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

NOTICE OF MEETING

<i>Meeting</i>	HIWFRA Standards and Governance Committee	<i>Clerk to the Hampshire & Isle of Wight Fire and Rescue Authority</i> CFO Neil Odin
<i>Date and Time</i>	Friday, 11th March, 2022 2.30 pm	<i>Fire & Police HQ</i> <i>Leigh Road,</i> <i>Eastleigh</i> <i>Hampshire</i> <i>SO50 9SJ</i>
<i>Place</i>	Meeting Room X and Y - Fire & Police Shared HQ, Eastleigh	
<i>Enquiries to</i>	<u>members.services@hants.gov.uk</u>	

The Openness of Local Government Bodies Regulations are in force, giving a legal right to members of the public to record (film, photograph and audio-record) and report on proceedings at meetings of the Authority, and its committees and/or its sub committees. The Authority has a protocol on filming, photographing and audio recording, and reporting at public meetings of the Authority which is available on our website. At the start of the meeting the Chairman will make an announcement that the meeting may be recorded and reported. Anyone who remains at the meeting after the Chairman's announcement will be deemed to have consented to the broadcast of their image and anything they say.

Agenda

1 **APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

2 **DECLARATIONS OF INTEREST**

To enable Members to disclose to the meeting any disclosable pecuniary interest they may have in any matter on the agenda for the meeting, where that interest is not already entered in the Authority's register of interests, and any other pecuniary or non-pecuniary interests in any such matter that Members may wish to disclose.

3 **MINUTES OF PREVIOUS MEETING** (Pages 3 - 8)

To confirm the minutes of the previous meeting held on 16 November 2021.

4 **DEPUTATIONS**

Pursuant to Standing Order 19, to receive any deputations to this meeting.

5 **CHAIRMAN'S ANNOUNCEMENTS**

To receive any announcements the Chairman may wish to make.

6 **INTERNAL AUDIT CHARTER AND INTERNAL AUDIT PLAN 2022/23**
(Pages 9 - 34)

To consider a report of the Chief Internal Auditor which asks the Committee to approve the Internal Audit Charter and Internal Audit Plan

7 **INTERNAL AUDIT PROGRESS REPORT 2021/22** (Pages 35 - 52)

To receive a report of the Chief Internal Auditor updating the Committee on the progress of internal audit work

8 **INTERNAL AUDIT MANAGEMENT ACTIONS PROGRESS REPORT**
(Pages 53 - 60)

To consider a report of the Chief Fire Officer on the progress made towards the implementation of internal audit management actions

ABOUT THIS AGENDA:

This agenda is available through the Hampshire & Isle of Wight Fire and Rescue Service website (www.hantsfire.gov.uk) and can be provided, on request, in alternative versions (such as large print, Braille or audio) and in alternative languages.

Agenda Item 3

AT A MEETING of the HIWFRA Standards and Governance Committee held at
Fire and Police HQ, Eastleigh on Tuesday, 16th November, 2021

Chairman:

* Councillor Liz Fairhurst

Vice-Chairman

* Councillor David Fuller

* Councillor Jonathan Glen

Councillor David Harrison

* Councillor Ian Stephens

* Present

Also present with the agreement of the Chairman:

Stew Adamson, Chairman of the HIWFRA Firefighters' Pension Board

20. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor David Harrison.

21. **DECLARATIONS OF INTEREST**

Members were mindful of their duty to disclose at the meeting any Disclosable Pecuniary Interest they had in any matter on the agenda for the meeting, where that interest was not already in the Authority's register of interests, and their ability to disclose any other personal interests in any such matter that they might have wished to disclose.

No interests were declared.

22. **MINUTES OF PREVIOUS MEETING**

The minutes of the last meeting held on the 29 September 2021 were reviewed and agreed.

23. **DEPUTATIONS**

There were no deputations for the meeting.

24. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had no announcements to make.

25. **OPTED IN AUTHORITY - PUBLIC SECTOR AUDIT APPOINTMENTS LIMITED**

The Committee considered a report of the Chief Financial Officer on Opted in Authority – Public Sector Audit Appointments (PSAA) Limited (Item 6 in the Minute Book).

The report was introduced and the requirement for the Authority to appoint an external independent auditor was explained. It was noted that this was a decision for the Full Authority, which was being brought to Standards and Governance Committee to consider before recommending to Full Authority.

The options available were presented to the Committee as detailed in the report. It was highlighted that it would be costly to the Authority to run their own procurement exercise and as the PSAA scheme was a national scheme, the Authority would benefit from reduced costs as any up-front procurement costs would be shared with other authorities opting-in to the arrangements.

Members were content with the report and the recommendation to the Full Authority to opt-in to the PSAA national scheme.

RESOLVED:

That the HIWFRA Standards and Governance Committee **RECOMMENDS** to Full Authority that HIWFRA opts-in to the Public Sector Audit Appointments (PSAA) national scheme for the appointment of external auditors for HIWFRA for the 5-year period from April 2023.

26. **MCCLOUD AGE DISCRIMINATION REMEDY - IMMEDIATE DETRIMENT FRAMEWORK**

The Committee considered a report of the Chief Financial Officer on the McCloud Age Discrimination Remedy – Immediate Detriment Framework (Item 7 in the Minute Book).

The report was introduced to the Committee and Members were taken through the report, and the background to Immediate Detriment was explained as set out in paragraphs three-nine. It was explained that since the report had been published, new information had been provided relating to potential additional costs that may result from adopting the Immediate Detriment Framework for those already retired. The Committee heard that:

- The Immediate Detriment Framework would enable the opportunity for a larger lump sum.
- If retired more than 12 months ago, there would be an unauthorised payment tax charge of 40% of the additional payment.
- From 6 April 2022 the unauthorised payment cost in these circumstances would be waived by HMRC.
- Between the adoption of the framework and the 6 April 2022, the unauthorised payment cost would have to be paid by HIWFRS.

The Committee heard that assuming everyone eligible came forward before the 6 April 2022, there was a potential risk to HIWFRS of £80,000 in unauthorised payment costs, but this was seen as highly unlikely, and most payments would be made after this date. The lump sum could also be delayed to after this date. In response to a Member query, it was heard that the numbers affected were 70.

The Chairman of the HIWFRA Firefighters' Pension Board was invited to speak and highlighted the Board's support of the report and the Immediate Detriment Framework. During consultation with the Board for their input prior to report publication, issues relating to communication with current and retired firefighters had been raised, and also around capacity of the pensions team and succession planning. The Chairman of the Board confirmed that this had been taken back to Executive Group for discussion. It was also heard that 'McCloud' had been included on the Fire Pensions Risk Register for monitoring by the Board. Members of the Committee also noted that a current member of the Pension Board was a member of the Fire Brigades Union (FBU) which was seen as very positive.

Members questioned the impact if the deadline was breached, as well as the ability to divert experienced pension staff to work on this due to its complexity. It was explained that there was a risk of legal action by the FBU if timescales are not met, but Officers were keen to enable dialogue between the FBU and members of the pension scheme to keep communication flowing. Members also noted that there were currently no concerns around diverting staffing, if this is found to be necessary.

Members of the Committee were supportive of the approach as detailed in the report and were content to support the recommendation.

RESOLVED:

That the adoption of the Immediate Detriment Framework as set out in this report was approved by the HIWFRA Standards and Governance Committee.

27. INTERNAL AUDIT PROGRESS REPORT 2021/22

The Committee received a report of the Chief Internal Auditor on the Internal Audit Progress Report 2021/22 (Item 8 in the Minute Book).

The report was presented to the Committee, and it was heard that there had been a couple changes to timings in the rolling work programme at Appendix A, since the previous report to the Committee. The adjustment to the Internal Audit Plan at Section 8 of Appendix A was also clarified.

