



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

INTERNAL AUDIT PLAN 2023-24
HAMPSHIRE PENSION SERVICES / HAMPSHIRE
PENSION FUND

Prepared by: Antony Harvey, Deputy Head of Partnership

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Introduction

The role of internal audit is that of 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'.

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

The Council's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the service's objectives.

The aim of internal audit's work programme is to provide independent and objective assurance to management, in relation to the business activities; systems or processes under review that:

- the framework of internal control, risk management and governance is appropriate and operating effectively; and
- risk to the achievement of objectives is identified, assessed and managed to a defined acceptable level.

The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of Internal Audit resources to provide a clear statement of assurance on risk management, internal control and governance arrangements.

Internal Audit focus should be proportionate and appropriately aligned. The plan will remain fluid and subject to on-going review and amendment, in consultation with the relevant stakeholders to ensure it continues to reflect the needs of the service. Amendments to the plan will be identified through the Southern Internal Audit Partnership's continued contact and liaison with those responsible for the governance of Hampshire Pension Services and Hampshire Pension Fund.

Your Internal Audit Team

Your internal audit service is provided by the Southern Internal Audit Partnership. The strategic lead will be Antony Harvey, Deputy Head of Partnership, supported by Mark Norton, Audit Manager.

Conformance with Internal Auditing Standards

The Southern Internal Audit Partnership service is designed to conform to the Public Sector Internal Audit Standards (PSIAS). Under the PSIAS there is a requirement for audit services to have an external quality assessment every five years. In September 2020 the Institute of Internal Auditors were commissioned to complete an external quality assessment of the Southern Internal Audit Partnership against the PSIAS, Local Government Application Note and the International Professional Practices Framework (IPPF).

In selecting the Institute of Internal Auditors (IIA) a conscious effort was taken to ensure the external assessment was undertaken by the most credible source. As the authors of the Standards and the leading Internal Audit authority nationally and internationally the IIA were excellently positioned to undertake the external assessment.

In considering all sources of evidence the external assessment team concluded:

'The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles. It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles.'

'We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN). We are pleased to report that SIAP conform with all relevant, associated elements.'

Conflicts of Interest

We are not aware of any relationships that may affect the independence and objectivity of the team which are required to be disclosed under internal auditing standards.

Developing the Internal Audit Plan

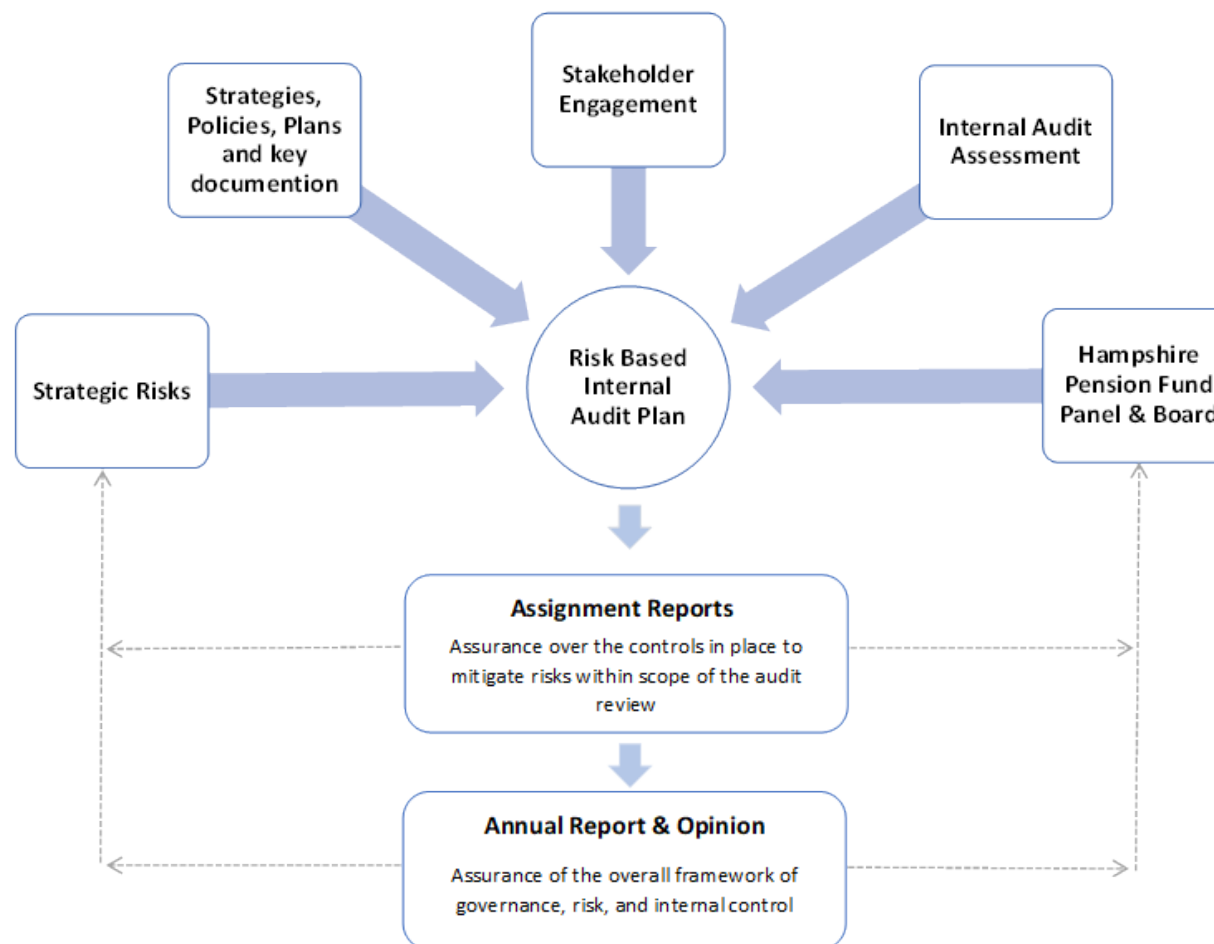
In accordance with the Public Sector Internal Audit Standards there is a requirement that internal audit establish a risk-based audit plan to determine the resourcing of the internal audit service, consistent with the service's goals.

