

NOTICE OF MEETING

Meeting:	AUDIT COMMITTEE
Date and Time:	FRIDAY, 21 MARCH 2025, AT 10.00 AM
Place:	COUNCIL CHAMBER - APPLETREE COURT, BEAULIEU ROAD, LYNDHURST, SO43 7PA
Enquiries to:	E-mail: andy.rogers@nfdc.gov.uk Tel: 023 8028 5070

PUBLIC INFORMATION:

This agenda can be viewed online (<https://democracy.newforest.gov.uk>). It can also be made available on audio tape, in Braille and large print.

Members of the public are welcome to attend this meeting. The seating capacity of our Council Chamber public gallery is limited under fire regulations to 22.

Members of the public can watch this meeting live, or the subsequent recording, on the [Council's website](#). Live-streaming and recording of meetings is not a statutory requirement and whilst every endeavour will be made to broadcast our meetings, this cannot be guaranteed. Recordings remain available to view for a minimum of 12 months.

PUBLIC PARTICIPATION:

Members of the public may speak in accordance with the Council's [public participation scheme](#):

- (a) on items within the Audit Committee's terms of reference which are not on the public agenda; and/or
- (b) on individual items on the public agenda, when the Chairman calls that item. Speeches may not exceed three minutes.

Anyone wishing to attend the meeting, or speak in accordance with the Council's public participation scheme, should contact the name and number shown above no later than 12.00 noon on Tuesday, 18 March 2025.

Kate Ryan
Chief Executive

Appletree Court, Lyndhurst, Hampshire. SO43 7PA
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AGENDA

Apologies

1. MINUTES

To confirm the minutes of the meeting held on 24 January 2025 as a correct record.

2. DECLARATIONS OF INTEREST

To note any declarations of interest made by members in connection with an agenda item. The nature of the interest must also be specified.

Members are asked to discuss any possible interests with Democratic Services prior to the meeting.

3. PUBLIC PARTICIPATION

To receive any public participation in accordance with the Council's public participation scheme.

4. FRAUD, ANTI BRIBERY, CORRUPTION AND WHISTLEBLOWING POLICIES REVIEW (Pages 5 - 34)

To receive an update on fraud, anti bribery, corruption and whistleblowing policies following a review.

5. EXTERNAL AUDITOR'S ANNUAL REPORT FOR YEAR ENDED 31 MARCH 2024 (Pages 35 - 74)

To receive the External Auditor's annual report for the year ended 31 March 2025.

6. EXTERNAL AUDIT PLAN 2024/25 (VERBAL REPORT)

To receive a verbal update on the External Audit Plan for 2024/25.

7. INTERNAL AUDIT PROGRESS REPORT 2024/25 (Pages 75 - 92)

To receive the Internal Audit progress report for 2024/25.

8. INTERNAL AUDIT CHARTER AND PLAN 2025/26 (Pages 93 - 130)

To receive the Internal Audit Charter and Plan for 2025/26.

9. FINANCIAL REGULATIONS REVIEW (Pages 131 - 170)

To receive an update following a review of Financial Regulations.

10. REGULATION OF INVESTIGATORY POWERS ACT 2000 – ANNUAL UPDATE (Pages 171 - 174)

To receive the annual update on the use of powers under the Regulation of Investigatory Powers Act 2000.

11. AUDIT COMMITTEE WORK PLAN (Pages 175 - 178)

To consider the Audit Committee's Work Plan.

12. ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT

To:	Councillors	Councillors
	Alan Alvey (Chairman)	Caroline Rackham
	John Adams (Vice-Chairman)	Janet Richards
	Kate Crisell	Malcolm Wade
	Jacqui England	Richard Young
	Alan O'Sullivan	

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Audit Committee – 19 March 2025

Anti-Fraud, Bribery and Corruption Strategy and Whistleblowing Policy

Purpose	For decision
Classification	Public
Executive Summary	<p>The existing Anti-Fraud, Bribery and Corruption Strategy and Whistleblowing Policy, were last reviewed in 2021, and although remain fit for purpose, it is good practice to review these policies every three years. We have recently reviewed the policies and made some minor amendments.</p> <p>The Anti-Fraud, Bribery and Corruption Strategy supports our commitment and culture of tackling fraud, bribery and corruption.</p> <p>The Whistleblowing Policy ensures an open culture where staff are encouraged to report suspected wrongdoing and where reports are thoroughly investigated.</p>
Recommendations	<p>That the Audit Committee approve the:</p> <ol style="list-style-type: none"> 1. Anti-Fraud, Bribery and Corruption Strategy 2. Whistleblowing Policy
Reasons for recommendation	To review and approve the updated Anti-Fraud, Bribery and Corruption Strategy and Whistleblowing policy.
Wards	All
Portfolio Holder	Councillor Jeremy Heron – Finance and Corporate
Strategic Director	Richard Knott – Strategic Director Housing and Communities
Officer Contact	<p>Ryan Stevens Service Manager Revenues, Benefits and Customer Services 02380 285693 Ryan.stevens@nfdc.gov.uk</p>

Introduction and background

1. This report provides Audit Committee with the updated Anti-Fraud, Bribery and Corruption Strategy and Whistleblowing policy. The Anti-Fraud, Bribery and Corruption Strategy is the over-arching strategy and is supported by a range of related policies.
2. The Council is committed to tackling fraud, bribery and corruption and will not tolerate these acts in the administration of its responsibilities. The Council is committed to making sure that the opportunity for fraud, bribery and corruption is reduced to the lowest possible risk. Our strategy incorporates the best practice guidance for combatting fraud in Local Government based on Fighting Fraud and Corruption Locally Strategy 2020 and compliance with these measures will enable us to demonstrate effective control of public funds.

Anti-Fraud, Bribery and Corruption Strategy

3. The Council promotes a strong counter-fraud culture to ensure that the opportunity for fraud, bribery and corruption is reduced to the lowest possible risk and measures are in place to effectively control public funds. The strategy is underpinned by 5 pillars; govern, acknowledge, prevent, pursue and protect.

Whistleblowing policy

4. The Whistleblowing policy sets out our approach for encouraging a culture for staff, who all have a responsibility, to report suspected wrongdoing, in confidence, the approach to investigating reports and the possible outcomes following the investigation.

Options appraisal

5. The Anti-Fraud, Bribery and Corruption Strategy and Whistleblowing policy apply good practice and considered essential for the carrying out of functions and maintaining high standards of governance.

Consultation

6. Both the Anti-Fraud, Bribery and Corruption Strategy and Whistleblowing Policy were reviewed by Southern Internal Audit Partnership in 2024, who made some very minor recommendations.
7. Both the Anti-Fraud, Bribery and Corruption Strategy and Whistleblowing Policy have been reviewed by our Corporate Fraud and Compliance Officer, as well as Service Managers and Executive Management Team.

Financial and resource implications

8. The Anti-Fraud, Bribery and Corruption Strategy supports our approach to preventing fraud and error to *protect the public* purse and ensure losses from fraud are kept to a minimum.
9. There are no additional resource requirements as preventing fraud and error is undertaken as part of business-as-usual activities.

Legal implications

10. The legislative and regulatory context is detailed in the strategy and policy. The Anti-Fraud, Bribery and Corruption Strategy makes reference to the types of fraud that the Council is more susceptible to and covered by the Fraud Act 2006, and possible outcomes, including prosecution or possession of a Council property.

Risk assessment

11. Each Service Manager is responsible for maintaining a Fraud Risk Survey for their service, whereby potential risks of fraud and error are identified, along with measures in place to reduce these. These surveys are reviewed annually, or earlier if appropriate, for example new duties, to ensure the risk of fraud and error is minimised.

Environmental / Climate and nature implications

12. There are no significant environmental or climate and nature implications arising from this report.

Equalities implications

13. There are no significant equalities implications arising from this report.

Crime and disorder implications

14. The Anti-Fraud, Bribery and Corruption Strategy and Whistleblowing policy both include implications where crime is committed, for example where fraud has been proven, resulting in a prosecution, or disciplinary proceedings against an employee.

Data protection / Information governance / ICT implications

15. Any information related to allegations of fraud or where a whistleblowing concern has been raised, are treated in strict confidence. Information is shared, internally between teams, and externally, where appropriate and permitted, to work collaboratively to investigate and pursue fraud.

16. Any supporting documentation or evidence is retained in accordance with our data retention policy.

Appendices

Appendix 1 - Anti-Fraud, Bribery and Corruption Strategy

Appendix 2 – Whistleblowing Policy

Background Papers:

None



**ANTI FRAUD, BRIBERY AND CORRUPTION
STRATEGY**

March 2025

Published 21 March 2025

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1. Introduction

- 1.1 New Forest District Council recognises that public trust and confidence in the way it conducts its business is vital in preserving its reputation as an organisation that operates with integrity and high standards of governance. Public confidence will be weakened if fraud, bribery or corruption occur and will be strengthened if positive action is taken to prevent, detect, and deal with fraudulent acts.
- 1.2 In carrying out its functions and responsibilities, the Council wishes to promote a culture of openness and fairness and expect all those who work for and with the Council to adopt the highest standards of propriety and accountability.
- 1.3 It is acknowledged that even with strong preventative measures, motivated fraudsters may still succeed so we must have a robust enforcement response to pursue fraudsters and to deter others.
- 1.4 To help local authorities recognise and address their fraud risks, the Chartered Institute of Public Finance & Accountancy (CIPFA) produced "Fighting Fraud & Corruption Locally (FFCL) – 2020's Strategy and a "Code of Practice on Managing the Risk of Fraud and Corruption". This strategy has been constructed utilising this central guidance.
- 1.5 The Council is committed to tackling fraud, bribery and corruption and will not tolerate these acts in the administration of its responsibilities, whether from inside or outside the Council. It will deal openly and robustly with anyone who acts dishonestly.

2. Legislative and regulatory context

- 2.1 The Fraud Act 2006 is an Act to make provision for, and in connection with, criminal liability for fraud and obtaining services dishonestly. This Act defines three types of action which could constitute fraud, false representation, failing to disclose information and abuse of position.
- 2.2 The Bribery Act 2010 is an Act to make provision about offences relating to bribery and for connected purposes. There are four key offences under this Act, Bribery of another person, Accepting a bribe, Bribing a foreign public official and a Corporate offence of failing to prevent bribery.

3. Definitions

Fraud is: Any intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss. As a crime Fraud is defined by the Fraud Act 2006 as:

- o Fraud by false representation.
- o Fraud by failing to disclose information.
- o Fraud by abuse of position.

The important point here is that it is the “intent” to make a gain or cause another to make a loss – whether a person is successful or not in their outcome is not important, for an offence to have been committed.

In addition, the Fraud Act deals with offences relating to the possession of articles for use in fraud, making or supplying articles for use in frauds, participation by a sole trader in fraudulent business and obtaining services dishonestly, either personally or for another.

Corruption is the deliberate misuse of a position for direct or indirect person gain. Corruption includes offering, giving, requesting or accepting a bribe or reward, which influences a person’s actions or the actions of someone else. The Bribery Act 2010 makes it possible for senior officers to be convicted where they are deemed to have given their consent or tacit approval in giving or receiving a bribe.

Bribery is giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward that person for having already done so.

Bribing another person:

The offering, promising or giving of a reward to induce a person to perform a relevant function or activity improperly. It is also an offence when the person making the bribe knows or believes that the acceptance of the reward offered, promised or given, in itself constitutes the improper performance of a relevant function or activity.

Being bribed:

The accepting of, agreeing to accept or requesting of a reward in return for improperly performing a relevant activity.

Bribing a foreign public official:

This is a specific offence of directly or indirectly offering or promising or giving a bribe to a foreign public official with the intention of influencing the actions of the foreign public official in order to obtain or retain business (or an advantage in the conduct of business) in a situation where the public official was not permitted or required by law to be influenced.

Failure to prevent bribery:

This – the 'corporate offence' – occurs when an organisation fails to stop people who are operating on its behalf from being involved in bribery. A relevant commercial organisation is guilty of an offence if any person associated with it bribes another person, intending to obtain or retain business or an advantage in the conduct of a business for the commercial organisation. The Act includes a defence if the organisation can demonstrate on the balance of probability that despite a particular case of bribery, it nevertheless had adequate procedures in place to prevent the bribe. This Strategy, the Codes of Conduct for staff and members and the Whistleblowing Policy are designed to meet that requirement.

