

Hampshire Fire and Rescue Authority

Standards and Governance Committee

Item: 8

4 April 2014

Internal audit charter and annual internal audit plan 2014/15

Report of the Treasurer

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1. Purpose and Summary

- 1.1 The purpose of this paper is to provide the Standards and Governance Committee with an overview of the Internal Audit Charter for Hampshire Fire and Rescue Authority and to present the proposed annual internal audit plan 2014/15 for consideration and approval.
- 1.2 The attached appendices provides a copy of the proposed Internal Audit Charter and annual internal audit plan.

2. Recommendation

- 2.1 That the Standards and Governance Committee approves the Internal Audit Charter for Hampshire Fire and Rescue Authority and the internal audit plan for 2014/15.

3. Internal Audit Charter

- 3.1 Historically, organisations in the UK public sector have been covered by a variety of internal audit standards and for fire authorities the standards were those prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 (the Code). In line with those standards, internal audit has been delivered within the framework outlined in the Internal Audit Strategy which was approved by Hampshire Fire and Rescue Authority's Standards and Governance Committee.
- 3.2 A collaboration between CIPFA and the Institute of Internal Auditors (IIA) has led to an agreement between the relevant internal audit standard setters to develop common internal audit standards. As a result, with effect from 1 April 2013, all internal audit services across the public sector will be governed by the Public Sector Internal Audit Standards (PSIAS).
- 3.3 The objectives of PSIAS are to:

- define the nature of internal auditing within the UK public sector
- set basic principles for carrying out internal audit in the UK public sector
- establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations;
- establish the basis for the evaluation of internal audit performance and to drive improvement planning.

3.4 The foundations of PSIAS are not fundamentally different to those adhered to under the CIPFA Code and require an internal audit charter (similar to the previous internal audit strategy) that defines the purpose, authority and responsibility of the internal audit activity, with clear definitions of those fulfilling responsibilities of the 'board' and 'senior management'. The proposed Internal Audit Charter, which meets the requirements set out in PSIAS, is attached at appendix A for consideration.

3.5 The Internal Audit Charter must be reviewed periodically (as a minimum annually) by the Chief Internal Auditor and presented to senior management and the Standards and Governance Committee.

4. Internal audit plan 2014/15

4.1 The internal audit plan for 2014/15 has been prepared in line with the Internal Audit Charter following consultation with HFRS staff and this is attached at appendix B for consideration. The key changes to the plan compared to previous years arise from the joint working arrangements that HFRA has entered into with Hampshire County Council and Hampshire Constabulary. To avoid duplication of effort it is proposed that all three authorities contribute audit days to a joint plan that will provide assurance over the shared arrangements to all parties. The details of this plan are still being finalised and require further consultation with management and the external auditors but the plan will be reported to the Committee once this is completed.

4.2 It is also proposed that a generic financial management review is also included within the plan each year to review the areas that are still under the direct control of HFRS staff.

5. External Audit Liaison

5.1 In the past we have had regular liaison meetings with the external auditors to discuss national and local audit issues, to ensure that duplication is minimised and that reporting to Committee is co-ordinated as far as possible and we propose that this arrangement continues.

6. Contribution to corporate priorities and objectives

6.1 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.

7. Risk analysis

7.1 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.

8. People impact assessment

8.1 The proposals in this report are considered compatible with the provisions of the equality and human rights legislation.

9. Environmental and sustainability impact assessment

9.1 Proposals have no environmental or sustainability impacts.

10. Resource implications

10.1 The 2014/15 plan has been prepared on the basis of audit need and agreed with senior managers following comprehensive risk assessment. The cost is reflected in the Authority's budget.

10.2 The audit plan will remain fluid to enable us to react to the changing needs of Hampshire Fire and Rescue Authority.

Section 100 D - Local Government Act 1972 - background documents

The following documents disclose facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the preparation of this report.

NB the list excludes:

1. published works; and,
2. documents which disclose exempt or confidential information as defined in the Act.

Title	Location
None	