

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Pension Fund Panel and Board
<b>Date:</b>	04 March 2016
<b>Title:</b>	Governance - Internal Audit Plan 2016/17
<b>Reference:</b>	7379
<b>Report From:</b>	<i>Director of Corporate Resources – Corporate Services</i>

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### 1. Executive Summary

1.1. The purpose of this paper is to provide the Pension Fund Panel and Board with the Internal Audit Plan 2016/17 for Pension Services (Appendix 1).

1.2. 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
- risks to the achievement of the Council's objectives are identified, assessed and managed to a defined acceptable level.

### 2. Contextual information

2.1. 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.

2.2. Internal audit focus should be proportionate and appropriately aligned; as such resources primarily concentrate on high and medium priority reviews.

2.3. The plan will remain fluid and subject to on-going review, and amended in consultation with the relevant officers, to ensure it continues to reflect the needs of the Council. Amendments to the plan will be identified through the Chief Internal Auditor's continued contact and liaison with those responsible for the governance of the Council.

2.4. Other reviews, based on criteria other than risk, may also be built into the work plan. These may include 'mandatory' audits or reviews requested or

commissioned by management. Any commissioned review must be able to clearly demonstrate a contribution to the audit opinion on risk management, control and governance.

- 2.5. The internal audit team have adopted a matrix style approach to enable the delivery of the plan, by using a resource pool of multi disciplinary auditors capable of forming into teams as audit projects determine.
- 2.6. This approach will ensure seasonal peaks in demand can be effectively managed, an appropriate level of independence in the rotation of audit reviews and the avoidance of over reliance on individual areas of expertise.
- 2.7. The Council's 'internal audit charter' ensures the Chief Internal Auditor has sufficient resource necessary to fulfil the requirements and expectations to deliver an internal audit opinion.
- 2.8. Significant matters that jeopardise the delivery of the plan, or require changes to the plan will be identified, addressed and reported to the Management Team.
- 2.9. The endorsement and sponsorship of the plan at Member / Senior Management level will assist in providing the engagement and buy-in of staff at an operational level to ensure the outcome of audit reviews are optimised.
- 2.10. A key role of internal audit is to objectively examine, evaluate and report on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 2.11. A clear objective of the risk based audit approach adopted is to identify any instances of over as well as under control and provide management with a clear articulation of residual risks where existing controls are inadequate.
- 2.12. In a climate where it is necessary to become less process driven and eliminate unproductive tasks, internal audit will not become (or perceived) as a barrier to innovation. Whilst it is imperative that Internal Audit continue to ensure an appropriate control environment exists and appropriately reported on, the service is ideally positioned and has been appropriately briefed to challenge current practice and where applicable highlight duplication and over control, contributing to efficiencies across the Council.

### **3. Recommendation(s)**

- 3.1. That the Pension Fund Panel and Board note the Internal Audit Plan for 2016/17.

**CORPORATE OR LEGAL INFORMATION:****Links to the Corporate Strategy**

<b>Hampshire safer and more secure for all:</b>	yes/no
<b>Maximising well-being:</b>	yes/no
<b>Enhancing our quality of place:</b>	yes/no
<b>OR</b>	
<b>This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because:</b>	
Accounts and Audit (England) Regulations 2015.	

**Section 100 D - Local Government Act 1972 - background documents**

**The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)**

DocumentLocation

None

## **IMPACT ASSESSMENTS:**

### **1. Equality Duty**

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

**Due regard in this context involves having due regard in particular to:**

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

### **1.2. Equalities Impact Assessment:**

Equality objectives are not considered to be adversely affected by the proposals within this report

### **2. Impact on Crime and Disorder:**

2.1. The proposals in this report are not considered to have any direct impact on the prevention of crime, however internal audit work has provided to ensure that controls are in place to minimise the risk of fraud and corruption against the County Council.

### **3. Climate Change:**

a) How does what is being proposed impact on our carbon footprint / energy consumption?

No specific changes

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

No specific proposals affecting adaption to climate change