4. Roles and responsibilities

- 4.1 The Council expects the highest standards of conduct and integrity from all who deals with it, and everyone has a duty to assist the Council in tackling fraud, bribery or corruption.
- 4.2 The Section 151 Officer has a statutory responsibility under section 151 of the Local Government Act 1972 to ensure the proper arrangements for the Council's financial affairs. Therefore, leadership for the delivery of the Anti-Fraud, Bribery and Corruption Strategy resides with the Strategic Director of Corporate Resources and Transformation as the Council's Section 151 Officer.
- 4.3 Service Managers are responsible for their own Fraud Risk Register which proactively look, in detail, at the Council's operational functions, and aim to identify potential areas where the risk of fraud or corruption is likely and to look at internal controls that are in place or could be put into place that would help minimise any potential risk of fraud. Service Managers will review their Risk Registers annually.
- 4.4 Managers are responsible for promoting fraud awareness and maintaining internal control systems and ensuring that the Council's resources and activities are properly applied in the manner intended. They should identify the risks to systems and procedures and ensure all suspected or reported irregularities are dealt with promptly.
- 4.5 All employees are responsible for their own conduct and are required to comply with Council policies and procedures. They must act properly in the use of Council resources and consider whether they should raise a concern under the Whistleblowing Policy if there is reason to believe there has been fraud, bribery or corrupt activity within the Council.
- 4.6 Any information concerning suspected fraud, bribery or corruption involving an Elected Member will be referred to the Monitoring Officer, who will decide upon the most appropriate method of investigation.

5. Approach to countering fraud

5.1 New Forest District Council is committed to making sure that the opportunity for fraud, bribery and corruption is reduced to the lowest possible risk. Our strategy incorporates the best practice guidance for combatting fraud in Local Government based on Fighting Fraud and Corruption Locally Strategy 2020 and compliance with these measures will enable us to demonstrate effective control of public funds.



Govern: Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. The Council has a dedicated Fraud and Compliance Officer, and the Council will promote and develop a strong Counter-fraud culture, raise awareness and provide information on all aspects of counter fraud. This includes robust processes, dedicated fraud web pages, a new fraud e-learning tool and to ensure staff know how to report concerns and are aware of Whistleblowing and Money Laundering procedures.

Acknowledge: The Council acknowledges that no organisation is free from the risk of fraud but by having this strategy the Council is committed to tackling fraud and corruptions and that it has a robust

anti-fraud response. Assessing fraud risks is key to understanding how the Council may be at risk from fraud and what steps can be taken to mitigate these risks.

Prevention: Prevention is often the most efficient way to ensure losses from fraud are kept to an absolute minimum. The strategy will be based upon comprehensive assessments in all areas of council activity to reduce losses from fraud, bribery and corruption to an absolute minimum and to ensure we have the appropriate system and process controls in place.

The Council's Fraud Risk Register will be reviewed annually to ensure the Council has a robust approach to preventative work. These registers aim to review procedures and processes to identify risks, look at controls required to mitigate the risks and to consider the harm or consequence caused if the Council is exposed to fraud or corruption.

The Council will actively participate in relevant data matching opportunities, such as the National Fraud Initiative (NFI) run by the Cabinet Office. The exercise allows the comparison of various data sets against other data sources to help detect fraud and error in areas such as the housing register, council tax, housing benefit, payroll and creditors. The main NFI data matching exercise currently occurs over a two-year cycle and a supplementary exercise takes place yearly in relation to the Electoral Register and Council Tax Single Person Discounts.

The Council will ensure employees provide adequate proof of identity and permission to work in the UK. Employees are appointed subject to satisfactory references and care is to be taken to ensure that employment references and qualifications are genuine.

Where appropriate, teams will work together to share information and good practice to detect and mitigate fraud.

Pursue: The Council maintains a log of all fraud referrals and this log helps to establish areas within the Council that are most vulnerable to the risk of fraud. The Council will look at all allegations of fraud or corruption and use the appropriate skills, whilst actively working with partners, to investigate any allegations when appropriate. The Council will actively use sanctions available, prioritise fraud recovery and publicise results.

Protect: The Council needs to protect public funds and protect itself against serious and organised crime. This can be done by partaking in activities such as the National Fraud Initiative data match which looks at certain data held by the Council and other Local Authorities. The Council is part of the Hampshire wide Fraud Group which communicate new frauds arising. The council will assist in protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community, which may be by means of New Forest resident emails or posts on Social Media alerting the community to new or emerging risks.

These principles are reinforced by ensuring the Council acknowledges the threat of fraud through appropriate risk assessments and creates a greater emphasis on prevention and the recovery of any losses. A robust enforcement response will be used to pursue fraudsters and deter others. The Council will actively work with relevant partners when required.

6. Reporting potential fraud

- 6.1 The Council relies on employees, Councillors and the public to be alert to fraud and to report any suspicions of fraud or corruption. The Council has dedicated Web pages with details on how to report fraud, this can be done anonymously via an E-Form or by calling the Fraud Hotline on 0800 854 440 or emailing fraud@nfdc.gov.uk. All reports will be logged and treated with confidence.

7. Investigations

- 7.1 Any information concerning suspected fraud, bribery or corruption involving employees, customers, clients or contractors will be examined by the Corporate Fraud and Compliance Officer and an investigation may be carried out where necessary. Confidentiality will be maintained throughout the investigation with information shared where circumstances and the law allows.
- 7.2 Not all referrals warrant an investigation, but some may require a full investigation whilst others may be better dealt with as management issues with Human Resources using the Council's internal disciplinary procedures. Where necessary the Council will ensure that all allegations are properly investigated, documented and any evidence that needs to be obtained will be done in accordance with any relevant legislative requirements.

8. Sanctions

- 8.1 All sanction decisions will be consistent, balanced and fair and relate to the degree and nature of the offence. In coming to any decision many factors will be taken into account including the seriousness of the offence, the value of any overpayment, the length of the fraud, the vulnerability of the individual, and the health and age of the individual.
- 8.2 There are a number of sanctions available to the Council and can include prosecution, administration penalties, civil penalties, warnings and disciplinary action. Further details can be found in specific policies, such as the Council Tax Support Scheme Prosecutions and Penalties Policy.

9. Specific areas of fraud risk

- 9.1 The Council is susceptible to a wide range of fraud risks including:

9.1.1 Internal Fraud

9.1.2 Types of employee fraud are wide-ranging, from the manipulation of financial and payroll systems, fraudulent claims for allowances and expenses to the misuse of time, resources or goods including failure to declare conflict of interests or the acceptance of gifts and hospitality. It also includes staff pre-employment fraud, where false information is given in order to gain employment.

9.1.3 Internal Fraud may also include the misuse of ICT equipment for personal gain, for example using data for personal use, inappropriate use of IT systems or the theft of equipment.

9.1.4 Defences against employee and internal fraud are to ensure proper and adequate vetting, providing evidence of expenses, inventory of IT equipment, and include a strong management-led anti-fraud culture to deter employees from committing fraud in the first place.

9.2 Housing

9.2.1 Housing fraud can include subletting a social rented dwelling, subletting without consent, ceasing to occupy a property as a primary residence, providing false information when applying for housing, and illegally applying to succeed a tenancy after a tenant's death.

9.2.2 Defences against this type of fraud are to ensure applications are thoroughly verified and evidence provided, to ensure sufficient identity checks are undertaken and relevant evidence supplied and to complete periodic tenancy audits and property visits.

9.3 Council Tax Fraud

9.3.1 Council tax fraud occurs when an individual intentionally gives incorrect or misleading information to pay less or no council tax.

9.3.2 Defences against this type of fraud are to ensure applications are thoroughly verified and evidence provided, to undertake site visits, utilise NFI data, reviewing data held by teams, such as Benefits and Electoral Services, and to complete periodic data matching and reviews.

9.4 Council Tax Reduction Scheme

9.4.1 The Council operates a council tax support schemes to support those on low incomes with a reduction on their council tax bill.

9.4.2 Council tax reduction scheme fraud can start from the outset if a person making an application for council tax reduction provides false information or deliberately withholds relevant information required to assess a claim for a reduction. Fraud can also happen after the claim has been made where an individual does not inform the Council of a change of circumstance that may affect their entitlement to a reduction.

9.4.3 Defences against this type of fraud are to ensure applications are thoroughly verified with supporting evidence, utilising DWP/HMRC data on earnings and state benefits, and to complete periodic data matching, such as National Fraud Initiative, and reviews when in contact with claimants, for example when reporting a change in circumstances or querying their entitlement, and council tax records.

9.5 National Non-Domestic Rates (NNDR)

9.5.1 Non-domestic rates are also known as business rates. Areas of risk for fraud and evasion in this area can include empty properties, rates exemptions and ineligible reliefs and discount applications. Under business rates retention arrangements the

Council, County Council and Fire and Rescue Service get to keep a proportion of business rates paid locally.

9.5.2 Defences against this type of fraud are to ensure thorough checks on applications are undertaken, use internal information held, data matching where appropriate, use of third party data to find properties that are not rated, reviews where reliefs are awarded and site visits.

9.6 Universal Credit and Housing Benefit

9.6.1 The council has a duty to administer Housing Benefit to those who qualify, however fraud can occur if claimants are not truthful in their applications. The Council will work jointly with the Department for Works & Pensions (DWP) in relation to Housing Benefit claims and Universal Credit claims with a Council Tax Reduction. This will involve a joint investigation if a fraudulent activity is suspected.

9.6.2 Fraud can start from the outset if a person making an application for Housing Benefit provides false information or deliberately withholds relevant information required. Fraud can also happen after the claim has been made where an individual does not inform the Council or DWP of a change of circumstance that may affect their entitlement.

9.6.3 Defences of this type of fraud are to ensure applications are thoroughly verified with supporting evidence (for example evidence of rent and bank statements), use internal information held, utilising data held by the DWP/HMRC, complete data matching exercises, such as NFI and completion of targeted full case reviews.

9.7 Procurement

9.7.1 Procurement relates to the purchasing of goods and services. It can be complex and can also encompass a range of areas spanning the whole period from agreeing to a project to contract monitoring, extensions and re-letting.

9.7.2 Procurement fraud is a deliberate deception intended to influence any stage of the procure-to-pay lifecycle in order to make a financial gain or cause a loss.

9.7.3 Procurement fraud is particularly complex, hidden and difficult to detect and measure. It can be perpetrated by those inside or outside an organisation and is rarely reported.

9.7.4 Defences against this type of fraud can be by way of contract monitoring, ensuring sufficient segregation of duties, adhering to procurement rules (such as the Council's own Contract Standing Orders) and contract payment certificate checks, including the completion of a final accounts audit.

9.7.5 All requests to add a new supplier to the finance system must have Service Manager approval and be subject to a check by the Procurement team before being set up.

9.7.6 The Procurement team provide all Senior/Service Managers with detailed spend analysis reports three times per year on a per-supplier basis, in respect of their areas of responsibility.

9.7.7 The Audit service have a standing 'Accounts Payable' item included within the annual audit plan and cover workflow testing as part of their annual coverage.

9.8 Grants

9.8.1 A grant is an award of financial assistance paid to eligible recipients for a specified purpose. There are different types of public sector grants paid out to individuals, businesses, charities and not-for-profit organisations.

9.8.2 Defences against this type of fraud are to ensure thorough checks on applications are undertaken, ensure processes in place are adhered to and where applicable authorisation is sought from the relevant persons and or panel.

