

Standards & Governance Committee



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

Purpose: Approval

Date: 26 July 2021

Title: **INTERNAL AUDIT ANNUAL REPORT & OPINION 2020/21**

Report of the Chief Internal Auditor

SUMMARY

1. The purpose of this paper is to provide the Standards and Governance Committee with my opinion, as Chief Internal Auditor for Hampshire Fire and Rescue Authority (HFRA), on the adequacy and effectiveness of the Authority's framework of risk management, internal control and governance operated for the year ending 31 March 2021.

BACKGROUND

2. In accordance with proper internal audit practices, the Chief Internal Auditor is required to provide a written report reviewing the effectiveness of the system of internal control and this provides evidence to support the production and review of the Annual Governance Statement.
3. While the 2020/21 internal audit annual report and opinion relates specifically to HFRA, as both HFRS and IWFRS worked together in many service areas in advance of the new combined fire authority – some of the areas reviewed were also relevant to IWFRS activity, for example in the COVID-19 Health and Safety risk assessments audit and the Change Management Framework audit.
4. The Annual Report for 2020/21 (attached at Appendix A) provides the Chief Internal Auditor's opinion on the system of internal control for HFRA and summarises audit work from which that opinion is derived for the year ending 31 March 2021.
5. The Standards and Governance Committee's attention is drawn to the following points:
 - Internal audit was compliant with the Public Sector Internal Audit Standards (PSIAS) in 2020/21.

- The revised internal audit plan for 2020/21 has been substantially delivered.
- Whilst recognising that there remains ongoing work in some areas to strengthen and embed control, in my opinion I can give 'reasonable assurance' over Hampshire Fire and Rescue Authority's framework of governance, risk management and management control from audit testing undertaken during the year. My opinion also notes the continued positive direction of travel, as evidenced in the assurance opinions of individual audits within the 2020/21 audit programme.
- Where internal audit work identified areas where management controls could be improved or where systems and laid down procedures were not fully followed, appropriate corrective actions and a timescale for improvement were agreed with the responsible managers. Over the last 12 months we have seen a significant reduction in the number of open and overdue actions, further demonstrating the Authority's commitment to improving the overall framework of control.

IMPACT OF COVID-19

6. The impact of COVID-19 during the year has had a significant impact on the way we have worked and interacted. The enforced central government directive '*if you can work from home, you must do so*' has required the Southern Internal Audit Partnership to adopt a revised operating model and innovative approach to virtual auditing, which has worked effectively. SIAP would also like to take this opportunity to thank all those staff throughout Hampshire Fire & Rescue Authority with whom we have made contact in the year. Our relationship has been positive, and management were responsive to the comments we made both informally and through our formal reporting.
7. Work contributing to my 2020/21 annual opinion has all been undertaken virtually, optimising technology and virtual platforms to share, monitor and observe operations to substantiate our findings.
8. I am confident that the revised operating model has not compromised quality or SIAPs ability to complete assurance work throughout the year or the conclusion drawn.

SUPPORTING OUR SAFETY PLAN AND PRIORITIES

9. 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

10. The 2020/21 plan was prepared on the basis of audit need and agreed with senior managers and endorsed by Hampshire Fire & Rescue Authority, following comprehensive risk assessment. The cost is reflected in the Authority budget.

IMPACT ASSESSMENTS

11. 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

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

OPTIONS

13. The options are that the Chief Internal Auditor's annual report and opinion for 2020/21 is accepted, or not accepted, by Hampshire and Isle of Wight Fire and Rescue Authority Standards and Governance Committee.

EVALUATION

14. 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

15. 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

16. The appendix outlines the internal audit opinion for 2020/21 and the key issues arising. We have provided a rating of 'reasonable' assurance – the same opinion as in 2019/20 – reflecting that 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 and management actions have been agreed to address these issues.

RECOMMENDATION

17. That the Hampshire and Isle of Wight Fire and Rescue Authority Standards and Governance Committee accepts the Chief Internal Auditor's annual report & opinion statement for 2020/21.

APPENDICES ATTACHED

Appendix A: Internal Audit Annual Report & Opinion 2020/21.

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