

Appendix B

Internal Audit Strategy and Plan

2020-21

Hampshire Fire and Rescue Authority



**HAMPSHIRE
FIRE AND
RESCUE
SERVICE**

**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

Contents

Introduction	.....	3
Your Internal Audit Team	.....	4
Conformance with Internal Audit Standards	.....	4
Conflicts of Interest	.....	4
Organisation Risk	.....	5
Developing the internal audit plan 2020-21	.....	5-7
Internal Audit Plan 2020-21	.....	7-12

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 Fire and Rescue Authority 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 Fire and Rescue Authority that these arrangements are in place and operating effectively.

Hampshire Fire and Rescue Authority's response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisation'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 the organisation's 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 Directors and Audit Sponsors, to ensure it continues to reflect the needs of the Organisation. 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 Fire and Rescue Authority and reported to the Standards and Governance Committee through regular progress reports.

Your Internal Audit Team

Your internal audit service is provided by the Southern Internal Audit Partnership. The team will be led by Karen Shaw, Deputy Head of Southern Internal Audit Partnership, supported by Beverly Davies, 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.

Organisation Risk

Hampshire Fire and Rescue Authority have recently reviewed their framework and approach to risk management and are updating the risk register. The strategic risks assessed by the organisation are a key focus of our planning for the year to ensure the internal audit plan meets the organisation's assurance needs and contributes to the achievement of their objectives. We will review the updated risk register as soon as it is available and will monitor the Service's Organisational Risk Register developments closely over the course of the year to ensure our plan remains agile to the rapidly changing landscape.

Developing the internal audit plan 2020/21

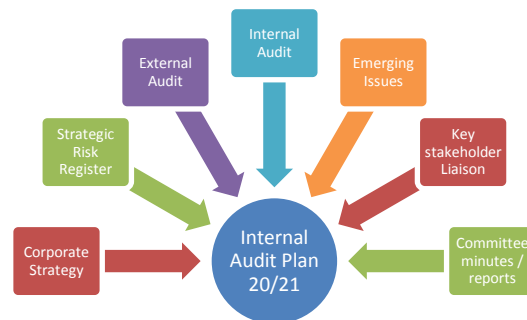
We have used various sources of information and discussed priorities for internal audit with the following people:

- Rob Carr, Finance Director
- ACO Shantha Dickinson, Director of Performance and Assurance
- ACO Stew Adamson – Director of Operations
- Matt Robertson – Director of Corporate Services
- Tony Oliver – Head of ICT
- Molly Rowland – Head of People and Organisational Development
- Dave Turner – Head of Academy and Organisation Development
- Alex Quick, Head of Performance (who has also engaged more widely across the Service, including with DCFO Steve Apter and Head of Policy and Planning, Kevin Evenett, to feed into these discussions)

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 coming year.

Hampshire Fire and Rescue Authority 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.



Shared Services

Services provided under the shared service arrangements with Hampshire County Council, Hampshire Constabulary and the Police and Crime Commissioner for Hampshire continue to be reviewed via a joint internal audit plan that provides assurance to all parties to avoid duplication of effort, however changes to this approach took effect from 2019/20 for some areas as outlined below. All three organisations contribute audit days to this plan. An internal audit protocol for this work has been agreed with partner and shared services management.

Shared Services - International Standard on Assurance Engagements No. 3402

ISAE 3402 has been 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.

The Integrated Business Centre (IBC) is a shared service function hosted by Hampshire County Council, delivering transactional processing and business support services to a growing number of public sector bodies. Such services include general ledger; Order to Cash; Purchase and Payables; Cash & Bank; Payroll; and Information Systems.

Due to the significance of the business processes provided on behalf of partner organisations it is appropriate for Hampshire County Council to provide assurance on its service through compliance with such international standard requirements.

Historically the Southern Internal Audit Partnership have provided assurance to partnering organisations through their audit coverage and subsequent year end assurance on the framework of governance, risk and control. Assurance against the international standard is now provided by Ernst & Young.

The SIAP will continue to provide assurance to the Hampshire Fire and Rescue Authority and partner organisations for those systems and process outside of the scope of the ISAE 3402 through the shared internal audit plan outlined below and subsequent annual report and opinion.