10. Further information

10.1 This policy is supported by a range of other policies, including:

- The Constitution
- Codes of Conduct
- Contract Standing Orders
- Whistle Blowing Policy
- Money Laundering Policy
- ICT Security and Information Governance Policy

- Council Tax Support Scheme Prosecutions and Penalties Policy
- Allocations Policy
- NFDC Financial Regulations

11. Training and continuing awareness

- 11.1 We recognise that the success of the Anti-fraud, Bribery and Corruption Strategy will, to a degree, depend on the effectiveness of programmed training and continuing awareness of people throughout the Council and of facilitating people's ability to be responsive regarding fraud and bribery issues.
- 11.2 To facilitate the raising of awareness of this Strategy, the Council supports the concept of induction training for all Members and officers of the Council. Support is also given to any awareness training that is subsequently deemed to be required with a view to ensuring everyone is aware of their responsibilities and duties regarding fraud and bribery and that such responsibilities and duties are reinforced from time to time. To this end consideration will be given to the most effective ways of increasing Member and employee awareness of this policy and their associated responsibilities in complying with it. The Council has a new Learning Management System LMS with a specific Fraud Prevention e-learning package which all staff will be required to complete every 2 years.
- 11.3 Where this is an occurrence of fraud, this will be communicated to teams who will discuss the incident and consider any learning that can be taken and action if appropriate.

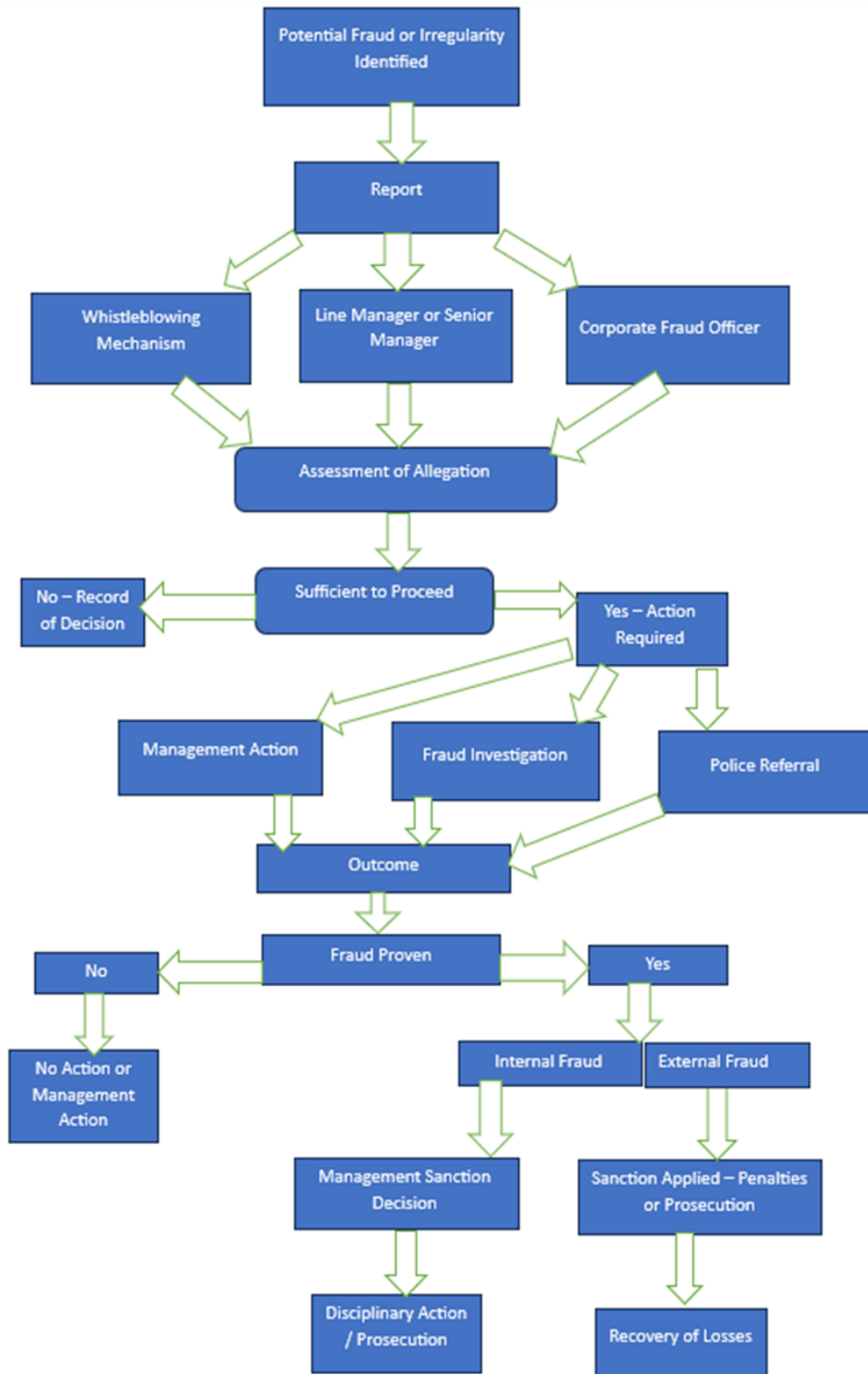
12. Conclusions

- 12.1 The Council has in place a robust network of systems and procedures to assist it in the fight against fraud, corruption and bribery. It is determined that these arrangements will keep pace with any future developments, in both preventative and detective techniques regarding fraudulent acts or bribes that may affect Council operations or related responsibilities. To this end, the Council will maintain a continuous overview of such arrangements.
- 12.2 This Strategy provides a comprehensive framework for dealing with fraudulent acts, bribes and other wrongdoing against the Council or which could adversely impact on the Council. It is imperative that managers put in place arrangements for disseminating the Strategy and promoting fraud awareness, throughout their service areas.
- 12.3 Appendix 1 provides employees with a flow chart to follow from the outset of an irregularity, through to the eventual actions and decisions required of management.

13. Review

- 13.1 This policy will be reviewed every 3 years.

Appendix 1 – Fraud investigation process





WHISTLEBLOWING POLICY

March 2025

Version 1

Published 21 March 2025

Version	Author	Date	Changes made
1	Ryan Stevens	March 2025	

1. Introduction

- 1.1 New Forest District Council (the Council) is committed to the highest standards of corporate governance and to full accountability for all of its services and employees. It expects all staff to maintain high standards and is also committed to the prevention, deterrence, detection and investigation of all forms of fraud, corruption, malpractice and unethical conduct.
- 1.2 The Council considers that a culture of openness and accountability is essential in order to prevent such situations occurring and to address them when they do occur.
- 1.3 The aims of this policy are:
 - (a) To encourage staff to report suspected wrongdoing as soon as possible, in the knowledge that their concerns will be taken seriously and investigated as appropriate, and that their confidentiality will be respected.
 - (b) To provide staff with guidance as to how to raise those concerns.
 - (c) To reassure staff that they should be able to raise genuine concerns without fear of reprisals, even if they turn out to be mistaken and they will not be subject to any detriment, e.g. dismissed, denied promotion, ostracised or transferred to another department.
- 1.4 This policy takes account of the Government's Whistleblowing – Guidance for Employers and Code of Practice. It does not form part of any employee's contract of employment and may be amended at any time.

2. Legislation

- 2.1 The Public Interest Disclosure Act 1998: The Act protects employees who expose serious wrongdoing in the workplace and prohibits any recrimination by employers or individuals against employees who raise concerns of malpractice, unethical conduct or serious wrongdoing.
- 2.2 The Employment Rights Act 1996: This brings together many of the individual employment rights found amongst a number of different statutes. It repeals in their entirety the Employment Protection (Consolidation) Act 1978 and the Wages Act 1986. It requires

employers to provide employees with information about their rights and entitlements and to treat them fairly.

- 2.3 The Health and Safety at Work Act 1974: An employer has responsibilities to establish and maintain a safe and healthy workplace
- 2.4 The Fraud Act 2006 – The Act gives a statutory definition of the criminal offence of fraud, defining it in three classes, fraud by false representation, fraud by failing to disclose information & fraud by abuse of position.
- 2.5 The Bribery Act 2010 – Bribery is defined as giving someone a financial, or other advantage to encourage that person to perform their functions or activities improperly.

3. Definition

- 3.1 Whistleblowing is the disclosure of information which relates to suspected wrongdoing or dangers at work. Whistleblowing is about an employee raising concerns relating to wrongdoing, risk or malpractice that they witness in the workplace which affects others. For Council employees and workers making disclosures, to be covered by whistleblowing law, the disclosure must be a qualified disclosure. Qualifying disclosures are disclosures of information about wrongdoing which include:
 - (a) criminal activity;
 - (b) failure to comply with any legal or professional obligation or regulatory requirements;
 - (c) miscarriages of justice;
 - (d) danger to health and safety;
 - (e) damage to the environment;
 - (f) bribery;
 - (g) financial fraud or mismanagement;
 - (h) the deliberate concealment of any of the above matters
- 3.2 To be covered by whistleblowing, an employee who makes a disclosure, to an appropriate person, of a genuine concern, must reasonably believe two things:
 - a) the first is that they are acting in the public interest. This means in particular that personal grievances and complaints are not usually covered by whistleblowing law.
 - b) the second is that an employee must reasonably believe is that the disclosure tends to show past, present or likely future wrongdoing.

Disclosures relating to the following matters may fall into the categories of qualifying disclosures above:

- Improper conduct, including serious misuse or abuse of authority
- Gross waste or mismanagement of public funds
- Breach of regulatory, administrative or common law
- Failure to follow financial and contractual procedures
- Fraud and Corruption or any criminal offence that has or is likely to take place.
- Breach of contracts, Financial Regulations, The Council Constitution or breach of any other Council policies or procedures
- Negligence
- Attempting to conceal any of the above, including omission to document any issues of concern or preventing persons from reporting such concerns.

4. Roles and responsibilities

- 4.1 Employees are expected to maintain the highest levels of honesty and integrity as defined by the Council's Employee Code of Conduct as well as any code of conduct related to, or required by, their professional institute or association. All staff are expected to report any incident or concern if they have reasonable belief that wrongful activity is taking or has taken place. The earlier a concern is reported the easier it is to take the appropriate action.
- 4.2 Assistant Directors, Service Managers and Managers are responsible for supporting or undertaking any investigations and reviewing outcomes to implement any recommendations.
- 4.3 Strategic Directors and the Section 151 Officer are responsible for ensuing investigations are investigated and any follow up actions are undertaken.

5. Approach to whistleblowing

- 5.1 The Council's employees are an important element in its stance against fraud, corruption or any form of malpractice and are positively encouraged to raise any concerns that they may have on these issues where they are associated with the Council's activity. Employees can do this in the knowledge that such concerns will be treated in confidence, where at all possible, properly investigated and dealt with fairly.

- 5.2 Employees are often the first to witness any type of wrongdoing. This policy is aimed at encouraging employees to feel confident in raising serious concerns, on an anonymous basis if necessary, and to have confidence that those concerns will be dealt with appropriately. It will also reassure employees that they will be protected from possible reprisals or victimisation.
- 5.3 This policy should not be used for complaints relating to an employee's own personal circumstance, such as miss-treatment at work or bullying and harassment. In these cases, the employee should use the relevant Grievance or Bullying and Harassment Policy and Procedure.
- 5.4 This policy is intended to supplement, rather than replace, the existing complaints procedures whereby Council employees, elected members and members of the public may already raise complaints or matters of genuine concern with the Council. Members of the public will always be referred in the first instance to the Council's Corporate Complaints Procedures.
- 5.5 This policy gives clear guidance to employees for bringing attention to any wrongdoing, which they feel is harmful to individuals or could affect the reputation of the Council.
- 5.6 If an elected member is concerned about any aspect of an employee's conduct (including conduct which would be covered by this policy), they should follow the procedure set out in the Local Code for Member/Officer Relations i.e. the matter should be reported to the relevant Service Manager. Alternatively, if an employee is concerned about the conduct of any elected member then their Service Manager, Assistant Director, Strategic Director, the Chief Executive or the Monitoring Officer should be informed. The matter will be taken seriously. Elected members are under an obligation to comply with a statutory Code of Conduct as well as the Council's policies.

6. Reporting a concern

- 6.1 Employees are urged to raise concerns, often before problems have a chance of becoming serious, with their line manager or Service Manager. Employees have the right to engage the services of their Trade Union if they so wish. They may in any circumstance raise it directly with any of the following officers:
- Chief Executive
 - Strategic Directors
 - Assistant Directors

- Service Managers
- The Council's Monitoring Officer
- The Council's S151 Officer

6.2 **NOTE:** It is a specific requirement of the Council's Financial Regulations that all matters of fraud, misappropriation or other financial irregularity are referred immediately, by the employee raising a concern or the officer to whom they have initially reported, to the Council's Section 151 Officer.