RESOLVED:

That the progress in delivering the internal audit plan for 2021/22 and the outcomes to date were noted by the HIWFRA Standards and Governance Committee.

28. **INTERNAL AUDIT MANAGEMENT ACTIONS PROGRESS REPORT**

The Committee received a report of the Chief Fire Officer providing a progress update on Internal Audit Management Actions (Item 9 in the Minute Book).

Members of the Committee were taken through the report, and attention was drawn to paragraph seven of the report which highlighted the progress made in reducing the number of audit management actions compared to June 2019. The table at paragraph six of the report detailed the current outstanding actions.

In response to a query relating to the accuracy of allowances and payments, it was explained that scrutiny and budget control was much improved and was reflected at a station level and upwards, and managers had been given guidance in checking and reviewing allowances and payments. It was heard that regular audit reviews would also monitor this. Officers confirmed that there had been some incorrect allowances identified during the current amnesty period, as detailed in the table at paragraph six, which would result in a number of relatively small payments. The Committee noted that a dedicated project team were managing this, and any changes to pay would be made in time for the March 2022 payroll. Members requested an update on this in a future report.

In relation to the outstanding action of 'operational staff with teaching or assessing rights to be able to capture training updates on the Competency Management System', it was explained that this would be implemented with the new Gartan software in stations.

Officers confirmed that there had also been significant work in assessing whether internal audit management actions were being addressed in the right way. Members were also reassured that impact assessments across the Service were robust.

RESOLVED:

That the HIWFRA Standards and Governance Committee noted the continued progress made towards the implementation of the internal audit management actions and the delivery of the audit plan.

29. **ORGANISATIONAL RISK REGISTER UPDATE**

The Committee received a report of the Chief Fire Officer providing an update on the Organisational Risk Register (Item 10 in the Minute Book).

The report was introduced and the background to the Authority's risk management approach was highlighted. The role of the Executive Group in monitoring current risks and examining new and emerging risks was explained. Members noted the two new risks 'Data Quality Issues' and 'McCloud Pension Issues'.

Officers drew Members attention to paragraph four of the report which confirmed that details from the new JCAD risk information system software had been used in formulating the report, and as a result the format of the appendix would change slightly going forward.

RESOLVED:

The HIWFRS Organisational Risk Register status under the delegated management of the Chief Fire Officer was noted by the HIWFRA Standards and Governance Committee.

Chairman,

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

Standards and Governance Committee

Purpose: Approval

Date: 11 March 2022

Title: **INTERNAL AUDIT CHARTER & INTERNAL AUDIT PLAN 2022/23**

Report of the Chief Internal Auditor

SUMMARY

1. The purpose of this paper is to provide a copy of the Internal Audit Charter and the proposed 2022/23 internal audit plan for the Hampshire and Isle of Wight Fire and Rescue Authority (HIWFRA). These are attached as appendices.

BACKGROUND

2. 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'.
3. 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.
4. Southern Internal Audit Partnership (SIAP) are the appointed internal audit provider for the HIWFRA.

INTERNAL AUDIT CHARTER

5. The Public Sector Internal Audit Standards require that an Internal Audit Charter be developed and regularly reviewed and approved.

6. The proposed Internal Audit Charter for 2022/23 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. There only change to the Internal Audit Charter since it was approved last year, relates to the timing and attendees at our regular liaison meetings (page 4 of the Charter).

INTERNAL AUDIT PLAN

7. The internal audit plan for 2022/23, which has been prepared in accordance with the Internal Audit Charter and discussed at liaison meetings 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.
8. 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.
9. HFRA entered into shared service arrangements with Hampshire County Council, Hampshire 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.
10. 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.
11. 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

12. 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

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

RESOURCE IMPLICATIONS

14. 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.
15. The audit plan will remain fluid to enable us to react to the changing needs of HIWFRA.

IMPACT ASSESSMENTS

16. 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

17. 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

18. To approve or not approve the Internal Audit Charter and the 2022/23 internal audit plan for HIWFRA.
19. 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

20. 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

21. Internal audit activity provides the Authority with an assurance mechanism to evaluate the effectiveness of the Service's risk management, control and governance processes.
22. 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

23. 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.

RECOMMENDATION

24. That the Internal Audit Charter and Internal Audit Plan for 2022/23 be approved by Hampshire and Isle of Wight Fire and Rescue Authority Standards and Governance Committee.

APPENDICES ATTACHED

[Appendix A – Internal Audit Charter 2022/23.](#)
[Appendix B – Internal Audit Plan 2022/23.](#)

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

**Southern Internal
Audit Partnership**

Hampshire & Isle of Wight Fire and Rescue Authority

Internal Audit Charter

Introduction

The Public Sector Internal Audit Standards, which took effect from the 1 April 2013, provide a consolidated approach to audit standards across the whole of the public sector providing continuity, sound corporate governance, and transparency.

The 'Standards' form part of the wider mandatory elements of the International Professional Practices Framework (IPPF) which also includes the mission; core principles; definition of internal audit; and Code of Ethics.

The Standards require all internal audit activities to implement and retain an 'Internal Audit Charter'. The purpose of the Internal Audit Charter is to formally define the internal audit activity's purpose, authority, and responsibility.

Hampshire & Isle of Wight Fire & Rescue Authority (HIWFRA) assume a Key Stakeholder role within the Southern Internal Audit Partnership (SIAP). The SIAP currently provides internal audit services to a wide portfolio of public sector clients (Annex 1) through a variety of partnership and sold service delivery models.

Mission and Core Principles

The IPPF 'Mission' aims *'to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.'*

The 'Core Principles' underpin delivery of the IPPF mission, requiring that the internal audit function:

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives and risks of the organisation.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive, and future-focused.
- Promotes organisational improvement.

Authority

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

'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.'

The standards for 'proper practices' in relation to internal audit are laid down in the Public Sector Internal Audit Standards 2013 which were updated in 2017 [the Standards].

Purpose

HIWFRA is responsible for establishing and maintaining appropriate arrangements for:

- risk and performance management;
- assurance and control frameworks including anti-fraud and whistleblowing;
- financial management;
- achieving effectiveness and securing value for money; and
- governance.

The purpose of internal audit is to provide reasonable assurance to HIWFRA that necessary arrangements are in place and operating effectively, and to identify risk exposures and areas where improvements can be made.

Internal Audit activity should support HIWFRA in maintaining and improving the overall control / assurance framework, to assist with the achievement of the organisation's vision, service plan, and intention to be the best.

It will do this through:

- Assurance work - which involves assessing how well the systems and processes are designed and working.
- Consulting activities - available to help to improve those systems and processes where necessary.
- Adding value - by sharing learning opportunities and improvements based on knowledge of best practice across the public sector.

The role of Internal Audit is best summarised through its definition within the Standards, as 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'.

Definitions

In this charter the following definitions apply:

The Board – the governance group charged with independent assurance on the adequacy of the risk management framework, the internal control environment, and the integrity of financial reporting. For HIWFRA this is the Standards and Governance Committee.

Senior Management – those responsible for the leadership and direction of Hampshire & Isle of Wight Fire and Rescue Service. This is the Executive Group.

Responsibility

The responsibility for maintaining an adequate and effective system of internal audit within HIWFRA lies with the Authority's Finance Director (S151 Officer).

The Authority and its Members must also be satisfied about the adequacy of the advice and support it receives.

For HIWFRA, internal audit is provided by the Southern Internal Audit Partnership.

The Chief Internal Auditor (Deputy Head of Southern Internal Audit Partnership) is responsible for effectively managing the internal audit activity in accordance with the '*Mission*', '*Core Principles*', '*Definition of Internal Auditing*', the '*Code of Ethics*' and '*the Standards*'.