Internal Audit Plan 2020-21

Audit	Audit sponsor	Scope	Link to Strategic Risk Register	Proposed Timing
HFRS audit plan				
Health and Safety	Director of Policy and Planning	This audit will focus on the response to the forthcoming Health & Safety peer review (scheduled for late 2020), and the extent to which plans have been developed and actions have been taken in response to issues and learning identified in the peer review.	See page 5.	Q4
Working Time Regulations	Head of People and Organisational Development	This audit will review compliance with legislation, policies and procedures on Working Time Regulations. This will follow on from the work and paper that went to the Executive Group in October 2019, where various actions (including in relation to requirements for employees and managers,	As above.	Q4

Audit	Audit sponsor	Scope	Link to Strategic Risk Register	Proposed Timing
		and rest periods) were agreed in relation to Working Time Regulations.		
Budgetary Control	Finance Director	This audit will review budget monitoring policy, procedures, guidance, processes, and reporting to ensure that budgets are controlled in accordance with Financial Regulations and aligned with the financial guidance outlined in the Fire and Rescue National Framework for England.	See page 5.	Q2
Disaster recovery and business continuity	Director of Policy and Planning	This audit will be a follow-up to the light-touch position statement audit that was carried out in 2019/20. It will review the robustness of the updated arrangements and processes in place for disaster recovery / business continuity.	As above.	Q3
Assurance of the competence of operational response capability	Director of Operations	This audit will focus on the robustness of internal processes and control mechanisms for assuring that those mobilised in a response capacity are competent in the role they have been mobilised to undertake.	As above.	Q1

Audit	Audit sponsor	Scope	Link to Strategic Risk Register	Proposed Timing
Proactive fraud work	Director of Performance and Assurance	Annual – 2020/21 scope to be determined	See page 5.	Q3
NFI	Director of Performance and Assurance	Statutory requirement for data matching	As above.	Q3
ICT Policy & Procedures	Director of Corporate Services	This audit will focus on the adequacy and sufficiency of HFRS ICT policies and procedures, to provide independent assurance following the wider HFRS review of the policy, procedure and guidance framework.	As above.	Q1
ICT contract management	Director of Corporate Services	This audit will review governance arrangements, supplier relationship management and contractual performance monitoring for HFRS ICT contracts and ensure they are aligned with good practice in these areas.	As above.	Q2
ICT strategy follow-up	Director of Corporate Services	This will be a follow-up to the 2018/19 ICT strategy audit. It will focus on the robustness of HFRS's ICT strategy, in supporting the Service's Safety Plan and mitigating potential corporate risks, and in preparation for the Combined Fire Authority.	As above.	Q3

Audit	Audit sponsor	Scope	Link to Strategic Risk Register	Proposed Timing
Follow up	Various	To assess progress in implementing management actions for reviews carried out during 2019/20	See page 5.	Q4
Other audit activities		This includes preparation of the audit plan, annual internal audit report, advice and attending management and committee meetings.	See page 5.	Q1-4
TOTAL DAYS			185	

Note – this includes a contribution of 20 days to the Shared Services plan below.

Shared Services Internal Audit Plan 2020-21

Audit	Risk	Scope	Proposed Timing
Governance & IT			
Governance arrangements	Governance arrangements do not remain fit for purpose as the business evolves and new partners are introduced.	Review of changes / continued effectiveness of governance arrangements. Focus on roles, responsibilities and effectiveness of the Shared Services Board.	Q2
HR			
Casual Staff	Insufficient oversight and approval of casual staff pay claims.	Review of new processes in place from February 2020 to ensure pre-employment checks are completed and workflows are set up correctly to facilitate the claims payment process.	Q3
Recruitment (Success Factors)	Recruitment processes are not sufficiently robust and timely to meet needs of the recruiting organisation.	A full review is being carried out during 2019/20. This review will be scoped according to the outcomes of that review with the aim of focussing on higher risk areas.	Q4
Pre-employment checks	Suitability of staff to undertake roles is not confirmed.	A review of DBS checking arrangements is being carried out during 2019/20 to ensure that the need for the checks is correctly identified, carried out and recorded. The 2020/21 review will aim to focus on other pre-employment checks such as right to work, professional registrations. To also focus on the new DBS app (implementation May 2020).	Q3

Audit	Risk	Scope	Proposed Timing
Good work plan	New national requirement from 1 April 2020 for all contracts of employment to be issued by start date are not met	To review revised processes in place to ensure that new legal requirements are met (this will exclude schools).	Q3
Occupational Health – information management	Personal and sensitive information is shared without obtaining the appropriate consent.	To review new processes in place to ensure that appropriate consent is received prior to sensitive information being shared.	Q2
Procurement & Contract Management			
Procurement (General)	Non-compliance with EU Regulations and Contract Procedure Rules.	To review procurement processes and compliance with EU Regulations and agreed policies. (£100k +).	Q1
Other			
Contingency		As required following the change of approach in 2019/20 (ISAE 3402).	
Management		Planning, liaison, reporting, action tracking, external audit liaison, advice.	
Total Days			185