6.3 Concerns can be raised verbally or in writing, including by email to whistleblowing@nfdc.gov.uk, or via an eform on the Council's hub. The following information should be included:

- Provides details of what you have seen, or are personally aware of, and where possible stick to situations or incidents you have seen for yourself rather than what colleagues may have told you
- Describe your concerns in detail but try to be specific and concise. Imagine you are the person receiving the concern, you want to include enough detail so that the person can understand and act on the concern, they can always come back to you for more information if they need it.
- If the concern relates to a particular incident, explain who was involved, and when and where it happened
- Give specific examples of wrongdoing of which you are personally aware. Try to be as clear as possible when explaining why you think this is wrongdoing

6.4 If your concern includes any of the following (whether in the past, present or future) then expressly say this and explain why it is:

- a criminal offence
- a danger to health and safety
- a failure to comply with a legal obligation
- damaging to the environment
- a miscarriage of justice
- the concealment of any of the above

Explain why you think raising the concern is in the public interest, set out the scale of the harm and the potential risks if the concern goes unaddressed.

6.5 Council staff will feel able to voice whistleblowing concerns openly under this policy. However, if an employee does want to raise a concern confidentially, the Council will make every effort to keep the identity of the employee secret. If it is necessary for anyone

investigating a concern to know their identity, this will be discussed with the employee.

- 6.6 The Council does not encourage staff to make disclosures anonymously. Proper investigation may be more difficult or impossible if we cannot obtain further information. It is also more difficult to establish whether any allegations are credible. Whistleblowers who are concerned about possible reprisals if their identity is revealed should come forward to one of the contact points listed above and appropriate measures can then be taken to preserve confidentiality. If in any doubt, the employee can seek advice from Protect, the independent whistleblowing charity, who offer a confidential helpline. Their contact details are set out in 6.10.
- 6.7 If, having taken into account the above and the employee wishes to still remain anonymous, they may use the Council's secure eform or speak to the Corporate Fraud and Compliance Officer in total confidence.
- 6.8 Whistleblowers must not suffer any detrimental treatment as a result of raising a concern, if an employee believes they have suffered any such treatment, they should inform the Section 151 Officer if the matter is not remedied and the employee should raise it formally using the Council's Grievance Procedure.
- 6.9 Whistleblowers must not be threatened or retaliated against in any way. Anyone involved in such conduct may be subject to disciplinary action.
- 6.10 If employees still have reason to feel unable to report their concern as outlined above, they may report their concern to a prescribed organisation such as:
- Protect (previously Public Concern at Work) – www.protect-advice.org.uk Tel: 020 3117 2520
 - SIAP – Southern Internal Audit Partnership (Council's auditors)
 - Health & Safety Executive www.hse.gov.uk Tel: 0300 003 1647

7. Investigating a concern

- 7.1 Where a whistleblowing concern is raised the Council's Corporate Fraud and Compliance Officer will review the concern and consider if this meets the whistleblowing criteria. Where the criteria is met, for example all matters concerning allegations of fraud, corruption and

financial malpractice on the part of an employee, the Council's Corporate Fraud and Compliance Officer will conduct a thorough investigation. The aim is to promptly act upon a concern, and where appropriate to put right whatever wrongdoing is found. Where the allegation is of a criminal nature then a referral may be made to the Police, but this will only be following an assessment of the information provided, in consultation with the Executive Management Team. It is critical that complainants and/or line managers do not instigate their own investigation in these circumstances as this may frustrate the ability to proceed with criminal action.

- 7.2 In all other cases where the whistleblowing criteria is not met and there is no obvious breach of regulation or legislation and/or abuse of persons which could give cause for legal action the relevant line manager will fully investigate the matter, in consultation with the appropriate service. The whistleblower will be informed of this.
- 7.3 The Council aims to keep any whistleblower informed of the progress of the investigation, its likely timescale and the general outcome of the investigation. However, sometimes the need for confidentiality may prevent providing specific details of the investigation or any disciplinary action taken as a result due to data protection legislation. Any detailed information about the investigation must be treated as confidential.
- 7.4 If the whistleblower feels that the investigation has failed to resolve the matter to their satisfaction, they should ask for a confidential meeting with their Service Manager or the Corporate Fraud and Compliance Officer.
- 7.5 The law recognises that in some circumstances it may be appropriate for an employee to report their concerns to an external body such as a regulator. It will very rarely, if ever, be appropriate to alert the media. The Council strongly encourages employees to seek advice before reporting a concern to any external organisation, for example with their Service Manager. The independent whistleblowing charity, Protect, operates a confidential helpline. They also have a list of prescribed regulators for reporting certain types of concern.
- 7.6 Whistleblowing concerns usually relate to the conduct of Council staff, but they may sometimes relate to the actions of a third party, such as a customer, partner agency or contractor. In some circumstances the law will protect you if you raise the matter with the third party directly. However, the Council encourages employees to report such concerns internally first. Contact should

be made with the relevant Service Manager or one of the other individuals set out above.

7.7 New Forest District Council is proud of its reputation as a Council with the highest standards of probity and will ensure that any whistleblowing disclosures received are properly investigated. However any false or malicious allegations that are received will be viewed very seriously and the making of such allegations by an employee of the Council will be regarded as a disciplinary issue which will be dealt with under the Council's Disciplinary Policy and Procedure. False or malicious allegations by a Councillor may be dealt with as a potential breach of the Code of Conduct for Members.

7.8 Following the investigation, the outcome is:

- Shared with the worker who raised the concern (subject to legal and confidentiality constraints)
- Referred to the appropriate manager or department to progress any actions that may be required, for example updating procedures or reminding staff of processes. This may include actions not specified in the original whistleblowing concern but arise following the investigation
- Reviewed to ensure that the actions taken have resolved the original concern.
- Referred to HR for any disciplinary proceedings in accordance with our disciplinary procedures, if appropriate.
- To store all records securely and in accordance with our data retention policy.

7.9 Whistleblowing disclosures made against elected members will be conducted in accordance with the procedures adopted by the Council.

8. Training and promotion

8.1 The policy will be promoted and available for all staff on New Forestnet, along with details of the process and how to raise a concern.

8.2 The Council's Learning Management System includes a fraud awareness training module and provides details of the Council's Whistleblowing email address on how to report concerns with links to this policy for further guidance. All staff are expected to complete the training every 2 years.

9. Conclusion

9.1 The Council is committed to a culture of openness and promoting and maintaining high standards of governance and will robustly investigate any allegations of wrongdoing and take action where appropriate.

10. Review

10.1 This policy will be reviewed every 3 years.



New Forest District Council Auditor's Annual Report

Year ended 31 March 2024

6 March 2025



Members of the Audit Committee
New Forest District Council
Appletree Court
Beaulieu Road
Lyndhurst
S43 7PA

6 March 2025

Dear Audit Committee Members
2023/24 Auditor's Annual Report

We are pleased to attach our Auditor's Annual Report including the commentary on the Value for Money (VFM) arrangements for New Forest District Council. This report and commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2023/24.

This report is intended to draw to the attention of the Council any relevant issues arising from our work. It is not intended for, and should not be used for, any other purpose.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 21 March 2025.

Yours faithfully

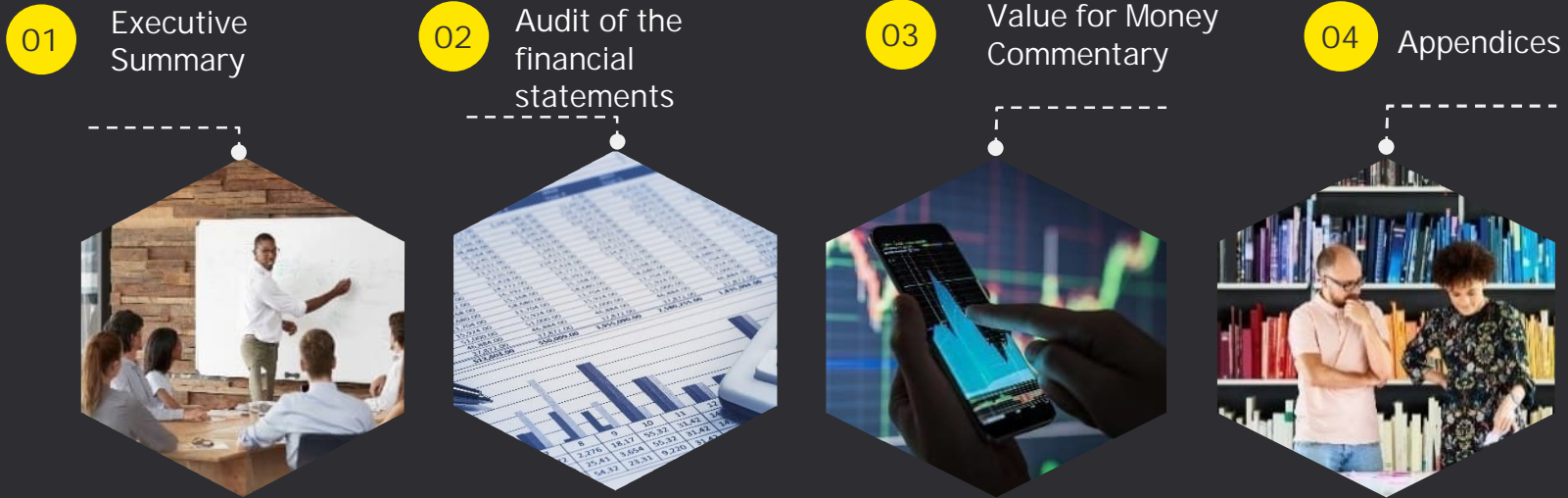
Simon Mathers

Partner

For and on behalf of Ernst & Young LLP

Encl

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Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website ([Statement of responsibilities of auditors and audited bodies \(from 2023/24 audits\) - PSAA](#)). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of New Forest District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to Audit Committee and management of New Forest District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than Audit Committee and management of New Forest District Council for this report or for the opinions we have formed.



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BOARDROOM



01 Executive Summary



Executive Summary

Purpose

The purpose of the auditor's annual report is to bring together all of the auditor's work over the year and the value for money commentary, including confirmation of the opinion given on the financial statements; and, by exception, reference to any reporting by the auditor using their powers under the Local Audit and Accountability Act 2014. In doing so, we comply with the requirements of the 2024 Code of Audit Practice (the Code) published in November 2024 and the supporting guidance of the National Audit Office (NAO) published within their Auditor Guidance Note 3 (AGN 03). This commentary aims to draw to the attention of the Council and the wider public relevant issues from our work including recommendations arising in the current year and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

Responsibilities of the appointed auditor

We have undertaken our 2023/24 audit work in accordance with the Audit Plan tabled at the 31 May 2024 Audit Committee meeting. We have complied with the NAO's 2024 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

- Expressing an opinion on the 2023/24 financial statements;
- Reporting by exception:
 - if the annual governance statement does not comply with relevant guidance or is not consistent with our understanding of the Council;
 - any significant matters or written recommendations that are in the public interest; and
 - if we identify a significant weakness in the Council's arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Responsibilities of the Council

The Council is responsible for preparing and publishing its financial statements, narrative statement and annual governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Executive Summary (continued)

2023/24 Conclusions

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<p>Financial statements</p>	<p>The audit of the financial statements for the year ended 31 March 2023 was not completed for the reasons set out in our disclaimer of opinion on those financial statements dated 2 December 2024.</p> <p>Our planned audit work in the current year was focused on transactions in the year and the current year end balance sheet. Due to delays in receiving audit evidence in sufficient time before the backstop date, and delays in the previous year’s audit, we did not have the required resource available and have been unable to complete our audit procedures on in-year Net Cost of Services Expenditure (excluding Housing Revenue Account Expenditure) of £72.6 million.</p> <p>As a result of the disclaimer of opinion in the prior year, and the scope of our work which was impacted by the backstop date, we do not have sufficient appropriate audit evidence over the following:</p> <ul style="list-style-type: none"> • in the Group and Authority balance sheet and accompanying notes: the opening balances, closing reserves position and the valuation of property assets held at valuation included in ‘other land and buildings’ that were not revalued in year • in the Group and Authority comprehensive income and expenditure account and accompanying notes: comparatives and income and expenditure transactions that are impacted by the opening balances shown in the prior year balance sheet • in the Group and Authority cash flow statement and accompanying notes: opening balances, comparatives and in-year cash flow movements that are calculated as a movement between the opening and closing balance sheet • in the collection fund and accompanying notes: opening balances, comparatives and in-year movements that are calculated as a movement between the opening and closing balance • in the housing revenue account and accompanying notes: opening balances, comparatives and in-year movements that are calculated as a movement between the opening and closing balance. <p>We therefore issued a disclaimed 2023/24 audit opinion on 17 February 2025.</p>
<p>Value for money (VFM)</p>	<p>We had no matters to report by exception on the Council’s VFM arrangements. We have included our VFM commentary in Section 03.</p>
<p>Consistency of the annual governance statement</p>	<p>We were satisfied that the annual governance statement was consistent with our understanding of the Council.</p>
<p>Public interest report and other auditor powers</p>	<p>We had no reason to use our auditor powers.</p>

Executive Summary (continued)

2023/24 Conclusions

Whole of Government Accounts	We have not yet concluded the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as the NAO have not yet confirmed the final reporting position and whether any questions will be raised on individual returns. We cannot issue our Audit Certificate until these procedures are complete.
Certificate	We will be able to issue our certificate once the NAO have confirmed whether there are any additional group audit procedures required following the Whole of Government Accounts submission.