Based on conversations with key stakeholders, review of risk registers, key documents and our understanding of the service, the Southern Internal Audit Partnership have developed an annual audit plan for the coming year.

Audit planning is a perpetual process throughout the course of the year to ensure we are able to react to new and emerging risks and the changing needs of the service.

Hampshire Pension Fund Panel and Board are reminded that internal audit is only one source of assurance and through the delivery of our plan we will not, and do not seek to cover all risks and processes within the organisation.

We will however continue to work closely with other assurance providers to ensure that duplication is minimised, and a suitable breadth of assurance is obtained.



Internal Audit Plan 2023-24 (and indicative plan for 2024-25 to 2025-26)

| Audit Review | Indicative scope | 23 -24 | 24-25 | 25-26 |
|---|---|--------|-------|-------|
| Pensions payroll and benefit calculations | Annual review to provide assurance that Hampshire Pension Services' (HPS) systems and controls ensure that:- <ul style="list-style-type: none"> Lump sum and on-going pension payments are calculated correctly, are valid and paid to the correct recipients; All changes to on-going pensions are accurate and timely; Pension payroll runs are accurate, complete, timely and secure with all appropriate deductions made and paid over to the relevant bodies. | Q3-4 | ✓ | ✓ |
| Pension starters | Review of the control framework to support appropriate, complete and prompt admission of new starters to the various pension schemes administered by HPS. | | ✓ | |
| Pension leavers | Audit of the controls to ensure accurate, prompt and complete administration of pension leavers, including the production of on-going annual benefit statements within agreed timescales, by HPS. | | ✓ | |
| Pension transfers | To provide assurance over the processes and controls to support the accuracy and timeliness of transfers in and out of the schemes administered by HPS. | | | ✓ |
| Pension refunds | To assess that there are appropriate arrangements to ensure all refunds are valid, accurate and are paid promptly to the correct recipients following a validated request to withdraw from the schemes administered by HPS. | Q1 | | |
| Member deaths | To provide assurance that HPS' systems and processes ensure that any payments related to deceased members are calculated correctly and paid promptly to the correct recipient with the risk of overpayments minimised. | | | ✓ |
| Accounting for pension contributions | Review of HPS' control framework to ensure that all funds due from employers are received promptly, are accounted for correctly and are reconciled to annual returns. | | | ✓ |

| Audit Review | Indicative scope | 23 -24 | 24-25 | 25-26 |
|--|--|------------|-------|-------|
| Governance arrangements | Review of the governance arrangements for HPS, Hampshire Pension Fund and Hampshire Pension Fund Panel and Board and assurance over compliance with the arrangements. | | ✓ | |
| Fund management, investments and accounting for assets | Assurance over Hampshire Pension Fund's compliance with the approved Pension Fund Investment Strategy and that all assets are accounted for, held securely and all dividends/interest etc due is received. | Q2 | | |
| UPM – Application review | Assurance over the management of the UPM application, including supporting infrastructure such as servers, databases, pre-production environments and system changes. | Q3 | | |
| UPM – Cyber security | To provide assurance over the cyber security arrangements for the UPM application. | | | ✓ |
| Management | Planning, liaison, reporting, audit committee, external audit, advice. | ✓ | ✓ | ✓ |
| Total Days | | 100 | | |