by senior management;
- fieldwork, with tests of controls and data analysis;
- a report with findings and recommendations;
- follow-up, to confirm that corrective actions have been carried out.

What makes the whole process credible is independence: Internal Audit reports to the top of the organisation and does not depend on the units it audits.

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What it is not

Internal Audit sits within the “three lines” model: the first line is operational management, the second the risk and compliance functions, the third Internal Audit, which gives senior management an independent assessment of the whole.

FUNCTION	ROLE	WORKS FOR
Internal Audit	Independent assurance and advice on the internal control system	Senior management of the organisation
Statutory auditor	Professional opinion on the financial statements	Shareholders and third parties, by law
Board of statutory auditors	Oversight of legality, sound management and adequacy of arrangements	The company, as a corporate body
Anti-corruption and transparency officer	Corruption prevention and transparency obligations	The public body, by law

These functions complement each other: good Internal Audit makes the work of the statutory auditor and of the board of statutory auditors more effective, but does not replace them.

Why healthcare needs it

A healthcare body manages large volumes of spending, thousands of suppliers, complex contracts, stocks of medicines and devices, and revenue flows linked to patient mobility and services. The risks are not only accounting risks: they concern appropriateness, corruption, traceability of assets and continuity of services.

The certifiability pathway (PAC)

The decisive push came from the certifiability of financial statements. The pathway stems from Article 11 of the 2010-2012 Health Pact and developed in three steps:

- the Ministerial Decree of 18 January 2011, with the extraordinary assessment of administrative and accounting procedures;
- the Ministerial Decree of 17 September 2012, on the certifiability of the financial statements of National Health Service bodies;
- the Ministerial Decree of 1 March 2013, which defines the Certifiability Implementation Pathways (PAC) and requires each region to approve them and monitor their implementation.

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The PAC is organised by financial statement area: a general area and the areas of fixed assets, inventories, receivables and revenues, cash, equity, payables and costs. For each it sets objectives, actions and deadlines. The general area already requires a person or office responsible for internal control, independent and reporting directly to the general management.

The regions that have provided for Internal Audit

Many regions have turned that requirement into a genuine Internal Audit function. The picture that emerges from the regional acts we considered is as follows:

REGION	HOW INTERNAL AUDIT IS PROVIDED FOR
Sicily	In the regional PAC (Decree no. 2128/2013), action A.1.7 requires every healthcare body to set up an Internal Audit function; the Regional Health Department clarified its tasks and requirements in an explanatory note in 2016
Lazio	With Decree U00069/2018 it updated the PAC and set up a regional Internal Audit function, with a regional internal control model; in 2025 it approved operating guidance for healthcare bodies
Calabria	In 2025 it launched a project on the internal control system of healthcare bodies, linking Internal Audit, PAC and management control
Veneto	It introduced Internal Audit in healthcare bodies in 2012 and consolidated it in 2018, with an approach based on administrative and accounting risks
Emilia-Romagna	With Regional Law no. 9/2018 it provided for the function, focused mainly on accounting procedures
Abruzzo	In 2023 it regulated the function, with a focus on compliance with PAC procedures
Sardinia	It entrusted the Regional Health Agency (ARES) with coordinating the internal auditing system and in 2022 approved guidelines for healthcare bodies
Campania	The regional PAC, updated several times between 2013 and 2018, led healthcare bodies to include Internal Audit among the actions of their own pathway

Lombardy took a different route: it introduced Internal Audit in healthcare bodies through its own regional law of 2014, independently of the PAC.

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What Internal Audit does within the PAC

In healthcare bodies Internal Audit has a practical task: checking that the administrative and accounting procedures adopted under the PAC are actually applied and that controls work. In practice it:

- plans audits on the financial statement areas with the highest risk;
- tests on a sample basis the application of procedures and control points;
- monitors the corrective actions requested by the Region, the board of statutory auditors and external control bodies;
- reports to the general management and works with the board of statutory auditors and the anti-corruption officer.

The limits to overcome

Available studies show that almost all regional experiences grew out of the PAC and remain focused on administrative, accounting and compliance aspects. Strategic and clinical risks are less covered. The challenges for the coming years are three: integrating the different control functions, investing in skills and involving clinical staff.

Digit Internal Audit: the PAC in a single file

In many healthcare bodies the Internal Audit function repeats the same steps every year using spreadsheets, folders and email inboxes: PAC risks are assessed in files that change from one year to the next, evidence arrives as attachments and reports are rewritten at every deadline.

This is why Link Audit works with Digit Internal Audit 2.0, a platform developed by Digit Audit, licensed to Link Audit and used exclusively in its own engagements. It supports the entire Internal Audit cycle of a healthcare body, from organisation to reporting, in a single file for each engagement. Each assessment is documented only once and feeds the plan, the working papers and the reports.

STAGE	WHAT DIGIT INTERNAL AUDIT DOES
Organisation	Archives the corporate charter and resolutions with the version in force; reads the organisational units even from scanned PDFs and prepares the organisation chart with the people in charge
Risk assessment	Assesses each PAC action as a risk, starting from a standard catalogue of 224 risks with expected controls, test questions and minimum requirements; calculates inherent and residual risk by area

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STAGE	WHAT DIGIT INTERNAL AUDIT DOES
Audit plan	Proposes the plan based on the risk assessment: very high and high risks in the first half-year, medium risks in the second; the plan can always be changed
Questionnaires	Sends managers a personal link with a verification code: they reply online, even from a phone, attaching the documents requested
Reports	Composes in Word, with the healthcare body's logo, the risk assessment report, the plan, the audit reports and the reports to management
Year after year	Starts again from the previous year's work: acts, organisation chart and assessments are ready to be updated

Three practical examples

Risk assessment of the payables and costs area. The team assesses the likelihood and impact of each PAC action on the purchasing cycle, records existing controls and the source of each assessment. The platform calculates the residual risk of the area and indicates its audit priority, with a snapshot at the end of each half-year for comparison over time.

Questionnaires to managers. Instead of sending attachments to be filled in and copied back, Internal Audit sends from the app a questionnaire with the catalogue's test questions. The head of the unit replies online and uploads the procedures requested; the team sees response rate, timing and documents received in real time.

The half-yearly report. At the end of the half-year the audit report is composed from the engagement data: audits performed, results, corrective actions and their status. What remains for the professional is the work that matters: reviewing, assessing and signing.

Each user sees only the engagements assigned to them, access requires two-factor authentication and every working paper follows a tracked review flow, from draft to validated.

How we work at Link Audit

Link Audit supports healthcare bodies in their Internal Audit function, from risk assessment to the audit plan, from testing PAC procedures to following up findings. Our professionals work on Digit Internal Audit together with the healthcare body's Internal Audit function, which has access to its own engagement and follows its progress.

On request we show the full process on a sample healthcare body, from the corporate charter to the risk assessment, from the audit plan to the reports: just write to askto@linkaudit.it.

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In short

Internal Audit was born in companies to give senior management an independent view of controls. In healthcare it arrived with the PAC, as a tool for making financial statements certifiable.

An Internal Audit function that merely ticks off procedures serves the PAC; one that reads the organisation's risks serves those who govern it.

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References: 2010-2012 Health Pact, Article 11; Ministerial Decrees of 18 January 2011, 17 September 2012 and 1 March 2013; Legislative Decree 118/2011; Global Internal Audit Standards (IIA, 2024); regional acts cited in the table; OASI Report 2023, chapter 15 (CERGAS – SDA Bocconi). This article is for information purposes only and is not a substitute for professional advice on specific cases. In the event of any discrepancy, the Italian version prevails.

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