Executive Summary (continued)

Value for Money

Scope

Auditors are required to be satisfied that New Forest District Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditors provide an annual commentary on arrangements published as part of the Auditor's Annual Report.

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Council committee reports;
- meetings with the Strategic Director Corporate Resources & Transformation (s151);
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Council management and the finance team.

Executive Summary (continued)

Value for Money (continued)


Reporting

Our commentary for 2023/24 is set in section 03. The commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2023/24.

Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2022/23 Interim Value for Money Report and have been updated for 2023/24.

In accordance with the NAO's 2024 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures and whether we have concluded that there is a significant weakness in the body's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weakness identified
Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weakness identified



Executive Summary (continued)

Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

EY Transparency Report 2024

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2024:

[EY UK 2024 Transparency Report | EY - UK](#)



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02 Audit of the financial statements

Audit of the financial statements

Key findings

The Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

On 17 February 2025, we issued a disclaimed audit opinion on the financial statements, the basis for which is set out on page 6 of this report.

We reported our audit scope, risks identified and detailed findings to the 24 January 2025 Audit Committee meeting in our Audit Results Report. We outline below the key issues identified as part of our audit in relation to the significant risk areas. The findings for each of the accounts areas are set out in the Audit Results Report in Appendix A. We reported 3 areas for improvement in the control environment in the Audit Results Report.

Significant risk	Conclusion
Misstatements due to fraud or error – Management override of controls	<p>Our work did not identify any material weaknesses in the design of controls or evidence of material misstatements, whether due to fraud or error. Our work did not identify any instances of inappropriate judgements being applied.</p> <p>Our work did not identify any other transactions during our audit which appeared unusual or outside the Council’s normal course of business.</p> <p>We did not identify any unusual or unsupported journals, or other adjustments made in preparing the financial statements.</p>
Risk of fraud in revenue and expenditure recognition – inappropriate capitalisation of revenue expenditure	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatement may occur by the manipulation of expenditure recognition. From our risk assessment, we assessed that the risk manifests itself through the potential to inappropriately capitalise revenue expenditure to improve the financial position of the general fund.</p> <p>Our work did not identify any material weaknesses in controls or evidence of material management override concerning the capitalisation of revenue expenditure. Our work did not identify any instances of inappropriate judgements being applied.</p>
Valuation of investment property land and buildings – valued at Fair Value (FV)	<p>Investment Properties measured at FV represent significant balances in the Council’s financial statements and are subject to valuation changes and impairment reviews. Management is required to make material judgements and apply estimation techniques to calculate the year-end balances recorded in the balance sheet which triggers the use of experts by management.</p> <p>Our work identified 3 misstatements totalling £224k due to judgemental differences in yield values which should be adopted in determining the asset valuation.</p>

Audit of the financial statements

Key findings (continued)

Other risks / areas of audit focus	Conclusion
Valuation of property, plant and equipment (PPE) land and buildings – valued at Depreciated Replacement Cost (DRC)	<p>PPE land and buildings measured at DRC represent significant balances in the Council's financial statements and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p> <p>Our work identified misstatements in all DRC assets valued in 2023/24 totaling £1,317k due to incorrect determinations of land values. These misstatements were adjusted within the final financial statements.</p>
Valuation of PPE land and buildings – valued at Existing Use Value (EUV)	<p>PPE land and buildings measured at EUV represent significant balances in the Council's financial statements and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p> <p>Our work identified a misstatement in one EUV asset which was incorrectly subject to an impairment review in 2023/24 as opposed to a full valuation. This resulted in a misstatement of £698k which was adjusted within the final financial statements.</p>
Valuation of Council Dwellings	<p>As with land and buildings, the value of Council Dwellings in the Council's accounts are subject to valuation changes and impairment reviews. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p> <p>Our testing identified no material misstatements. The Beacon Methodology was correctly applied and properties were assessed to be appropriately classified within each beacon. Council dwelling valuations were in line with current market data. We did not identify any instances of inappropriate judgements being applied.</p>
Pension Liability / Asset Valuation	<p>The Code of Accounting Practice requires extensive disclosures regarding the Council's pension liability balances. The accounting requires significant estimation and judgement, with management engaging an actuary to undertake the calculations on their behalf.</p> <p>We have assessed the work of the Pension Fund Actuary, relying on the work of PWC and the EY Actuarial team, as well as the EY Pensions Specialist. The work of our EY Pension Specialist identified a misstatement in the assumptions adopted by the Pension Fund Actuary such that a further IAS 19 report was required to be obtained by the Council. This resulted in an adjustment being required to the pension liability of £7.4 million which was adjusted within the final financial statements.</p>



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03 Value for Money Commentary

Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

We identified no risks for the Council's financial sustainability arrangements in our VFM Planning.

Within the 2023/24 Budget and Medium-Term Financial Plan, the Council set a balanced budget for 2023/24. However, in future years through to 2026/27, the MTFP shows additional budget shortfalls totalling £1.324 million. This is split as:

- £699k for 2024/25
- £320k for 2025/26
- £1.324m for 2026/27

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The future gaps are expected to be mitigated through various options including commercial and residential property strategies, delivery and transformation programmes, additional income from local taxation and prudent use of budget equalisation reserves. These options have therefore resulted in the following forecast positions:

- A use of equalisation reserves of £116k for the 2024/25 period.
- Headroom to support capital of £846k for the 2025/26 period.
- Headroom to support capital of £176k for the 2025/26 period.

The 2024/25 Budget and Medium-Term Financial Plan has also set a balanced budget for 2024/25, however, there remains budget shortfalls totalling £2.708 million through to 2027/28. This is split as:

- £1,329k for 2025/26
- £479k for 2026/27
- £2,708k for 2027/28

These shortfalls are forecast to be addressed in a similar manner to those identified in the 2023/24 Medium Term Financial Plan. However, the targeted efficiency and income yield programmes have been specified within the 2024/25 Medium Term Financial Plan as relating to general process efficiencies and accommodation rationalisation. These options have therefore resulted in the following forecast positions:

- A use of equalisation reserves of £59k for the 2025/26 period.
- Headroom to support capital of £1,687k for the 2026/27 period.
- A use of equalisation reserves of £108k for the 2027/18 period.

Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

The Council has a budget equalisation reserve which is available to offset any shortfall and balance the budget. This is contained within the Council's General Fund earmarked reserves of £21.973 million at 31 March 2024 and therefore, is sufficient to cover any shortfall.

There are acknowledged uncertainties to the medium-term forecast, for example those associated with its developing Waste Strategy, utilities associated with the Council's Leisure Centres, the Solent Freeport and annual pay awards which is consistent with the Council's risk register.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

Value for Money Commentary (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

No significant weakness identified

We identified no risks for the Council's governance arrangements in our VFM planning.

The Council has an effective strategic risk management framework and register in place to identify, mitigate and monitor the risks to the organisation in delivering strategic objectives. This includes both financial and non-financial risks.

This is supported by a Strategic Risk Management Policy and a Strategic Risk Register with updates to the risk register being discussed in Cabinet meetings. Within the January 2024 Strategic Risk Register, there are two identified significant risks. The first is in relation to cyber security and the second is in relation to the Climate Change and Nature Emergency declared by NFDC in 2021. There are also risks included on the risk register which relate to the financial resilience of the Council, although these have not been red rated. These risks include areas such as inflation and the high bank base rate. Pressures more specific to the Council have also been identified and include the pay award (and other increased salary costs), levelling up, the fair funding review and the impact of a Business Rates Reset. These are mitigated through regular financial monitoring and robust budgeting arrangements.

There is also an internal audit function which provides an interim report and a year-end report. We have obtained the report from internal audit at year end which reported no limited assurance reviews.

In 2023/24, New Forest District Council achieved a Net General Fund Budget Requirement of £20.649 million compared to budget of £22.468 million which is a favourable outturn position and constituted a £20k overspend at Service Portfolio level which was mainly offset by additional interest earnings of £2,312k, a VAT refund of £668k and additional business rates income of £701k. The budgeted capital spend for the year was £15.031 million, however, rephasings to future years resulted in an actual capital spend of £8.160 million.

The Housing Revenue Account set a budget of a net income position of £12.574 million and achieved an outturn position of £12.695 million. The Housing Revenue Account capital spend was £26.382 million for 2023/24, compared to an initial budget of £27.610 million.

The Council maintains the General Fund balance at £3 million. There are also several earmarked reserves with a total balance of £21.973 million (at 31/03/2024) to meet specific liabilities when they fall due (split between General Fund and Housing reserves). This illustrates the robustness of the Council's budget setting and its ability to manage its budget effectively.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 to make informed decisions and properly manage its risks.

Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

We identified no risks of the Council's economy, efficiency and effectiveness arrangements in our VFM planning.

The Council has arrangements in place to improve economy, efficiency and effectiveness. These derive from the Corporate Plan which was revised during the year, spanning 2024 to 2028. This sets out the Council's vision and values, across three priority areas:

- People: Helping people in the greatest need and creating balanced, resilient, and healthy communities who feel safe and supported with easy access to services.
- Place: Delivering growth, opportunity and services that shape our place now and for future generations, within a unique environmental context, to ensure we remain a special place to live, work and visit.
- Prosperity: Promoting a strong local economy that delivers its inclusive aspirations through effective partnerships, attracting investment, and increasing skills and employment opportunities.

Each priority area has three identified sub-priorities, along with further detail concerning the work the Council will complete, how success will be measured and the corresponding strategies in place to align with the priorities.

The Plan then details how these priorities are underpinning the delivery of the Council's Transformation Programme, "Future New Forest".

To track performance and judge how well the Council are delivering their services, they measure their key activities and set performance targets using performance indicators. The KPIs are linked back to the key priorities within the Corporate Plan and are organised into the portfolio headings and a performance summary is RAG rated. The scorecard is used to flag areas of required improvement, devise actions to address any weakness identified and monitor progress.

Partnerships are included, as appropriate, within the Corporate Plan and all priority areas have an emphasis on working in partnership with other bodies for the benefit of the district.

NFDC are involved in various partnership arrangements within the area. These include:

- The Partnership for South Hampshire
- The Solent Freeport
- Solent Local Enterprise Partnership (LEP)

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 to enable it to use information about its costs and performance to improve the way it manages and delivers its services.



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04 Appendices

Appendix A - Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

Arrangements in place

New Forest District Council has various methods to ensure it can identify financial pressures, including keeping updated budget reports, to ensure the Council is on plan to meet budget requirements. The Council has a Narrative Statement which shows the annual comparison between budgeted and actual income and expenditure, which assists in showing whether and where there were financial pressures looking backwards.