Senior management is responsible for ensuring that internal control, risk management and governance arrangements are sufficient to address the risks facing the delivery of the vision and service plan objectives agreed for HIWFRA.

Accountability for responding to internal audit's advice lies with senior management, who either accept and implement the advice, or formally reject it. Audit advice is without prejudice to the right of internal audit to review the policies, procedures, and operations at a later date.

The Chief Internal Auditor must be satisfied that senior management accept accountability for, and provide an adequate response to, issues raised through internal audit's work. When the Chief Internal Auditor is not satisfied, the matter will be escalated to the audit sponsor; the Finance Director; the Director of Policy, Planning and Assurance; Chief Officer, or Standards and Governance Committee, as appropriate.

More detailed roles and responsibilities (for both SIAP and the Service), as well as audit processes, are outlined in a separate HIWFRS Procedure document (Pro/11/02).

Position in the organisation

The Chief Internal Auditor reports functionally to the Board, and organisationally to the Finance Director who has statutory responsibility as proper officer under Section 151 of the Local Government Act 1972, for ensuring an effective system of internal financial control and proper financial administration of HIWFRA's affairs.

The Chief Internal Auditor has direct access to the Chief Officer who carries the responsibility for the proper management of Hampshire & Isle of Wight Fire & Rescue Service and for ensuring that the principles of good governance are reflected in sound management arrangements.

The Chief Internal Auditor has direct access to HIWFRA's Monitoring Officer where matters arise relating to the Chief Officer's responsibility, legality, and standards.

Where it is considered necessary to the proper discharge of the internal audit function, the Chief Internal Auditor has direct access to elected Members of HIWFRA and, those who serve on committees charged with governance (i.e. the Standards and Governance Committee).

The Chief Internal Auditor will meet regularly with the external auditors to consult on audit plans, discuss matters of mutual interest and to seek opportunities for cooperation in the conduct of audit work. The external auditors will have the opportunity to take account of the work of internal audit where appropriate.

Monthly liaison meetings are held with the Finance Director, Head of Performance and the Organisational Assurance Manager to facilitate discussion of key risks to ensure that internal audit plans continue to meet the needs of HIWFRA and to review the delivery of the plan and any issues arising from the reviews, as well as the progress in completing management actions.

Internal audit resources

The Chief Internal Auditor will be professionally qualified (CMIIA, CCAB, or equivalent) and have wide internal audit and management experience, reflecting the responsibilities that arise from the need to liaise internally and externally with Members, senior management and other professionals.

The Finance Director will provide the Chief Internal Auditor with the resources necessary to fulfil HIWFRA's requirements and expectations as to the robustness and scope of the internal audit opinion.

The Chief Internal Auditor will ensure that the internal audit service has access to an appropriate range of knowledge, skills, qualifications, and experience required to deliver the audit strategy and operational audit plan.

The annual operational internal audit plan will identify the resources required to complete the work, thereby highlighting sufficiency of available resources. The Chief Internal Auditor can propose an increase in audit resource or a reduction in the number of audits if there are insufficient resources.

Senior Management and the Board will be advised where, for whatever reason, internal audit is unable to provide assurance on any significant risks within the timescale envisaged by the risk assessment process.

The annual operational internal audit plan will be submitted to senior management and the Board, for approval. The Chief Internal Auditor will be responsible for delivery of the plan. The plan will be kept under review to ensure it remains responsive to the changing priorities and risks of HIWFRA.

Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed, and reported to senior management and the Board.

If the Chief Internal Auditor, the Board, or Senior Management considers that the scope or coverage of internal audit is limited in any way, or the ability of internal audit to deliver a service consistent with the Standards is prejudiced, they will advise the Finance Director, accordingly.

Independence and objectivity

Internal auditors must be sufficiently independent of the activities they audit to enable them to provide impartial, unbiased, and effective professional judgements and advice.

Internal auditors must maintain an unbiased attitude that allows them to perform their engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgement on audit matters to others.

To achieve the degree of independence and objectivity necessary to effectively discharge its responsibilities, arrangements are in place to ensure the internal audit activity:

- retains no executive or operational responsibilities;
- operates in a framework that allows unrestricted access to senior management and the Board;
- reports functionally to the Board;
- reports in their own name;
- rotates responsibilities for audit assignments within the internal audit team;
- completes individual declarations confirming compliance with rules on independence, conflicts of interest and acceptance of inducements; and
- ensures the planning process recognises and addresses potential conflicts of interest through internal audit staff not undertaking an audit for at least two years in an area where they have had previous operational roles.

If independence or objectivity is impaired in fact or appearance, the details of the impairment will be disclosed to Senior Management and the Board. The nature of the disclosure will depend upon the impairment.

Due professional care

Internal auditors will perform work with due professional care, competence, and diligence. Internal auditors cannot be expected to identify every control weakness or irregularity but their work should be designed to enable them to provide reasonable assurance regarding the controls examined within the scope of their review.

Internal auditors will have a continuing duty to develop and maintain their professional skills, knowledge, and judgement based on appropriate training, ability, integrity, objectivity, and respect.

Internal auditors will apprise themselves of the *'Mission'*, *'Core Principles'*, *'Definition of Internal Auditing'*, the *'Code of Ethics'* and the *'Standards'* and will work in accordance with them in the conduct of their duties.

Internal auditors will be alert to the possibility of intentional wrongdoing, errors and omissions, poor value for money, failure to comply with management policy and conflicts of interest. They will ensure that any suspicions of fraud, corruption, or improper conduct are promptly reported to the Chief Internal Auditor in accordance with laid down procedures.

Internal auditors will treat the information they receive in carrying out their duties as confidential. There will be no unauthorised disclosure of information unless there is a legal or professional requirement to do so. Confidential information gained in the course of internal audit work will not be used to affect personal gain.

Access to relevant personnel and records

In carrying out their duties, internal audit (on production of identification) shall have unrestricted right of access to all records, assets, personnel and premises, belonging to HIWFRA or its key delivery partner organisations, where appropriate authority has been provided in the relevant agreements.

Internal audit has authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities. Such access shall be granted on demand, in a timely fashion, and not subject to prior notice.

Scope of Internal Audit activities

The Chief Internal Auditor is responsible for the delivery of an annual audit opinion and report that can be used by HIWFRA to inform its governance statement. The annual opinion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control.

A range of internal audit services are provided (Annex 2) to form the annual opinion. The approach is determined by the Chief Internal Auditor and will depend on the level of assurance required, the significance of the objectives under review to the organisation's success, the risks inherent in the achievement of objectives and the level of confidence required that controls are well designed and operating as intended.

In accordance with the annual audit plan, auditors will plan and evaluate their work so as to have a reasonable expectation of detecting fraud and identifying any significant weaknesses in internal controls. Additionally, proactive fraud reviews will be incorporated within the plan to deter and detect fraud, covering known areas of high risk.

Managers are required to report all suspicions of theft, fraud and irregularity to the Chief Internal Auditor so that they can consider the adequacy of the relevant controls, evaluate the implication of the fraud on the risk management, control and governance processes and consider making recommendations as appropriate. Internal audit will not carry out investigations unless commissioned to do so and where this is the case, the Chief Internal Auditor will ensure that investigators are fully trained in carrying out their responsibilities.

Internal audit also facilitate HIWFRA's participation in the National Fraud Initiative (NFI) in which data from HIWFRA's main systems are matched with data supplied from other Local Authorities and external agencies to detect potentially fraudulent activity.

Where appropriate Internal audit will also use their experience of working with other public sector clients to identify areas of best practice and learning opportunities that may assist HIWFRA review and improve the efficiency of their own processes and control framework.

Reporting

Chief Internal Auditor's Annual Report and Opinion

The Chief Internal Auditor shall deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit report and opinion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control.

