

**Internal Audit Plan**

**2017-18**

**Hampshire Pension Services**

**Hampshire Pension Services**

**Southern Internal  
Audit Partnership**

Assurance through excellence  
and innovation

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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 organisations 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'.*

Hampshire Pension Services 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 Hampshire Pension Services that these arrangements are in place and operating effectively.

Hampshire Pension Services response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of 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 Audit Sponsors, 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.

## Your Internal Audit Team

Your internal audit service is provided by the Southern Internal Audit Partnership. The team will be led by Neil Pitman, Head of Southern Internal Audit Partnership, supported by Antony Harvey, Strategic Lead and Liz Foster, 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 2015 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.

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:

*'It is our view that the Southern Internal Audit Partnership (SIAP) service generally conforms to **all** of these principles. **This performance is within the top decile of EQA reviews we have performed.** This is a notable achievement given the breadth of these Standards and the operational environment faced by SIAP.'*

*There are **no instances** across these standards where we determined a standard below "generally conforms", and 4 instances where the standard is assessed as "not applicable" due to the nature of SIAP's remit.'*

## Conflicts of Interest

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

## Developing the internal audit plan 2017/18

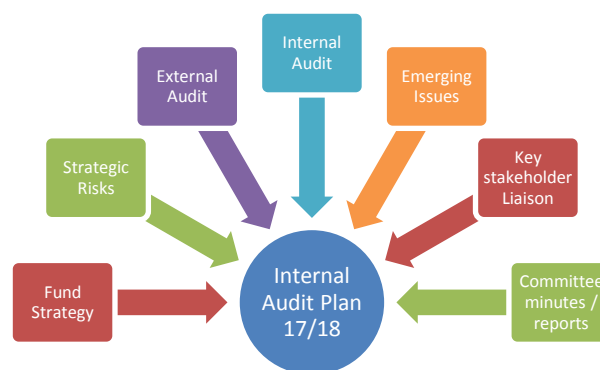
We have used various sources of information and discussed priorities for internal audit with the following groups:

- Carolyn Williamson – Director of Corporate Resources;
- Nick Weaver – Pensions, Investments & Borrowing Manager.

Based on these conversations with key stakeholders, review of key corporate documents and our understanding of the organisation the Southern Internal Audit Partnership have developed an annual audit plan for the forthcoming year (2017 – 2018).

The Hampshire Pension Fund Panel & 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 2017-18

Audit	Risk	Scope	Proposed Timing
Pensions payroll and benefit calculations	Systems and process do not support the accurate, complete and timely administration of pension calculations and payments.	Annual review of the processes and controls to support: <ul style="list-style-type: none"> <li>• accuracy and appropriateness of pension benefit calculations;</li> <li>• completeness / timeliness of payroll runs; and</li> <li>• ensuring all payments are recorded accurately.</li> </ul>	
Pension refunds	Pension refunds are incomplete and/or inaccurate.	Cyclical review of the control framework to support appropriate, complete, accurate and prompt member refunds.	
Fund management and investments	Revised strategies have not been formally approved or complied with. Investments are not in line with approved practice.	Review of the development and approval of the new Pension Fund Investment Strategy and compliance with the new Strategy once approved..	
Accounting for assets / custodian services includes pension fund shareholding	Ineffective commissioning and procurement processes to re-let contract. Assets are not held securely. Investment income/dividends are not received	Review of current custodian service arrangements and process to re-let the contract (effective from 1 August 2018).	
Management	Planning, liaison, reporting, audit committee, external audit, advice		
Total Days	<b>100</b>		