Regular meetings are held, and minutes are available on the Council's website, showing its review of financial pressures. A risk register is kept and updated annually by portfolio, which includes the potential financial impacts on the Council and actions to mitigate those risks.

As of January 2024, there are two identified significant risks. The first is in relation to cyber security and the second is in relation to the Climate Change and Nature Emergency declared by NFDC in 2021. There are also risks included on the risk register which relate to the financial resilience of the Council, although these have not been red rated. These risks include areas such as inflation and the high bank base rate. Pressures more specific to the Council have also been identified and include the pay award (and other increased salary costs), levelling up, the fair funding review and the impact of a Business Rates Reset. These are mitigated through regular financial monitoring and robust budgeting arrangements.

Where possible, the budgets for 2023/24 and 2024/25, and the Medium-Term Financial Plans for 2025/26 onwards have incorporated the pressures identified, including those relating to inflation and pay awards. The 2023/24 budget included a Council Tax increase of 2.99% with the 2024/25 budget including an increase of 2.99%, as well as the ongoing analysis for savings measures which are required for the budget to be balanced in the medium to long term.

There are ongoing financial pressures in the local government sector, which has resulted in several Council's making significant commercial investments using cheap borrowing through the 'Public Works Loan Board' (PWLB). New Forest District Council have not historically however, used this approach to finance any capital or commercial programmes. In 2012/13 the Council borrowed £142.7 million from the PWLB for the Housing Revenue Account financing settlement. This is being paid down in instalments with the Council making a repayment of £4.301 million during 2023/24.

As part of the Council's Housing Development Programme, the Council borrowed a further £10 million during 2023/24 on a long term basis. As a result, the total borrowing outstanding as of 31 March 2024 was £124.1 million, of which £4.2 million is due to be repaid in the coming year.

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them (continued)

Arrangements in place

New Forest District Council has developed a small portfolio of investment properties and has established a housing company to generate a return on cash at greater rates than current bank rates. The long-term assets of the Council, which reflect its commercial activity, were as follows at 31 March 2024:

Significant Account	Balance	Description of Asset
Investment Property	£30.3m	The Council hold a varied portfolio of investment property, including a car park, marina, industrial units, offices, and retail.
Long-Term Investment	£9.6m	Includes a £1.4m investment in wholly owned housing company and £8.2m in other investment funds.
Short-Term Investment	£10.1m	All short-term investments held as bonds or short-term fixed interest deposits with either banks or other financial institutions, or other Local Authorities.

We do not consider the above investments to be unusual for a Local Government body and are not indicative of a higher risk profile. The investment in its wholly owned property company is not so significant that it creates a risk to the financial sustainability of the Council.

The Council considers its investment strategy annually, which sets out the aims and objectives of the investment, namely helping to support the New Forest economy and community and making a profit that can be spent on local public services. There are approved limits (£50 million investment properties, £10 million housing company) on spending which has been agreed as set out in the strategy. This Investment Strategy has remained consistent through the 2023/24 financial year, including in the updated strategy produced in January 2024. The balance of investment properties of £30.3 million at 31 March 2024 therefore remains within policy. All spending to date has been funded by internal borrowing. However, the Council is forecasting further capital spend from 2024/25 onwards (as set out in the Treasury Management Strategy and MTFP for 2024/25) of which part is anticipated to be funded through external borrowing.

For interest rates, investments and borrowing, the Council has a Treasury Management Strategy. The Strategy confirms the changes to the PWLB lending criteria which preclude a local authority from borrowing from PWLB for any purpose if it plans to purchase assets primarily for yield. The Borrowing Strategy confirms the Council plans to avoid such activity that would preclude them from accessing this funding and therefore confirms that the planned future capital spend from 2024/25 that may require external borrowing is not related to the purchase of assets primarily for yield.

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations

Arrangements in place

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them (continued)

The Treasury Management Strategy shows that the Council had an authorised borrowing limit of £225.5 million for 2023/24. Treasury management performance is monitored through the year and the mid-year report showed actual borrowing of £118.2 million which remained below the limit and below the operational boundary of £207.2 million. The treasury management outturn report confirmed that the borrowing limit had been updated to £230.5 million, and the operational boundary updated to £211.5 million. The £124 million of borrowing held at 31 March 2024 continued to remain below these limits.

How the body plans to bridge its funding gaps and identifies achievable savings

The 2023/24 Narrative Report in the Annual Financial Report notes the following in relation to potential funding gaps:

“The latest Medium Term Financial Plan, that accompanied the setting of the 2024/25 budget, highlighted the likely impact that the Fair Funding Review and the potential that a ‘hard’ Business Rates reset will have on the Council’s finances. Despite this, the plan outlined options to address the funding gap and demonstrate the ability to set a balanced budget through to 2027/28. Options include efficiency savings (to be borne from the Council’s Transformation Strategy), income growth through yield, the generation of new additional income through the Commercial and Residential Property Strategies and Council Tax increases.”

The Council maintains the General Fund Reserve at £3m. There are also several earmarked reserves with a total balance of £27.5m (at 31/03/2024) to meet specific liabilities when they fall due.

Within the 2023/24 Budget and Medium-Term Financial Plan, the Council set a balanced budget for 2023/24. The budget sets out the differences compared to the previous year budget, with a £5.99 (2.99%) increase in Council Tax for a Band D property.

In future years through to 2026/27, the MTFP shows cumulative additional budget shortfalls totalling £1.324 million. This is split as follows:

- £699k for 2024/25
- £320k for 2025/26
- £1.324m for 2026/27

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations

How the body plans to bridge its funding gaps and identifies achievable savings (continued)

Arrangements in place

The future gaps are expected to be mitigated through:

- implementation of the commercial and residential property strategies to bring valuable new sources of additional income into the Council,
- Council-wide focus on delivery and transformation to identify and deliver a programmed approach to assets, services, and ways of working,
- Council's ability to maximise its revenues through local taxation; and
- prudent use of budget equalisation reserves.

Specifically relating to the forecast shortfalls, the MTFP has identified additional commercial and residential property investment income of £250k per annum from 2024/25 with a further £250k per annum from 2025/26 (generating a cumulative total of £1,250k over the MTFP period).

A further target efficiency / income yield programme is forecast to close the budget gap by £333k, £666k and £1,000k in 2024/25, 2025/26 and 2026/27 respectively.

This generates targeted reductions in net expenditure each year of:

- £583k in 2024/25
- £1,166k in 2025/26
- £1,500k in 2026/27

These options have therefore resulted in the following:

- A use of equalisation reserves of £116k for the 2024/25 period.
- Headroom to support capital of £846k for the 2025/26 period.
- Headroom to support capital of £176k for the 2026/27 period.

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations

How the body plans to bridge its funding gaps and identifies achievable savings (continued)

Arrangements in place

There are acknowledged uncertainties to the medium-term forecast, and these have been documented within the Council's MTFP. For example, those associated with its developing Waste Strategy, utilities associated with the Council's Leisure Centres, the Solent Freeport, and annual pay awards which is consistent with the Council's risk register. We considered its assumptions to be reasonable at the time of the budget, and that the Council has sufficient reserves and contingencies to respond to unforeseen events – such as we have subsequently seen with high inflation that has been managed during 2022/23 and 2023/24.

The 2024/25 Budget and Medium-Term financial Plan has also set a balanced budget, including an increase of 2.99% (£5.80) for Council Tax for a Band D property.

In future years through to 2027/28, the MTFP shows cumulative budget shortfalls totalling £2.708m. This is split as:

- £1,392k for 2025/26
- £479k for 2026/27
- £2,708k for 2027/28

These shortfalls are forecast to be addressed in a similar manner to those identified in the 2023/24 medium term financial plan. However, the targeted efficiency and income yield programmes have been specified within the 2024/25 medium term financial plan as relating to general process efficiencies and channel shifts and accommodation rationalization. These two targeted schemes generate a total reduction in net expenditure each year of:

- £583k in 2025/26
- £916k in 2026/27
- £1,250k in 2027/28

When combined with the treasury, commercial and residential property investment, the total savings and income generation results in a revised position of:

- A use of equalisation reserves of £59k for the 2025/26 period.
- Headroom to support capital of £1,687k for the 2026/27 period.
- A use of equalisation reserves of £108k for the 2027/28 period.

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations

Arrangements in place

How the body plans to bridge its funding gaps and identifies achievable savings (continued)

The Council has a budget equalization reserve which is available to offset any shortfall and balance the budget. This is contained within the Council's general fund earmarked reserves of £21.973m at 31/03/2024.

How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The annual budget and MTFs sit alongside and facilitate the Council's Corporate Plan. During the year, a revised Corporate Plan was developed spanning 2024 to 2028. The Corporate Plan was developed collaboratively with elected members, staff, businesses and key partners, as well as the to prioritise the most important areas the Council needs to focus on in the future.

The updated Corporate Plan includes the Council's vision and values and is split into three priority areas:

- People: Helping people in the greatest need and creating balanced, resilient, and healthy communities who feel safe and supported with easy access to services.
- Place: Delivering growth, opportunity and services that shape our place now and for future generations, within a unique environmental context, to ensure we remain a special place to live, work and visit.
- Prosperity: Promoting a strong local economy that delivers its inclusive aspirations through effective partnerships, attracting investment, and increasing skills and employment opportunities.

Each priority area has three identified priorities, along with further detail concerning the work the Council will complete, how success will be measured and the corresponding strategies in place which align with the priorities.

The Plan then details how these priorities are underpinning the delivery of the Council's Transformation Programme, "Future New Forest" which is focused on 4 main areas:

- Putting our customers at the heart.
- Becoming an employer of choice.
- Being financially responsible.
- Designing modern and innovative services.

The Corporate Plan is aligned to the budget and MTFP, intended to act as the framework in which investment decisions can be made based on agreed priorities and the outcomes the Council wants to achieve.

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities (continued)	The process of preparing the budget begins with using approved MTFP and updating with more detailed information as this becomes known. The financial and delivery performance against the Corporate Plan priorities is performed quarterly, culminating in the provisional outturn report that reports the year-end position and performance (subject to the audit of the financial statements). Quarterly monitoring includes the overall financial performance against budget, capital spend and project management reports. Where this performance information suggests a financial impact, this is reflected within the proposed budget.
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	<p>Also see the commentary above which details how the MTFP and budget are derived.</p> <p>Underneath the Corporate Plan, the medium-term financial strategy, annual revenue budget, capital budget, treasury management and capital investment strategies align to provide the financial framework for the Council that is consistent and aimed at achieving its corporate vision.</p> <p>Projections on the planned level of capital spending, borrowing and interest rates are considered each time the MTFP is updated.</p>
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	<p>See commentary above.</p> <p>The Council has regular reviews and monitors potential risks to financial resilience. This is through, for example, the medium-term financial strategy and updates, and the strategic risk register.</p> <p>We have not identified risks to the Council that are outside the normal risks being faced by all local government bodies and have identified no issues to report concerning the arrangements in place to manage those risks.</p>

Appendix A - Summary of arrangements

Governance

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

Arrangements in place

The Council has sought to develop systems to identify, evaluate and mitigate risks which threaten its Council's ability to meet its objectives to deliver services to the public. To ensure that risks are appropriately mitigated, a Risk Register has been developed.

These risks are regularly reviewed. The register details the risks facing the Council and the impact on critical services. The Strategic Risk Register is managed by the Council's Executive Management Team (EMT) and Portfolio leads. This risk register is formally agreed by Cabinet and reviewed by the Audit Committee who make comments when required to Cabinet on the efficacy of the arrangements for managing risk at the council. Management of the risks is an active process, including through EMT and the Council's performance management framework.

We have reviewed the risk register as of January 2024, as presented to the 3rd April 2024 Cabinet meeting. In the prior year, there was one risk included in the red (high) residual risk rating. In January 2024, there are two residual risks in that higher category. We note that appropriate mitigations and actions are included against each risk.

The Council has an established anti-fraud and corruption strategy, anti-money laundering policy and whistle-blowing arrangements that are accessible on its website.