The annual report will incorporate as a minimum:

- The opinion;
- a summary of the work that supports the opinion; and
- a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

Senior Management

As those responsible for the leadership and direction of Hampshire & Isle of Wight Fire & Rescue Service it is imperative that the Executive Group is engaged in:

- approving the internal audit charter (minimum annually);
- approving the risk-based internal audit plan;
- receiving communications from the Chief Internal Auditor on the internal audit activity's performance relative to its plan and other matters;
- making appropriate enquiries of management and the Chief Internal Auditor to determine whether there are inappropriate scope and resource limitations; and
- receiving the results of internal and external assessments of the quality assurance and improvement programme, including areas of non-conformance.

The Standards and Governance Committee (The Board)

Organisational independence is effectively achieved when the Chief Internal Auditor reports functionally to the Board. Such reporting will include:

- approving the internal audit charter;
- approving the risk based internal audit plan;
- approving the internal audit budget and resource plan;
- receiving communications from the Chief Internal Auditor on the internal audit activity's performance relative to its plan and other matters, including the annual report and opinion;
- making appropriate enquiries of management and the Chief Internal Auditor to determine whether there are inappropriate scope and resource limitations;
- receiving the results of internal and external assessments of the quality assurance and improvement programme, including areas of non-conformance; and
- approval of significant consulting services not already included in the audit plan, prior to acceptance of the engagement.

Quality assurance and performance monitoring

The internal audit team will work to the Public Sector Internal Audit Standards to maintain consistency in service provision. This requirement will be enforced through appropriate supervision and supervisory/management review of all audit working papers, action plans and audit reports.

An annual satisfaction survey will be conducted with key stakeholders to assess the value of the service and to seek suggestions for improvement.

In addition, in line with the Standards:

- an annual self assessment will be completed by internal audit against the Standards;
- an external assessment of internal audit will also be conducted at least once every five years by an external, qualified, independent assessor or assessment team; and
- to enable senior management and the Standards and Governance Committee to formally monitor the performance of the internal audit service, a set of key performance indicators will be agreed. Details of actual delivery against these targets will be reported to senior management and the Standards and Governance Committee.

Ownership of documentation

Internal audit files and working papers, which address compliance with the Standards, are the property of HIWFRA.

Internal audit's data retention policy on the archiving and secure destruction of audit files requires that all audit files are retained for a period of four years (three plus the current) except for those papers used in the course of a fraud investigation which will be retained for a period of seven years. An annual programme is in place for the secure destruction of files once these time frames have elapsed.

Indemnity and Insurance

Internal Audit's professional indemnity cover is provided through a third-party insurer and is sufficient to meet all eventualities in respect of external contract arrangements up to the sum of £5 million. Southern Internal Audit Partnership will indemnify HIWFRA against claims and costs arising from its negligence or wilful breach of any obligation under this agreement provided that its maximum liability shall not exceed £5 million.

Fees

The fees for internal audit work will be agreed in advance of each financial year to reflect the number and mix of days required and movements in cost base.

If specific assignments are requested in addition to the annual plan, fees will be agreed in advance based on the staff mix required.

Review of the internal audit charter

This charter will be reviewed annually (minimum) by the Chief Internal Auditor and presented to Senior Management and the Board for approval.

Annex 1

Southern Internal Audit Partnership – Client Portfolio

Strategic Partners:	Hampshire County Council
Key Stakeholder Partners:	West Sussex County Council Havant Borough Council East Hampshire District Council Winchester City Council New Forest District Council Mole Valley District Council Epsom & Ewell Borough Council Reigate & Banstead Borough Council Tandridge District Council Hampshire & IOW Fire & Rescue Authority West Sussex Fire Service Office of the Hampshire Police & Crime Commissioner / Hampshire Constabulary Office of the Sussex Police & Crime Commissioner / Sussex Police Force Office of the Surrey Police & Crime Commissioner / Surrey Police Force
External clients:	Waverley Borough Council Hampshire Pension Fund West Sussex Pension Fund New Forest National Park Authority Langstone Harbour Authority Lymington & Pennington Town Council Ringwood Town Council
	Further Education Institutions Isle of Wight College

Annex 2

Assurance Services

- **Risk based audit:** in which risks and controls associated with the achievement of defined business objectives are identified and both the design and operation of the controls in place to mitigate key risks are assessed and tested, to ascertain the residual risk to the achievement of managements' objectives. Any audit work intended to provide an audit opinion will be undertaken using this approach.

Where appropriate, internal audit will also use their experience of working with other public sector clients to identify areas of best practice and learning opportunities that may assist HFRA review and improve the efficiency of their own processes and control framework.

- **Developing systems audit:** in which:
 - the plans and designs of systems under development are assessed to identify the potential weaknesses in internal control and risk management; and
 - programme / project management controls are assessed to ascertain whether the system is likely to be delivered efficiently, effectively and economically.
- **Compliance audit:** in which a limited review, covering only the operation of controls in place to fulfil statutory, good practice or policy compliance obligations are assessed.
- **Quality assurance review:** in which the approach and competency of other reviewers / assurance providers are assessed in order to form an opinion on the reliance that can be placed on the findings and conclusions arising from their work.
- **Fraud and irregularity investigations:** Internal audit may also provide specialist skills and knowledge to assist in or lead fraud or irregularity investigations, or to ascertain the effectiveness of fraud prevention controls and detection processes. Internal audit's role in this respect is outlined in the Service's Anti-theft, Fraud, Bribery and Corruption Policy and associated procedures.
- **Advisory / Consultancy services:** in which advice can be provided, either through formal review and reporting or more informally through discussion or briefing, on the framework of internal control, risk management, and governance. It should be noted that it would not be appropriate for an auditor to become involved in establishing or implementing controls or to assume any operational responsibilities and that any advisory work undertaken must not prejudice the scope, objectivity and quality of future audit work.
- **Third party assurance:** the availability of objective assurance from other assurance providers will be considered in determining audit needs. Where internal audit needs to work with the internal auditors of other organisations, a practice which is expanding with the development of more organisational strategic partnerships, the roles and responsibilities of each party, as well as billing arrangements, will be clearly defined, agreed and documented prior to the commencement of work. Internal audit will also ensure awareness of and seek to place reliance on the work of other review bodies, such as HMICFRS and HMRC etc.

Internal Audit Strategy and Plan - 2022-23
Hampshire & Isle of Wight Fire & Rescue Authority



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

**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 & Isle of Wight Fire & Rescue Authority (HIWFRA) 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 HIWFRA that these arrangements are in place and operating effectively.

HIWFRA'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 HIWFRA 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 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.

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, and which are required to be disclosed under internal auditing standards.

Organisation Risk

HIWFRA now has a clear framework and approach to risk management. 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 objectives. We will monitor the Service's 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 2022/23

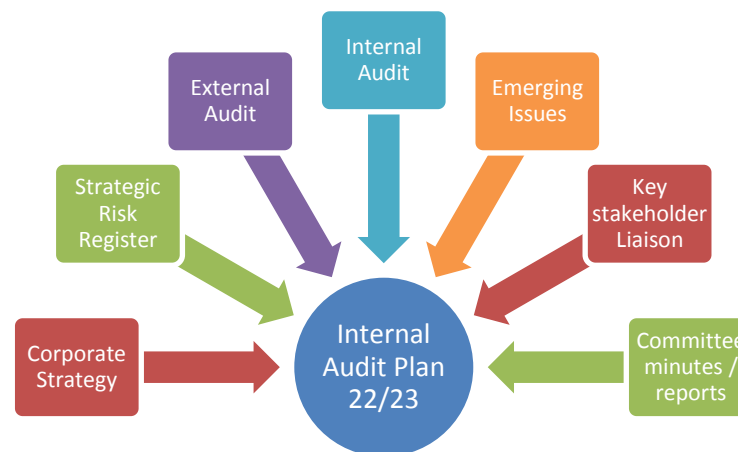
We have used various sources of information and discussed priorities for internal audit with the following people:

- Catherine Edgecombe, Finance Director
- DCFO Shantha Dickinson - Director of Policy, Planning and Assurance
- ACFO Stew Adamson – Director of Operations
- Matt Robertson – Director of Corporate Services
- Tony Oliver – Head of ICT
- Molly Rowland – Head of People and Organisational Development
- Alex Quick, Head of Performance (who has also engaged more widely across the Service, including other members of the Executive and Chief Officer's Groups (COG), to feed into these discussions)
- Sam Fairman – Organisational Assurance 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 coming year.

