

Internal Audit Strategy and Plan - 2021-22

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 have recently reviewed their framework and approach to risk management and risk registers have been updated. The strategic risks assessed by the organisation are a key focus of our planning for the year to ensure the internal audit plan meets the organisation's assurance needs and contributes to the achievement of their objectives. We will 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 2021/22

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

- Rob Carr, Finance Director
- ACO Shantha Dickinson, Director of Performance and Assurance
- ACO Stew Adamson – Director of Operations
- Matt Robertson – Director of Corporate Services
- Tony Oliver – Head of ICT
- Molly Rowland – Head of People and Organisational Development
- Alex Quick, Head of Performance (who has also engaged more widely across the Service, including with DCFO Steve Apter and other members of the Chief Officer's Group, including various Assistant Directors, to feed into these discussions)

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

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

The SIAP will continue to provide assurance to the 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 in due course.

HIWFRA Internal Audit Plan 2021-22

| Audit | Audit sponsor | Scope | Link to Strategic Risk Register | Proposed Timing | Indicative days |
|---|--------------------------------|--|---------------------------------|-----------------|-----------------|
| HIWFRA audit plan | | | | | |
| Referral pathways | Director of Operations | This audit will review the internal management arrangements and procedures (and compliance against them) around referral pathways for Prevention activities. | | Q1 | 10 |
| Compliant management of the fleet | Director of Corporate Services | This audit will provide assurance that the documented elements and processes required to ensure a managed and compliant fleet are in place; are supported by robust data and are consistently applied and managed efficiently within the organisation. | | Q1 | 12 |
| Maintenance of competency – Prevention and Protection | Director of Operations | This audit will focus on how, through the appropriate governance and processes, the Service carries out succession and resource planning (and resource management) in | 1, 4 | Q2 | 12 |

| Audit | Audit sponsor | Scope | Link to Strategic Risk Register | Proposed Timing | Indicative days |
|-------------------------------------|---------------------------------|---|---------------------------------|-----------------|-----------------|
| | | Prevention and Protection teams. There will be a particular focus on how – through the appropriate governance and processes – the Service has sufficient capacity and skills, aligned with the national standards and competency framework, to meet internal and external demands. | | | |
| GDPR and data protection compliance | Director of Corporate Services | This review, a follow-up to a 2018/19 audit, will review the approach, policy and documentation to ensure that HIWFRA are compliant with the requirements within GDPR and associated Data Protection legislation. | | Q2 | 10 |
| ICT project management | Director of Corporate Services | This audit will review the ICT project management approach and processes, with a specific focus on project governance, documentation and reporting (for example through project dashboards and KPIs). | | Q2 | 10 |
| Risk management | Director of Policy and Planning | This audit will be a follow-up to the light-touch position statement audit that was carried out in 2019/20. It will review the approach to risk management, to ascertain the extent to which the refreshed approach (as outlined in the risk management procedure) has been embedded across the organisation. | | Q3 | 10 |

| Audit | Audit sponsor | Scope | Link to Strategic Risk Register | Proposed Timing | Indicative days |
|--|---|--|---------------------------------|-----------------|-----------------|
| Disaster recovery and business continuity | Director of Policy and Planning | This audit will be a follow-up to the position statement audit that was carried out in 2019/20. It will review the robustness of the updated arrangements and processes in place for disaster recovery / business continuity. | | Q3 | 10 |
| Data quality | Director of Performance, Assurance and Communications | This audit will review whether the Service have appropriate procedures and guidance in place to ensure robust data quality across different Directorate systems and processes. | | Q3 | 12 |
| DBS checks | Head of People and Organisational Development | This audit will review the internal management and procedures in place to ensure compliance with Disclosure and Barring Service (DBS) requirements, and that the necessary DBS checks have been carried out where appropriate. | | Q4 | 10 |
| Property and facilities – statutory compliance works | Director of Corporate Services | This audit will review arrangements and processes in place to ensure that the shared service Term Maintenance Contract (TMC) partnership completes all statutory certification works on behalf of the Service by the due dates. The scope of the review will include respective roles and responsibilities of Shared Service and HIWFRS and arrangements for ensuring all required | | Q4 | 10 |

| Audit | Audit sponsor | Scope | Link to Strategic Risk Register | Proposed Timing | Indicative days |
|-----------------------------------|---|---|---------------------------------|-----------------|-----------------|
| | | checks are identified, assigned and completed. | | | |
| Pay claims | Head of People and Organisational Development | <p>This audit will follow on from our 2018/19 review and the preparations and activity in this area in advance of, and following, the new combined fire authority.</p> <p>The audit will review the arrangements in place to ensure that the criteria for all allowance types have been documented, and that all allowances are appropriately authorised and regularly reviewed to ensure ongoing relevance in accordance with business need.</p> | | Q4 | 12 |
| IT - Change management | Director of Corporate Services | The review will seek to provide assurance that standardised methods and procedures are used for the efficient and effective handling of all changes, to minimise the impact of change-related incidents upon service quality, and consequently improve the day-to-day operations of the organisation. | | Q3 | 10 |
| Cyber Security - patch management | Director of Corporate Services | The focus of the review will be to ensure that patches are identified and applied promptly and in a controlled manner to maintain security. | 3 | Q1 | 10 |

| Audit | Audit sponsor | Scope | Link to Strategic Risk Register | Proposed Timing | Indicative days |
|--|---|---|---------------------------------|-----------------|-----------------|
| IT User access | Director of Corporate Services | To review the arrangements for granting, amending or removing access for starters, movers and leavers to the organisation to ensure access is appropriate and in line with business need. | 3 | Q4 | 10 |
| NFI | Director of Performance, Assurance and Communications | Statutory requirement for data matching. | | Q1-4 | 3 |
| Follow up | Various | To assess progress in implementing management actions for reviews carried out during 2020/21. | | Q4 | 5 |
| 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) | | | | | 200 |

Shared Services Internal Audit Plan 2021-22

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.