Those charged with governance and all officers have access to a e-learning that outlines the Council's fraud-related policies, and that this must be completed every two years.

There is an established internal audit function, performed by the Southern Internal Audit Partnership (SIAP), and programme of work is delivered and an annual opinion on internal control given by the Head of Internal Audit. There is also an Internal Audit Charter which describes the purpose, authority, and responsibility of internal audit activity.

Internal audit set out their testing approach at the beginning of each financial year, detailing the areas they will focus on. The audit plan has been developed having regard to the Council's 'Vision, Priorities and Values', the Council's risk management framework and areas of Corporate/National significance such as Climate Change.

The Head of Internal Audit opinion for 2023/24 was 'Reasonable' for governance, risk management and management control.

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations

How the body approaches and carries out its annual budget setting process

Arrangements in place

The budget is derived both bottom-up and top-down. The budget for the previous year, incorporating any in-year amendments is the starting point for the next year's budget. Meetings are then held with service managers where they make changes to the starting budget as they see appropriate, based on their forecasts. Changes are brought back to Finance for challenge before scrutiny by the by the Housing & Committees and Resources & Transformation Overview and Scrutiny Panels.

The budget is reviewed quarterly, and where significant changes are identified in year which results in the original budget being no longer reflective of the actual conditions in year, the budget is updated. For example, the rise in inflation rate and cost of living impacts were incorporated in the budget to reflect the changes within the wider economy. The 2024/25 budget was then developed in the year, and the changes in comparison to the previous year were set out in the annual budget report.

The Council maintain a general balance at its minimum reserve level of £3m. In addition to the general fund balance, the Council also hold several earmarked reserves to cover unexpected liabilities/increases in costs.

As of 31/03/2024 the Council's reserves position is as follows per the financial statements:

- General Fund: £3m
- Earmarked Reserves: £27.5m (including Capital programme reserve £10.6m)

Further reserves, held for specific or statutory purposes and not available to support the revenue budget include:

- £1m HRA reserve
- £6.0m capital receipts reserve
- £8.5m community infrastructure levy unapplied reserve
- £3.5m developer's contributions unapplied reserve
- £2.5m capital grants unapplied reserve

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

Arrangements in place

Financial Monitoring is achieved by regular budgetary control reports to nominated budget holders, EMT, the relevant portfolio holder, and Cabinet. All elected members have access to Cabinet Agendas and the financial reports; a process is in place to enable members to request additional, more detailed information and question any financial issues. Overview and Scrutiny arrangements are in place with an annual report of work carried out presented to Council.

There is a requirement to monitor expenditure against budget allocations and report to the Cabinet on the overall position on a regular basis, as part of the Council's overall financial and performance management reporting process. It is the responsibility of the EMT and Portfolio heads to control income and expenditure within their area and to monitor performance, taking account of financial information provided by the Finance team. They should report on variances within their own areas. They should also take any action necessary to avoid exceeding their budget allocation and alert the Strategic Director Corporate Resources & Transformation to any problems.

The Council's financial performance (revenue and capital) are formally reported quarterly through a Financial Monitoring Report and through to the outturn report at year-end.

There is also an internal audit function which provides an interim report and a year-end report to confirm that controls are in place.

There were no limited assurance reports used by Internal Audit during 2023/24. As such, the details provided by Internal Audit, provide assurance that in our judgement, does not indicate a significant weakness for our assessment of VFM arrangements. The ratings for Internal Audit's review of the Council's financial systems and governance arrangements were as follows:

- Commercial Activities - Appletree Holdings = Substantial Assurance
- Council Tax- Debt Management and Resident Support = Substantial Assurance
- Income Collection and Banking = Substantial Assurance
- Disabled Facilities Grants = Substantial Assurance
- Transformation Programme - Governance Arrangements = Reasonable Assurance
- Procurement (Draft) = Reasonable Assurance
- Employee Benefits/Salary Sacrifice Scheme = Reasonable Assurance

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations

Arrangements in place

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed (continued)

- National Non-Domestic Rates (NNDR) = Reasonable Assurance
- Accounts Payable (Draft) = Reasonable Assurance

Statutory financial reporting is prepared at year-end based on the CIPFA requirements. The annual governance statement and the narrative statement confirm that the accounts are prepared in accordance with the relevant financial CIPFA code.

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee

Decisions are taken by the committees of the Council, and are informed by detailed reports produced by officers, with key decisions on Council Policy taken by the Cabinet or Council in accordance with the Council's constitution, which is regularly reviewed and updated as appropriate. It was reviewed during May of the financial year.

There is a monthly Cabinet meeting, to ensure leadership is regularly updated on NFDC's position.

There are established Overview and Scrutiny Panels and the Audit Committee is the body formally charged with governance at the Council. The role of the Scrutiny Panels is to undertake reviews of the Council's policies, either on their own initiative or at the request of the Council or the Cabinet, advise on policy development, and review executive decisions to make sure the Cabinet does not exceed its powers.

The Audit Committee combines overview of both internal and external audit, the adequacy of risk management arrangements, and governance functions, for example promoting and maintaining high standards of conduct by Councillors and any co-opted members and assisting the Councillors and co-opted members to observe the Members' Code of Conduct.

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

The responsibilities and statutory requirements of all officers and members is embedded in the Constitution. All significant actions by the Council which may have legal implications either require authorisation by the Monitoring Officer or individuals specifically delegated to act on behalf of the Monitoring Officer as set out in the Council's decision-making rules. Decision makers are also required to act within the Council's Standing Orders and scheme of delegation which makes provision for legal and constitutional advice to inform such decisions. The Council's Constitution contains several check points at which officers can identify whether decisions are being taken in compliance with the prescribed rules which ensure legal compliance.

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

Arrangements in place

The Council has also adopted a Code of Corporate Governance (the Code) which is a framework based on guidance published in April 2016 by the Chartered Institute of Public Finance Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) around 'Delivering Good Governance in Local Government'. The Code is underpinned by the 7 core principles in the CIPFA/SOLACE framework, and is comprised of policies, procedures, behaviours, and values by which the authority is controlled and governed. These Codes provide the structures and guidance that members and employees require to ensure effective governance across the Council. It also sets out the Council's expectations and arrangements in place to help ensure that the Council conducts its business in accordance with the law and proper standards. One of its objectives is to ensure and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.

There is an established Employee Code of Conduct, Member Code of Conduct and Protocol for Member/Officer Relations. The Members' code of conduct is also set out in Section 5 of the Constitution. Both members and officers are also required to declare related party interests which we consider as part of our work to gain assurance over related party transactions. Member interests are publicly available on the Council's website.

There are appropriate policies for such matters as accepting new business, conflicts of interest, and security practices that are adequately communicated throughout the organization. The entity's corporate culture emphasizes the importance of integrity and ethical behaviour. Management takes appropriate action in response to departures from approved policies and procedures or the code of conduct.

Records are maintained of all instances of fraud and irregularity reported for monitoring and analytical purposes. The Council employs a Corporate Fraud Officer who is responsible for providing both reactive fraud and irregularity investigations and proactive fraud work in line with the Anti-fraud, Bribery and Corruption Strategy. The internal audit plan contains a provision to monitor the outcomes of this work and review the governance arrangements to prevent, detect and investigate fraud and irregularities on a cyclical basis. Reported investigations into suspected and alleged acts of theft, fraud, or corruption, are undertaken professionally and sensitively by appropriately trained staff. The decision on whether to invoke criminal proceedings is made in liaison with the Monitoring Officer.

Staff are expected, and are positively encouraged, to raise any concerns relating to fraud and corruption of which they become aware. The Council has an established and recently updated Whistleblowing policy enabling employees to raise and report concerns of fraud. The Council has a strong governance framework that supports an anti-fraud culture.

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

Arrangements in place

The entity has several policy and procedure manuals relating to its processes and internal control which are held on the Council's intranet and available to all employees to ensure they are fully informed on the standards of the Council. Training and awareness sessions are provided as necessary. From our discussions with members of staff, employees are aware of these policies and procedures and able to access them.

Policies and procedures are available on the Council's website, and the publication scheme summarises policies and procedures and where they can be located.

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How financial and performance information has been used to assess performance to identify areas for improvement	The Council produces a report of its Strategic Key Performance Indicators within its annual performance report. These KPIs are linked back to the key priorities within the Corporate Plan. The KPIs are organised into the portfolio headings and a performance summary is RAG rated. The scorecard is used to flag areas of required improvement, devise actions to address any weakness identified and monitor progress.
How the body evaluates the services it provides to assess performance and identify areas for improvement	<p>As set out previously in this assessment, service performance against Council priorities is considered regularly throughout the year through the Quarterly Financial Monitoring Report.</p> <p>The Council also produces an Annual Performance Report which enables the Council and the public to identify services or capital programmes that are, or are not, performing as expected by reference to KPI outcomes against targets which are based on the Council's strategic priorities as per the Corporate Plan. Monitoring arrangements therefore present a complete picture of both business and financial performance. KPIs include the current and previous year performance, and a RAG rating to clearly identify those items that are underperforming, or perhaps require closer monitoring.</p> <p>As we noted previously, the indicators are refreshed and reassessed annually within the Corporate Plan updates, to ensure they align to the priorities for the year.</p>
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve	<p>The Council participate in regular committee meetings which are available to the public to review, and therefore stakeholders can understand what is happening.</p> <p>The Council produces documents throughout the year which give the stakeholders, i.e., the public, employees etc an understanding of how the Council is performing, i.e., budget reports and performance dashboards.</p> <p>The annual financial statements are also available once audited to the public, which include the narrative/governance statement, which provides transparency to the public.</p> <p>There is also a 'Transparency and Open Government' section on the Council website, which gives the public the ability to review the Council expenditure, enabling the Council to be open to scrutiny.</p> <p>Partnerships are included, as appropriate, within the Corporate Plan. All priority areas have an emphasis on working in partnership with other bodies for the benefit of the district. In particular, referencing the following partnership plans:</p> <ul style="list-style-type: none"> • Community Safety Strategic Partnership Plan • New Forest National Park Partnership Plan • Town Centre Partnerships

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness (continued)

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

Reporting criteria considerations

How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve (continued)

Arrangements in place

There is also a governance structure in place to ensure performance expectations are met.

The Council are within the Partnership for South Hampshire, which is made up of 12 local authorities in the Solent area with the aim of collectively improving the environmental, cultural, and economic performance of the South Hampshire area. This partnership comes together approximately 5 times a year through a joint committee. The partnership focuses on areas not in the remit of the LEP, particularly on sustainable housing development and environmental sustainability.

One of the largest projects New Forest District Council have partnered in is the Solent Freeport. In March 2022, an outline business case was approved by New Forest DC Full Council at an extraordinary meeting, with a full business case submitted to Government soon after. It is noted the case was approved with Solent Freeport fully designated in December 2022. The Solent Freeport has a designated board and NFDC have one seat on the board. There are 16 members in total including CEO and independent chair with the other seats being allocated to other stakeholders including other local authorities involved in the Freeport.

An update issued on the Freeport during 2023/24 confirms that a Delivery Plan requires production to establish the outcomes that a successful Freeport would deliver in the New Forest. The intention is that this Delivery Plan will be used to form the basis for discussions with Freeport on use of business rates and other funding opportunities as they come forward.

In addition to the more recent Freeport development, NFDC have representation on the Solent Local Enterprise Partnership (LEP) board, which meets approximately once every 2 months. The LEP is responsible for bringing together local businesses, local authorities, and academia to determine economic priorities and promote sustainable growth. As part of this, the LEP has developed a new Economic Strategy for the Solent - Solent 2050, of which the Freeport will be a significant component of the strategy.

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness (continued)

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

Reporting criteria considerations

Arrangements in place

How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits

The Council purchases goods and services from a variety of suppliers. Details of procurements are documented on the Council's website, which includes the Council's overall procurement strategy 2023 to help support the delivery of the Council's Corporate Plan. The website also includes details on the terms and conditions and general procurement process.

The Council shares information on upcoming tenders as well as details of existing contracts at Southeast Business Portal (SEBP) which is used by over 35 other local authorities.