HIWFRA 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 four 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 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 HIWFRA 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. At the time of writing this report the shared services internal audit plan is still being developed and will be reported through regular progress reports in due course.

HIWFRA Internal Audit Plan 2022-23

Audit	Audit sponsor	Scope	Link to Strategic Risk Register	Proposed Timing	Indicative days
HIWFRA audit plan					
Modern Slavery - assurance	Exec Sponsor: Shantha Dickinson COG Lead: Katie Eason	This audit will provide assurance on the controls and activity outlined in the HIWFRS Modern Slavery Statement, with a particular focus on safeguarding and procurement/supply chain activity.		Q1	10
Impact assessments	Exec Sponsor: Shantha Dickinson COG Lead: Alex Quick	This audit will review the controls and governance around impact assessments, with a focus – through some case study examples – on compliance with the Service's impact assessment procedure.		Q1	10
CPD payments	Exec Sponsor: Molly Rowland COG Lead: Annie Pratt	This audit will focus on the controls and governance around refreshed CPD payments processes.		Q2	10

Audit	Audit sponsor	Scope	Link to Strategic Risk Register	Proposed Timing	Indicative days
Assurance over the competence of operational response capability – detailed follow-up	Exec Sponsor: Stew Adamson COG Lead: Dan Tasker	This audit will provide a detailed follow-up, including another sample review exercise, of the assurance over the competence of operational response capability. It will review progress against the 2021/22 report's management actions and assess the controls in and around the new Gartan availability and competency management system.	8	Q2	15
Sickness absence management	Exec Sponsor: Molly Rowland COG Lead: Sarah Hughes	This audit will focus on the governance and controls around sickness absence management and occupational health referrals; with a particular focus on how the new sickness processes (as a result of the Gartan implementation) are operating.	7	Q3	12
Purchasing Cards (P-Card)	Exec Sponsor: Shantha Dickinson COG Lead: Katie Eason	This audit will focus on the risk management controls for the issuing, use and management of P-Cards. This has been an area of consistent concern raised by the IBC regarding HIWFRS non-compliance with approval deadlines.		Q3	10
Cyber security controls	Exec Sponsor: Matt Robertson COG Lead: Tony Oliver	This audit will test the control framework in relation to ICT cyber security, and risk management of this area, such as within the Corporate Services and Organisational Risk Registers.	3	Q3	12

Audit	Audit sponsor	Scope	Link to Strategic Risk Register	Proposed Timing	Indicative days
Health and Safety – reporting and assurance	Exec Sponsor: Shantha Dickinson COG Lead: AM Policy and Risk	This audit will focus on the controls and assurance provided by the Service’s new internal Health & Safety platform. It will focus on the extent to which the new platform supports continuous health and safety improvements by providing robust reporting mechanisms, supporting investigations and enabling timely and compliant RIDDOR reporting.	6,2,7	Q4	12
ICT networks and communications	Exec Sponsor: Matt Robertson COG Lead: Tony Oliver	This audit will have a specific focus on the governance, controls and systems capacity for data, as well as supplier management in this area.		Q4	12
ICT systems, applications and governance	Exec Sponsor: Matt Robertson COG Lead: Tony Oliver	This audit will focus on system support to users, systems access governance, management of systems interfaces, and supplier governance and performance management in this area.		Q4	12
NFI	Exec Sponsor: Shantha Dickinson	Statutory requirement for data matching.		Q1-4	3
Follow up	Various	To assess progress in implementing management actions for reviews carried out during 2021/22.		Q4	5

Audit	Audit sponsor	Scope	Link to Strategic Risk Register	Proposed Timing	Indicative days
Other audit activities		This includes preparation of the audit plan, annual internal audit report, advice and attending management and committee meetings.		Q1-4	24
Contribution to Shared Services Plan (see below)					20
TOTAL DAYS (average annual plan to date is 185 days) 2021/22 plan was 200 days)					167

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Shared Services Internal Audit Plan 20221-23

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.

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

Standards & Governance Committee

Purpose: Noted

Date: 11 March 2022

Title: **INTERNAL AUDIT PROGRESS REPORT 2021/22**

Report of the Chief Internal Auditor

SUMMARY

1. The purpose of this paper is to provide the Standards and Governance Committee with:
 - an overview of internal audit work completed in accordance with the approved audit plans, and
 - an overview of the status of 'live' reports.

BACKGROUND

2. The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

'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'.

3. In accordance with proper internal audit practices and the Internal Audit Charter, the Chief Internal Auditor is required to provide a written status report to the Standards and Governance Committee, summarising:
 - the status of 'live' internal audit reports;
 - an update on progress against the annual audit plans;

- a summary of internal audit performance, planning and resourcing issues; and
 - a summary of significant issues that impact on the Chief Internal Auditor's annual opinion.
4. The report attached at Appendix A summarises the activities of internal audit for the period ending February 2021.

SUPPORTING OUR SAFETY PLAN AND PRIORITIES

5. The Internal Audit Plan is designed to validate the assurance and control framework which exists in the Authority and across the Service. Secure management processes including risk and performance management are important in ensuring that the Authority's plans are achieved.

RESOURCE IMPLICATIONS

6. The 2021/22 plan was prepared on the basis of audit need and agreed with senior managers and endorsed by Hampshire & Isle of Wight Fire & Rescue Authority (Shadow Authority), 10 February 2021, following comprehensive risk assessment. The cost is reflected in the Authority's budget.
7. The audit plan will remain fluid to enable us to react to the changing needs of Hampshire and Isle of Wight Fire and Rescue Authority.

IMPACT ASSESSMENTS

8. 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

9. There are no legal implications arising from this report.

OPTIONS

10. The options are that the progress in delivering the internal audit plan for 2021/22 and the outcomes to date are noted, or not noted, by Hampshire and Isle of Wight Fire and Rescue Authority Standards and Governance Committee.

EVALUATION

11. Internal audit activity provides the Authority with an assurance mechanism to evaluate the effectiveness of the Service's risk management, control and governance processes.

RISK ANALYSIS

12. 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 the Authority's risk register has been used to inform the planning process and ensure that key risks are reflected in planned work.

CONCLUSION

13. The appendices outline the progress made in delivering the internal audit plan for 2021/22 and the issues arising to date.

RECOMMENDATION

14. That the progress in delivering the internal audit plan for 2021/22 and the outcomes to date be noted by Hampshire and Isle of Wight Fire and Rescue Authority Standards and Governance Committee.

APPENDICES ATTACHED

[Appendix A: Internal Audit Progress Report 2021/22.](#)

Contact: Karen Shaw, Chief Internal Auditor, Karen.Shaw@hants.gov.uk,
07784 265138

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Internal Audit Progress Report 2021/22

March 2022

Hampshire and Isle of Wight Fire and Rescue Authority: Standards and Governance
Committee



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

**Southern Internal
Audit Partnership**

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1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

‘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.’

The standards for ‘proper practices’ are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

The role of internal audit is best summarised through its definition within the Standards, as 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 and Isle of Wight 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 the Hampshire and Isle of Wight Fire and Rescue Authority that these arrangements are in place and operating effectively.

The Hampshire and Isle of Wight Fire and Rescue Service’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.

