



**Hampshire
& Isle of Wight**
FIRE & RESCUE AUTHORITY

HIWFRA Standards and Governance Committee

Purpose: Approval

Date: **9 April 2024**

Title: **INTERNAL AUDIT CHARTER & RISK-BASED INTERNAL AUDIT
PLAN 2024-25**

Report of Internal Auditor

SUMMARY

1. The purpose of this paper is to provide a copy of the Internal Audit Charter and the proposed 2024-25 risk based internal audit plan for the Hampshire and Isle of Wight Fire and Rescue Authority (HIWFRA). These are attached as appendices for approval by the Standards and Governance Committee.

RECOMMENDATION

2. That the Internal Audit Charter and Risk-Based Internal Audit Plan for 2024-25 be approved by the HIWFRA Standards and Governance Committee

BACKGROUND

3. Section 151 of the Local Government Act 1972 requires that authorities 'make arrangements for the proper administration of their financial affairs'. The Accounts and Audit (England) Regulation 2015 require an authority to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.

4. Internal audit is also a key part of the control mechanism established by management and an essential part of good governance in the public sector and provides evidence to support the Annual Governance Statement.
5. Southern Internal Audit Partnership (SIAP) are the appointed internal audit provider for the HIWFRA.

INTERNAL AUDIT CHARTER

6. The Public Sector Internal Audit Standards require that an Internal Audit Charter be developed and regularly reviewed and approved.
7. The proposed Internal Audit Charter for 2024-25 is attached as appendix A for consideration. The Internal Audit Charter will be reviewed on an annual basis and presented with the Internal Audit Plan for approval each year. The only changes to the Internal Audit Charter since it was approved last year, have been to update job titles.

INTERNAL AUDIT PLAN

8. The internal audit plan for 2024-25, which has been prepared in accordance with the Internal Audit Charter and discussed with management and officers, is attached at appendix B for consideration. The Shared Services aspects of the Internal Audit Plan are yet to be confirmed and are agreed separately through Shared Services governance mechanisms. Progress against the audit plan, including the Shared Services aspects of the plan, will, however, be provided through the regular progress updates to the Standards and Governance Committee.
9. The plan will remain flexible during the year to ensure that planned reviews continue to reflect the risk profile of HIWFRA and to enable coverage of emerging risks as required.
10. HIWFRA entered into shared service arrangements with Hampshire County Council, Hampshire and Isle of Wight Constabulary and the Police and Crime Commissioner in 2014 and since that time, arrangements for obtaining assurance around these services have evolved. Initially this was through a shared internal audit plan, delivered by SIAP, for the four organisations.
11. Since April 2019, however, that has changed. The Shared Services - International Standard on Assurance Engagements ISAE 3402 was developed to provide an international assurance standard for allowing public bodies to issue a report for use by user organisations and their auditors (user auditors) on the controls at a service organisation that are likely to impact or be a part of the user organisation's system of internal control over financial reporting. This Standard provides assurance over many of the areas previously included in the internal audit plan. Assurance against the international standard is provided by Ernst & Young.

12. The SIAP will continue to provide assurance to the HIWFRA and partner organisations for those systems and process outside of the scope of the ISAE 3402 through the shared internal audit plan. All partner organisations contribute audit days to this plan. At the time of writing this report, the shared internal audit plan is in development. An internal audit protocol for this work has been agreed with partner and shared services management.

SUPPORTING OUR SAFETY PLAN AND PRIORITIES

13. The Internal Audit Plan is designed to validate the assurance and control framework which exists in the HIWFRA and across the Service. Secure management processes including risk and performance management are important in ensuring that the Authority's plans are achieved. The audit plan also supports various Safety Plan priorities – including but not limited to high performance; and learning and improving.

COLLABORATION

14. As indicated above, a shared internal audit plan is in the process of being developed to provide assurance to HIWFRA, Hampshire County Council, Hampshire and Isle of Wight Constabulary and the Hampshire and Isle of Wight Police and Crime Commissioner on areas of shared services that fall outside the scope of the ISAE3402 assurance work.

RESOURCE IMPLICATIONS

15. The cost of internal audit services is reflected in the Authority's budget, based on an average of 185 days per year. The average days will be monitored over a three-year rolling basis.
16. The audit plan will remain fluid to enable us to react to the changing needs of HIWFRA.

IMPACT ASSESSMENTS

17. Impact assessments have not been required for this report as the production of the report will not result in the implementation of a new change activity, and/or introducing, or amending, a Service Policy.

LEGAL IMPLICATIONS

18. The requirement for internal audit for local authorities is set out in the Local Government Act 1972 and the Accounts and Audit Regulations 2015. There are no legal implications arising from this report.

OPTIONS

19. To approve or not approve the Internal Audit Charter and the 2024-25 risk based internal audit plan for HIWFRA.
20. Approving the Charter and internal audit plan will ensure that HIWFRA receives assurance on the Service's key business risks and will enable the Authority to provide scrutiny through audit review findings (and progress against associated management actions) and the annual assurance opinion.

RISK ANALYSIS

21. The risk-based approach to internal audit planning and reviews aims to ensure that internal audit resource focuses on key business risks and as such feedback from risk management discussions and risk registers have been used to inform the planning process and ensure that key risks are reflected in planned work.

EVALUATION

22. Internal audit activity provides the Authority with an assurance mechanism to evaluate the effectiveness of the Service's risk management, control and governance processes.
23. Management actions identified and agreed as a result of internal audit review will assist the HIWFRA in securing continuous improvement within governance, risk management and control processes. Progress against these management actions is monitored by both SIAP and the Service – with separate reporting into the Standards and Governance Committee.

CONCLUSION

24. The risk-based approach to internal audit planning and reviews is a crucial assurance mechanism for both the HIWFRA and the Service. The proposed audit plan has been developed in collaboration and consultation with management and officers and covers a range of areas across the Service's directorates.

APPENDICES ATTACHED

Appendix A – Internal Audit Charter 2024-25.

Appendix B – Internal Audit Strategy and Risk Based Internal Audit Plan 2024-25.

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