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**Southern Internal  
Audit Partnership**

Assurance through excellence  
and innovation

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**HAMPSHIRE PENSION FUND PANEL AND BOARD**

**Internal Audit Progress Report 2023-24**

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**November 2023**

## 1. Introduction

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 that of an:

*'Independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'.*

The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. The Council is the local authority responsible for administering the Hampshire Pension Fund, known as the Administering Authority. In this capacity, the Council has delegated responsibility for the governance and management of the Pension Fund to Hampshire Pension Fund Panel and Board. Internal audit plays a vital role in advising the Pension Fund Panel and Board that these arrangements are in place and operating effectively.

The Pension Fund Panel and Board'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 the report

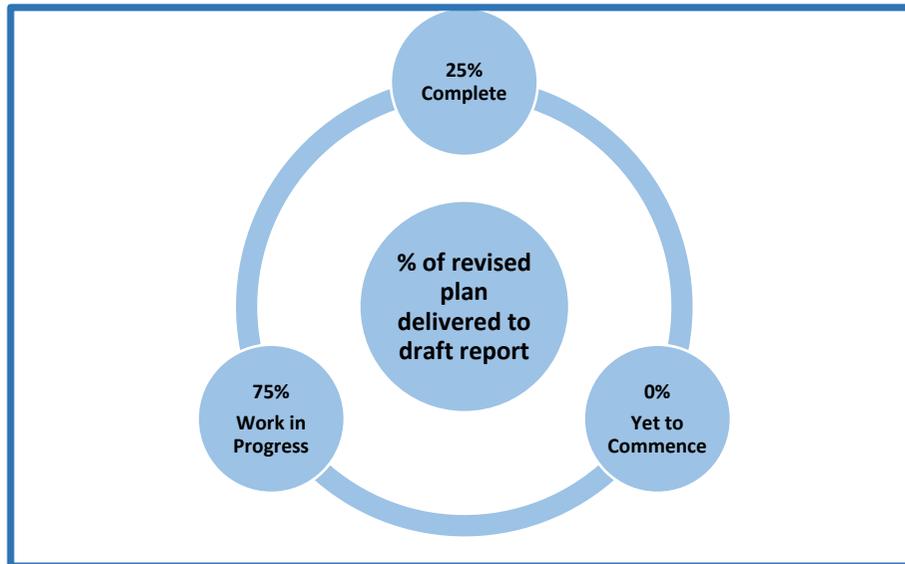
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to 'Senior Management' and 'the Board', summarising:

- 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:

<b>Substantial</b>	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.
<b>Reasonable</b>	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.
<b>Limited</b>	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.
<b>No</b>	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 International Professional Practices Framework (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

When audit reviews identify potential scope for enhancing the systems of governance, risk management and control, or identify non-compliance, appropriate, timebound actions are agreed to address the audit observations. We are pleased to report there are no management actions that have passed their agreed implementation date and are now overdue. There is one pending action in relation to the 'UPM Cyber Security Improvement Plan and Compliance Statement 2022/23' audit which will be completed as part of a business-as-usual annual exercise in line with the original planned completion date of 31 December 2023. All other actions arising from previous audit reviews have been completed.

#### 5. Executive Summaries of reports published concluding with a 'Limited' or 'No' assurance opinion

We are pleased to report that there have been no 'Limited' or 'No' assurance opinion reports issued as part of the 2023-24 audit work.

#### 6. Planning, resourcing & rolling work programme progress

The internal audit plan for 2023-24 was discussed and agreed with Officers and approved by the Hampshire Pension Fund Panel and Board on 24 March 2023. Whilst the plan remains fluid to provide a responsive service that reacts to changing needs, there have been no adjustments to the plan for 2023-24. Progress against the plan is outlined below.

Audit Review	Sponsor	Scoping	Audit Outline	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Pension Refunds	DoCO	✓	✓	✓	July 23	July 23	Substantial	
Fund Management, Investments and Accounting for Assets	DoCO	✓	✓	✓				
UPM Application Review	DoCO	✓	✓	✓				
Pensions Payroll and Benefit Calculations	DoCO	✓	✓	✓				