2. Purpose of report

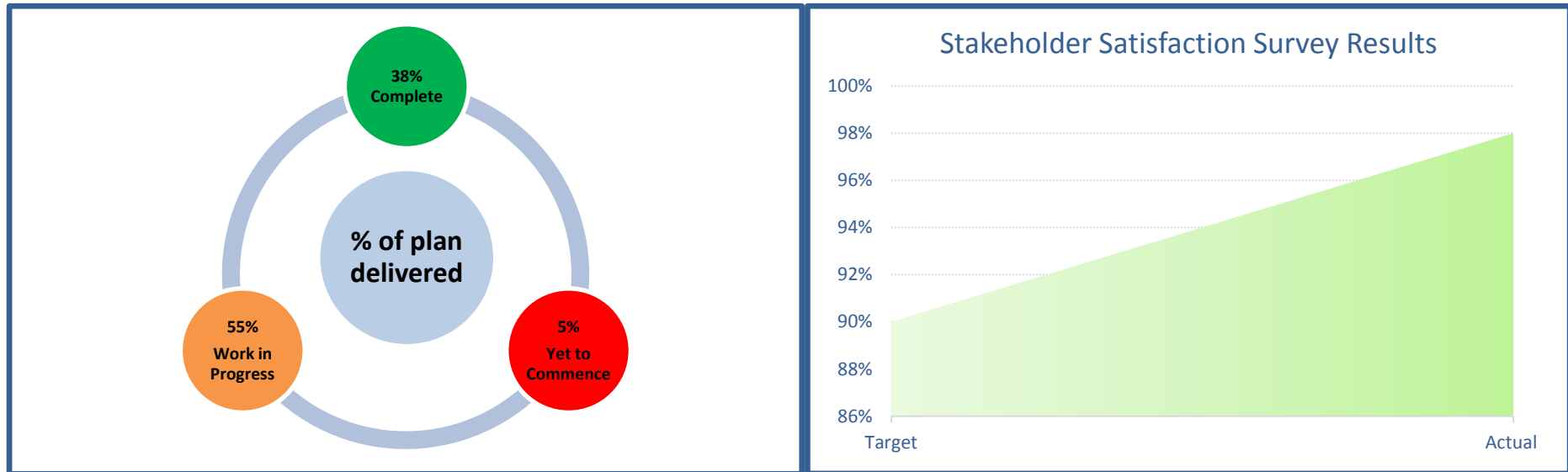
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The assurance opinions are categorised as follows:

Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

3. Performance dashboard



Compliance with Public Sector Internal Audit Standards

An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report 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.'

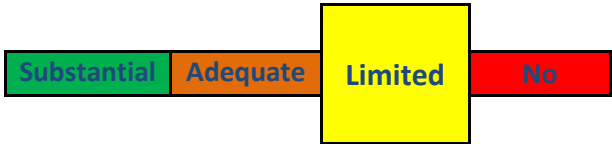
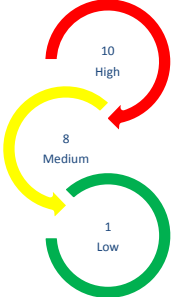
4. Analysis of 'Live' audit reviews

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Action(s)*	Not Yet Due*	Complete*	Overdue		
							L	M	H
Pay Claims	16.05.19	H of F	Limited	17 (0)	0 (0)	17 (0)**			
Assurance of the Competence of Operational Response Capability	27.07.21	D of O	Limited	8 (4)	0 (0)	7 (4)		1	
Referral Pathways	16.11.21	D of O	Limited	19 (10)	3 (1)	11 (5)		1	4
Compliant Management of Fleet	02.12.21	D of CS	Reasonable	5 (0)	0 (0)	5 (0)**			
ICT Project Management	14.02.22	D of CS	Reasonable	6 (1)	6 (1)	0 (0)			
Prevention and Protection	24.02.22	D of O	Reasonable	3 (0)	3 (0)	0 (0)			
Total				58 (15)	12 (2)	40 (9)	0	2	4

*Total number of actions (total number of high priority actions)

** Audits where all actions have been cleared since our last report.

5. Executive Summaries of reports published concluding a ‘Limited’ or ‘No’ assurance opinion

<p>Safe and Well Visits - Referral Pathways</p>		
<p>Audit Sponsor: Director of Operations</p> <p>Key Contacts: Assistant Director – Prevention and Protection</p>	<p>Assurance opinion:</p> 	<p>Management Actions:</p> 
<p>Summary of key observations:</p> <p>Safe and Well Visits are a person-centred home visit carried out by both Operational and non-Operational staff, as well as volunteers. The visit involves the systematic identification of, and response to, health, wellbeing and home security issues in addition to focussing on fire risk reduction. This review focused on referrals from key stakeholders and partners to ensure that vulnerable members of the community are protected from fire risks. We looked at the number of Safe and Well Visits made against the agreed targets in place and also how those targets are calculated to ensure that they are focused on relevant risk factors. We acknowledge that a number of key areas covered by this audit, e.g. monitoring of referral data and risk mapping, are currently the subject of ongoing work within HIWFRS.</p> <p>Our review found that procedures and guidance are in place to support the conduct of safe and well visits. A Multi-Agency Fire Safety Framework also provides all frontline staff with guidance to support effective management of fire risks within the home with the aim to ensure that fire safety risk management is embedded into partner working practices. A post incident procedure is also in place to ensure that appropriate support is provided to a vulnerable person following an incident and that any lessons learned are identified, recorded and shared with partner agencies to ensure that corrective action is taken as needed. Management information relating to Safe and Well visits is available through Power BI and returns are submitted to the Home Office and HMICFRS in line with their requirements.</p> <p>However, our review also highlighted the following issues where controls need to be strengthened to secure the desired outcomes and management actions have been agreed to manage the risks going forwards:</p>		

- The total service target for completed Safe and Well Visits is just under 20,000 per year. Review of data found that this target will not be met with approximately 10,000 visits expected to be completed this year.
- Prior to July 2021, there was no live data monitoring by the service of where Safe and Well referrals originated from, but this information was scrutinised periodically as it formed part of regular HMICFRS data returns and analyst reporting for stations and groups. A live PowerBI report that refreshes hourly, has now been created which provides this information. There are currently plans in place to review and analyse this data with the aim of increasing referrals and, as a result, visits undertaken.
- Targets for the number of completed Safe and Well Visits are in place by area. However, these are not currently related to risk factors and in some cases are not therefore realistic. As a result, a risk mapping methodology is being developed incorporating various data sets including, but not limited to, data on incidents, demographics, health and lifestyle information. Once this process has been completed, this data will be used to review and amend the area targets as appropriate, to ensure that targets are related to risk and this will also help to ensure that targets can be met. Work is currently being undertaken to categorise a vulnerable person's risk level and agree timescales for the completion of a visit from the referral date for each category. The current expectation is that all visits are completed within 30 days of referral. The risk mapping process is well underway and will be completed imminently, however, the delivery and embedding of the methodology will be key to ensuring targets are met and the most vulnerable are protected, and therefore ongoing senior management oversight will be required to ensure this is achieved.
- Testing of a sample of 25 completed Safe and Well Visits identified a number of non-compliances around the time taken to complete the visit from referral, lack of evidence of completed visit forms and the delay in closing down completed jobs on the system. Monitoring arrangements to identify such non-compliances are currently insufficient.
- There are a significant number of open jobs on the system which date back as far as January 2020. Without contacting each vulnerable person individually, it is not possible to determine whether a visit has taken place or is still awaited.
- The Community Safety Strategy was not signed-off prior to publication and the supporting Prevention Delivery Plan is incomplete.

6. Planning & Resourcing

The internal audit plan for 2021-22 was presented to Executive Group and the Hampshire & Isle of Wight Fire & Rescue Authority (Shadow Authority), 10 February 2021.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Authority. Progress against the plan is detailed within section 7.

7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Fire Audit Plan 2020/21 – carry forward								
ICT Contract Management	D of CS	✓	✓	✓	✓	✓	Reasonable	
Shared Services Audit Plan 2020/21 – carry forward	These are Shared Service audits with no direct Hampshire and Isle of Wight Fire and Rescue Service Audit Owner and Exec Sponsor; however overarching accountability for HIWFRS Shared Services activity sits with the DCFO, Director of Policy, Planning and Assurance and the Head of Partnerships and External Relationships							
Casual Staff	Shared Services	✓	✓	✓	✓	✓	Reasonable	
Fire Audit Plan 2021/22								
Referral Pathways	D of O	✓	✓	✓	✓	✓	Limited	
Compliant Management of Fleet	D of CS	✓	✓	✓	✓	✓	Reasonable	
Cyber Security – Patch Management	D of CS	✓	✓	✓	✓			Q1
Prevention and Protection – Competency, Resourcing and Succession Planning	D of O	✓	✓	✓	✓	✓	Reasonable	
GDPR and Data Protection Compliance	D of CS	✓	✓	✓				Q2 close meeting booked 10.03.22
ICT Project Management	D of CS	✓	✓	✓	✓	✓	Reasonable	
Business Continuity	D of PP&A	✓	✓	✓	✓			Q3 draft final issued 15.02.22
IT Change Management	D of CS	✓	✓	✓				Q3
Data Quality	D of PP&A	✓	✓	✓				Q3
DBS Checks	D of P&OD	✓	✓	✓				Q3
IT User Access	D of CS	✓	✓					Q4
Risk Management	D of PP&A	✓	✓					Q4
Pay Claims	D of P&OD	✓	✓					Q4 testing set up for March

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
NFI	D of PP&A	N/A	N/A	✓				Q1-4
Follow Up work	Various	N/A						Q4 planned for March
Shared Services Audit Plan 2021/22 – carry forward	These are Shared Service audits with no direct Hampshire and Isle of Wight Fire and Rescue Service Audit Owner and Exec Sponsor; however overarching accountability for HIWFRS Shared Services activity sits with the HIWFRS DCFO, Director of Policy, Planning and Assurance and the Head of Partnerships and External Relationships							
Recruitment (Success Factors)	Shared Services	✓	✓	✓	✓	✓	Reasonable	
Procurement (General)	Shared Services	✓	✓	✓	✓	✓	Substantial	
Cleaning Contract Management	Shared Services	✓	✓	✓				Close of audit held, Q1
Procurement Cards	Shared Services	✓	✓	✓	✓	✓	Reasonable	Q2
PCI DSS	Shared Services	✓	✓	✓	N/A	✓	Not applicable	Submission to WorldPay on 01.10.21
Pre-Employment Checks	Shared Services	✓	✓					Q4

Audit Sponsors			
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CFO	Chief Fire Officer	H of ICT	Head of ICT
DCFO	Deputy Chief Fire Officer	H of OA	Head of Operational Assets
D of O	Director of Operations	H of G&BS	Head of Governance and Business Support
D of CS	Director of Corporate Services	H of P&F	Head of Property and Facilities
D of PP&A	Director of Policy, Planning and Assurance (the Deputy Chief Fire Officer, DCFO)	SFBP	Senior Finance Business Partner
D of P&OD	Director of People and Organisational Development	HR BP	HR Business Partner
AD (Pr&Pr)	Assistant Director (Prevention and Protection)	N/A	Not applicable
AD (P&P)	Assistant Director (Policy and Planning)		
H of F	Head of Finance		
H of P	Head of Performance		

8. Adjustment to the Internal Audit Plan

There have been the following amendments to the plan:

Plan Variations for 2021/22	
Removed from the plan	Reason
Compliance Review of CPD Payments	Removed at client request for it to happen at a later date (as part of the 2022/23 plan)
Property and Facilities – Statutory Compliance Works	Removed at client request and included in 2022/23 audit plan
Added to the plan	Reason
Compliance Review of CPD Payments	Initially added at the client request, but subsequently requested to move this to the 2022/23 audit plan (as stated above).

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

HIWFRA Standards and Governance Committee

Purpose: Noted

Date: **11 March 2022**

Title: **INTERNAL AUDIT MANAGEMENT ACTIONS PROGRESS REPORT**

Report of Chief Fire Officer

SUMMARY

1. The purpose of this paper is to provide the latest update on the management actions that have not been completed within their target date and their status. The Standards and Governance Committee has a key scrutiny role in monitoring the implementation of internal management actions.

BACKGROUND

2. Internal audit is one of various assurance mechanisms that the Service utilises as part of our wider assurance programme. This programme includes internal and external assurance mechanisms – other external examples include from HMICFRS, OFSTED, and ISO certification testing.
3. In terms of internal audit, the HIWFRS Organisational Assurance team maintains a record of audits against the current Internal Audit Plan, noting whether they are in progress or have been completed. The respective managers are responsible for the delivery of actions that fall within their areas of responsibility.
4. Once a final audit report has been issued, the agreed management actions are recorded along with:
 - the priority of the recommendation;
 - the target date for implementation; and
 - the person responsible for the action.

5. The Organisational Assurance team will ask for confirmation and evidence that an action has been implemented, or if not, when it is expected to be. Any management actions that continue to remain outstanding are referred to the relevant Director. Our internal Integrated Performance and Assurance Group (IPAG) also provides an overview of outstanding recommendations, and they are also monitored regularly by the Director of Policy, Planning and Assurance and the Head of Performance.

MANAGEMENT ACTIONS

6. The table below lists those recommendations that are currently outstanding beyond their agreed target date and if they are of medium (M) or high (H) priority. There is a brief commentary against each to explain the status and any mitigating factors.

Internal Audit Management Actions			
Assurance over the competence of operational response capability			
Operational staff with teaching or assessing rights to be able to capture training updates on the Competency Management System	End of September 2021, revised to end of March 2022	M	<p>This requirement was fed into the procurement specification for the Availability and Competency Management System project; and will therefore be completed when Gartan is implemented in March 2022.</p> <p>For more details on the wider range of assurance that was undertaken in this area, please refer to the paper presented to the previous Committee on November 16th.</p>
Prevention Referral Pathways			
The 2022-25 Community Safety Plan will be signed off by Operations Management Board. The plan will be consulted on with key stakeholders and partners.	January 2022 revised to the end of March 2022	H	The updated Plan has been produced and will be taken to the Operations Management Board in March 2022. The plan will also be shared with the Hampshire Health and Wellbeing Board and the Hampshire Community Safety Strategy Group Meeting in March 2022.
Share the newly-developed risk heat map across the Service as part of launching new Group and Station Safe and Well activity based goals, which will be split by	January 2022, revised to end of March 2022	H	The HIWFRS AM Prevention and Protection is working with the Head of Communications and Insights, and the Head of Performance to develop and implement a communications plan. This will cover not just the updated visit

post-incident and other Safe & Well visits.			allocations for Groups and stations, and the new risk scores and map; but will also outline various other improvement activity and provide colleagues across the Service with wider context and information about our safe and well activity, for example, but not limited to, our alignment with the NFCC's person centred framework .
Align risk rating of referrals (shaped by NFCC guidance). A methodology has been adopted that will create four levels of risk and time scales for delivery of Safe and Well visits.	November 2021 date revised to end of March 2022	H	This has been referred into the South East Regional Prevention Group to get a consensus across the region, with a response and agreement expected by the end of March 2022.
Improvements in systems and processes, QA framework and new electronic Safe & Well Form will address delays in closing jobs in CFRMIS. Interim process in place.	January 2022 revised to end of March 2022	H	Recruitment of new staff into Prevention will assist in delivering these items, with adverts out to recruit two crew managers from January 2022 - March 2022. There is also ongoing work with ICT to deliver a new electronic Safe and Well form, which will push data from CSOs and crews directly into CFRMIS (to then be reported on), that is set to be launched in June 2022.
Developing a Quality Assurance Framework to ensure delivery of prevention duties.	November 2021 date revised to end of March 2022	M	The Service is currently recruiting into the team to facilitate the ongoing management and delivery of a quality assurance framework for prevention activity. This has been delayed pending the selection of a suitable candidate which should be completed by the end March 2022.

MANAGEMENT COMMENTARY

7. The number of open audit management actions is now 18 following the completion of the Referral Pathways audit which had a total of 19 actions in response to the 'limited' assurance opinion it was given. 11 of the Referral Pathways audit actions have been closed already and good progress is underway to address the other areas raised by the audit. Another audit, on the ICT project management, which has six management actions, has also recently been finalised.

8. We have observed a positive increase in the number of substantial and adequate audit opinions received between 2018/19 (100% audits reported as limited), 2019/20 (50% reported as limited, 50% adequate) to 55% reported as substantial and 36% as reasonable in 2020/21 with 9% (1 audit) reported as limited. So far this year (2021/22), we have had four completed fire-specific audits:
 - Prevention Referral Pathways audit, which was rated 'limited'.
 - Compliant Management of Fleet audit, which was rated 'reasonable' meaning there is a generally sound system of governance, risk management and control in place. This audit had five management actions that have all been completed.
 - The ICT project management audit, which was also rated 'reasonable' and has six management actions, which are not yet due.
 - The audit on Competency, Resourcing and Succession planning – Prevention and Protection, which again was rated 'reasonable'. This audit has three management actions, which are also not yet due.

An internal audit on our approach to business continuity, which includes a wide range of positive findings, is also set to be finalised imminently.

ASSURANCE OVER THE PROACTIVE PAY CLAIMS ACTIONS

9. HIWFERS resourced a Project Lead from Fire and project team to engage with the Service to manage an informal 'Allowances and Expenses Entitlement check'. Within this, all staff were asked to confirm that any allowance(s) that they were in receipt of were correct and justified to the best of their knowledge; where an error was identified the record was corrected during an 'amnesty period' (three months). This amnesty commenced in October 2021 (with various communications to managers) and was completed at the end of December 2021 with changes to pay to be made for the March 2022 payroll. After this exercise, any allowance identified as being paid in error that should have been notified during the amnesty period will be subject to retrospective recovery action in

accordance with the standard recovery action procedure, together with any management action deemed appropriate.

10. Furthermore, the final outstanding proactive pay claims audit action has now been closed. Completion of this was dependent on the amnesty. The focus was on identifying the expectations and responsibilities of our managers in relation to the management and quality assurance of our financial controls. To ensure that allowances paid are properly authorised in line with policies, training is being provided, and guidance issued, by Finance and the finance team are also reminding budget holders to provide ongoing scrutiny of allowances. Additionally, a review of staff allowances is now regularly discussed at Operations Directorate management team meetings. The Allowances Project has a number of additional activities beyond what is outlined in this report and if members would like supplementary information this can be provided.

ASSURANCE OVER THE PREVENTION REFERRAL PATHWAY ACTIONS

11. The Prevention Referral Pathways audit focused on referrals from key stakeholders and partners to ensure that vulnerable members of the community are protected from fire risks. Internal auditors looked at the number of Safe and Well Visits made against the agreed targets in place and how those targets are calculated to ensure that they are focused on relevant risk factors.
12. The audit found some weaknesses in our risk management controls and in response a comprehensive action plan was put together consisting of 19 actions. 11 of these actions have already been completed with a further 8 to be completed by the end of March 2022. This is being tracked and monitored by the Assistant Director for Prevention and Protection, and progress is being reported to the Operations Management Board. The completed actions to date include, but are not limited to:
 - We have reviewed our Safe and Well delivery methodology; and plans are now in place to deliver these essential visits in a more effective and efficient way. This is through a better use of our whole-time resources, effectively deploying into higher-risk on-call areas. All delivery progress is being closely monitored, in order to provide the necessary quality assurance.
 - Various resources have been invested to address the number of open Safe and Well job cards.
 - A cross directorate exercise has been undertaken to map Safe and Well to simplify processes and systems, monitoring and reporting.
 - Data from a wide range of internal and external sources has been used to create new risk scores for Group and Stations, as well as a

'Heat Map' of risk and vulnerability in our communities across Hampshire and the Isle of Wight. This will enable us to more efficiently focus on those areas where our resources need to be more effectively deployed to deliver Safe and Well Visits.

- All our recruitment open days had a representation from, and presentation regarding, Prevention activity; during the latest Crew Manager promotion process, candidates had to present on a prevention based question; and the wholtime firefighter trainee course content includes prevention, and Safe and Well input.
- Live Power BI reports have been developed to show the number and source of referrals, with an ability to view this data by Group and station. The date the referral was received has also been added into the live Power BI reporting on Safe and Well visit activity. Our Power BI dashboard has also been amended to reflect the annual Service target for Safe and Well visits, and to include referral dates.

SUPPORTING OUR SAFETY PLAN AND PRIORITIES

13. By ensuring the implementation of internal audit recommendations, we assist the Authority in improving its planning and performance management processes, and in complying with its governance arrangements. This in turn assists the Authority in achieving our *High Performance* and *Learning and Improving* Safety Plan priorities, and our vision to work smarter, be more efficient, and to make life safer for everyone in Hampshire and the Isle of Wight.

COLLABORATION

14. The Southern Internal Audit Partnership provide internal audit on behalf of all partners within Shared Services and many other public service organisations.
15. Our internal audit procedure, which acts as an MoU and outlines how HIWFRS and SIAP collaborate, was revisited by HIWFRS and SIAP in 2021 light of the combined fire authority, and the relationship continues to be effective, as evidenced by the progress made with audit actions and our approach to risk-based audit planning.

RESOURCE IMPLICATIONS

16. When agreeing management actions in response to an audit report, the cost of addressing the risk should be considered against the risk materialising. Implementing audit recommendations helps to ensure that

the Authority uses its resources efficiently, that key controls are in place and working, and opportunities to achieve value for money are taken.

17. The management of internal audit actions is within current resources.

IMPACT ASSESSMENTS

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

LEGAL IMPLICATIONS

19. There are no legal implications arising from this report.

RISK ANALYSIS

20. Failure to implement internal audit recommendations leaves the Authority vulnerable to the consequences of the identified risks and weaknesses in control. Internal management of audit recommendations is an important process within the Authority's risk management arrangements. The updates on progress ensure that Members are fully aware of any problems associated with addressing the issues raised and the priority given to driving down or eliminating specific risks.

EVALUATION

21. The evaluation of the progress the Service makes in completing internal audit management actions forms an important part of the Service's organisational assurance activity, provides a valuable measure of corporate health, and identifies learning across the Service. The Service's Organisational Assurance team regularly monitors progress in completing management actions, for example via reporting into the Service's Integrated Performance and Assurance Group (IPAG) and in regular discussions with our internal auditors, the Southern Internal Audit Partnership.

CONCLUSION

22. Progress continues to be made in both completing the management actions from previous audits and progressing the current audit plan. Management actions will be undertaken in respect of the specific audits themselves and more widely in respect of internal control issues and how they are managed across the Service. As outlined in the MoU, management actions are owned by an Executive Sponsor and a COG lead, who work with their teams to ensure progress is made.

RECOMMENDATION

23. That Hampshire and Isle of Wight Fire and Rescue Authority Standards and Governance Committee notes the progress made towards the implementation of the internal audit management actions and the delivery of the audit plan.

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