Proposals for asset maintenance expenditure are supported by a business case, as are requests for new revenue resources. These are scrutinised initially by the Executive Management Team and the relevant Service Portfolio Holder prior to inclusion within the budget setting process. The financial planning process also includes a review of proposals by the relevant overview and Scrutiny Panels before final budgetary proposals and the council tax levels are considered and approved by the Council each year.

All procurement processes and contract awards must comply with the Council's Contract Standing Orders (CSOs) set out in 4/10 of the Constitution which also set out the limited circumstances and processes that need to be followed for those requirements to be waived.

There is an internal audit function that tests whether the controls in place are effective. There are regular committee meetings to discuss the Council performance, and any issues can be raised there.

Appendix B – Summary of recommendations

Recommendations

Within our 2023/24 Audit Results Report, we included further findings and recommendations relating to the audit of the 2023/24 financial statements.

We further highlight these below, alongside the response from management.

All recommendations have been agreed by management.

Issue	Recommendation	Management response
Valuation of Property, Plant and Equipment	Management should ensure that all assets are subject to a full revaluation on a significantly regular basis to ensure material accuracy of the Property, Plant and Equipment valuation in accordance with the entity's own accounting policies and the CIPFA Code.	A full review of previous valuations will be undertaken to ensure all PPE are revalued every five years (max) and records updated to ensure the date of 5 yearly valuation are adhered to and can be checked by both valuers and accountants.
Preparation of Debtors and Creditors Listings at Year-End	The Council should ensure that breakdowns of debtor and creditor balances outstanding at year-end are readily available and support the outstanding position as opposed to in-year movements.	This has been noted, and the Council will try to ensure that all information is more readily available. Some reports need all transactions to be included as they are unable to be clearly cleansed.
Implementation of IFRS 16 (Leases)	Accelerate the rate of progress in arrangements for the implementation of IFRS 16 so the Council is able to comply fully with the requirements of the standard in its 2024/25 financial statements.	Work is ongoing in this area to move it forward as required for the 24/25 year end.

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Appendix B – Summary of recommendations

Recommendations brought forward from 2022/23

The table below sets out the recommendations as noted in our 2022/23 Interim VFM Report, and progress made in 2023/24.

All recommendations were agreed by management.

Issue	Recommendation	Management response	Progress made in 2023/24
Financial Statements Preparation	<p>As part of CIPFA's Cutting the Clutter thematic, we have reviewed the financial statements and identified 18 notes which can either be consolidated together to reduce duplication of information or could be removed altogether on the grounds of materiality.</p> <p>During the 2022/23 accounts preparation, a proportion of these were removed or consolidated. However, there remain some notes which could be further consolidated or removed.</p> <p>This is also an area which management should continually review throughout their financial statement preparation process.</p>	<p>Finance Officers have reviewed notes and disclosures and have consolidated and / or removed where minimal value is added.</p>	<p>We have confirmed that various disclosures have been removed or consolidated within the 2023/24 financial statements. However, as noted in our initial recommendation, this is an area which can be continually reviewed for each financial year as part of the finance statement preparation process.</p>
Journal Entry Processing	<p>Further detail is contained within the 2022/23 Interim VFM Report where we requested the Council considers if their current method is the most efficient approach of Journal Entry posting. In 2021/22, there were over £300m of Income and Expenditure entries that are netted out to nil as part of the creation of the financial statements, a significant volume. Can these postings be grouped together, automated or eliminated?</p>	<p>Finance Officers have reviewed internal recharging processes and have reduced the overall number of journal entries going forward.</p>	<p>In 2023/24, management revisited its approach in this area. Based on discussions with management, we recognise an intention to post one transaction per year to record these budget transactions, instead of the previous monthly postings. As this was discussed part way through 2023/24, the first 6 months of monthly transactions had been posted and therefore, management elected to post one transaction for the final 6 months.</p> <p>The understanding obtained as part of the prior audit, and the reduced number of journals, did enable us to identify an efficient method of testing the various populations (namely income and expenditure balances) for the current year audit.</p> <p>However, the volume of entries remained high, and this continued to require more resources to complete our testing in these areas than we would usually expect.</p>

Appendix C – Independence - Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

A breakdown of our fees is shown in the table to the right.

As set out in our Audit Planning Report the agreed fee presented was based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our financial statements opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment
- ▶ The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities.

If any of the above assumptions prove to be unfounded, we seek a variation to the agreed fee. Details of our proposed scale fee variations for the audit of the Council are set out in the fee analysis on this page.

	2023/24	2022/23	2021/22
	£	£	£
Total Fee – Scale Fee	165,261	57,121 Note 2	63,956
Scale fee adjustment (except 2022/23)	40,434 Note 3		31,920 Note 1
Total audit fees	203,105	TBC	95,876

All fees exclude VAT

(1) As reported in our 2021/22 Audit Results Report, we submitted a proposal to PSAA for rebasing of the 2021/22 scale fee and for scale fee variations. The total value of the additional fee request submitted to PSAA, including both rebasing and scale fee variation elements was £48,380. Of this PSAA actually determined an amount of £31,920.

(2) As set out in the joint statement on update to proposals to clear the backlog and embed timely audit issued by DHLUC (now MHCLG), PSAA has used its fee variation process to determine the final fee for 2022/23 VFM of £18,909 which has been accepted by the Council. The determination of the final fee for 2022/23 work outside of VFM remains outstanding with PSAA.

(3) The 2023/24 work is now complete and we intend to submit a proposal to PSAA for a scale fee variation totalling £40,434. This final fee includes an adjustment for the following areas:

- Additional procedures to implement the revised ISA 315 (UK) auditing standard as originally set out in our Audit Planning Report, totalling £25,500.
- Additional procedures to consider the Council's readiness for the implementation of IFRS 16 as originally set out in our in our Audit Planning Report, totalling £790.
- Work performed by EY Pensions to review the assumptions used in the Pensions Liability alongside additional work performed by the EY Audit Team to review the revised IAS 19 report requested from the Pension Fund Actuary, as a result of the misstatement detailed on page 13 of this report. This totals £6,664.
- Additional procedures required as a result of the number of recharge journals posted by the Council as detailed on page 37 of this report, totalling £7,479.

This is subject to PSAA approval.

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ED None

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Audit Committee – 21 March 2025

Internal Audit Progress Report 2024-25 (February 2025)

Purpose	For information
Classification	Public
Executive Summary	<p>In accordance with the Public Sector Internal Audit Standards and the Council’s Internal Audit Charter, the Chief Internal Auditor is required to provide a written status report to the Audit Committee.</p> <p>The Internal Audit Progress Report, attached as Appendix 1, summarises the performance of Internal Audit for 2024-25 to 28th February 2025. The report provides:-</p> <ul style="list-style-type: none"> • a summary of the Council’s progress with implementing management actions agreed from previous audits within the analysis of ‘live’ audit reviews; • executive summaries of reports published which concluded with a ‘Limited’ or ‘No’ assurance opinion as part of the 2024-25 audit work; • a summary of planning and resourcing issues, including proposed changes to the audit plan; and • internal audit’s progress with delivering the agreed plan together with a performance dashboard.
Recommendation(s)	The Audit Committee are requested to note the Internal Audit Progress Report 2024-25 (February 2025).
Reasons for recommendation(s)	To keep the Audit Committee apprised of internal audit’s progress with delivering the agreed plan, together with summaries of significant issues identified, and the Council’s progress with implementing agreed actions.
Ward(s)	All Wards

Portfolio Holder(s)	Councillor Jeremy Heron – Finance and Corporate
Strategic Director(s)	Alan Bethune, Strategic Director of Corporate Resources and Transformation. S151 Officer
Officer Contact	Antony Harvey Deputy Head of Southern Internal Audit Partnership 07784 265289 antony.harvey@hants.gov.uk

Introduction and background

1. Under the Accounts and Audit (England) Regulations 2015, the Council is responsible for:
 - ensuring that its financial management is adequate and effective and that it has a sound system of internal control which facilitates the effective exercise of functions and includes arrangements for the management of risk; and
 - undertaking an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.
2. In accordance with the Public Sector Internal Audit Standards and the Council’s Internal Audit Charter, the Chief Internal Auditor is required to provide a written status report to the Audit Committee, summarising:

‘communications on the internal audit activity’s performance relative to its’ plan.’
3. The progress report, attached as Appendix 1, summarises the performance of Internal Audit for 2024-25 to 28th February 2025. The report confirms that 60% of audits have reached the reporting stages with the remaining 40% of audits in various stages of progress. Four new requests to defer audits have been received and have been considered when developing forward audit plans.
4. The progress report confirms that no further audits have concluded with a ‘Limited’ or ‘No’ assurance opinion since our previous update.

5. We have received confirmation that ten management actions have been completed since the previous update and a further three actions in relation to the Fraud Framework will be completed in March (pending Audit Committee approval). There are several long-standing actions in particular, which have been previously reported as overdue, which need to be reconsidered within the current context facing the Council. Internal Audit will work with the Council to agree a process to expediently re-assess the actions for continued relevance, and will provide support and advice when needed, but must remain independent of the decision-making process. It is imperative that the Council continue to own their actions, any decisions made are fully documented, endorsed by the relevant Director/EMT and reported through to the Audit Committee in due course.

Corporate plan priorities

6. The Council 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 the Council that these arrangements are in place and operating effectively. The Council'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.

Options appraisal

7. No alternative options have been considered as this report is a requirement under relevant legislation and standards.

Consultation undertaken

8. This report has been discussed with the Executive Management Team.

Financial and resource implications

9. The audit plan consists of 400 audit days including 18 audit days provided to the New Forest National Park Authority under the current Service Level Agreement. The Council's budget for 2024-25 reflects these arrangements.

Legal implications

10. There are no additional implications arising from this report.

Risk assessment

11. No formal risk assessment is required.

Environmental / Climate and nature implications

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

Equalities implications

13. There are no additional implications arising from this report.

Crime and disorder implications

14. There are no additional implications arising from this report.

Data protection / Information governance / ICT implications

15. There are no additional implications arising from this report.

Appendices:

Appendix 1 – Internal Audit
Progress Report 2024-25 (February
25)

Background Papers:

Internal Audit Plan 2024-25
Internal Audit Charter 2024-25

Internal Audit Progress Report 2024-25

February 2025

New Forest District Council



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

Contents:

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1. Role of Internal Audit

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 best summarised through its definition within the Standards, as 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’.

New Forest District Council 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 the Council that these arrangements are in place and operating effectively.

The Council’s response to internal audit activity should lead to the strengthening of the control environment and, therefore, contribute to the achievement of the organisations’ objectives.

2. Purpose of report

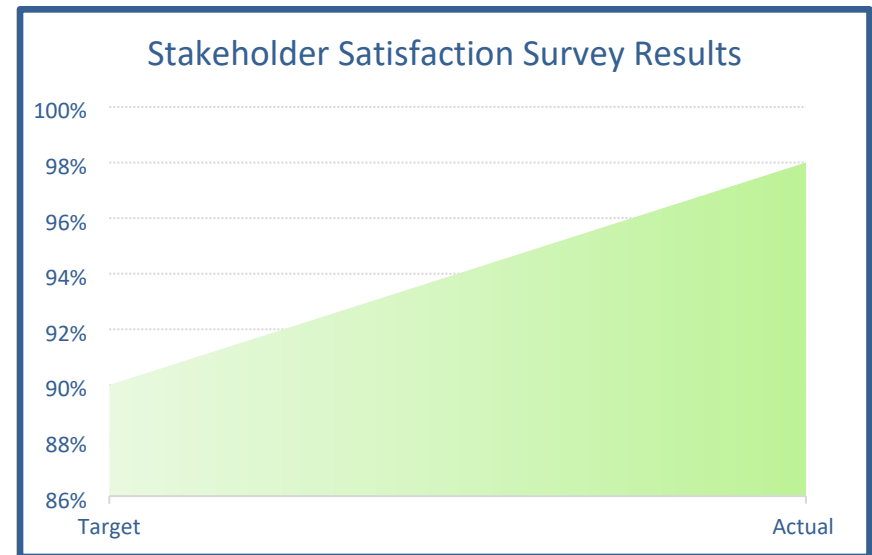
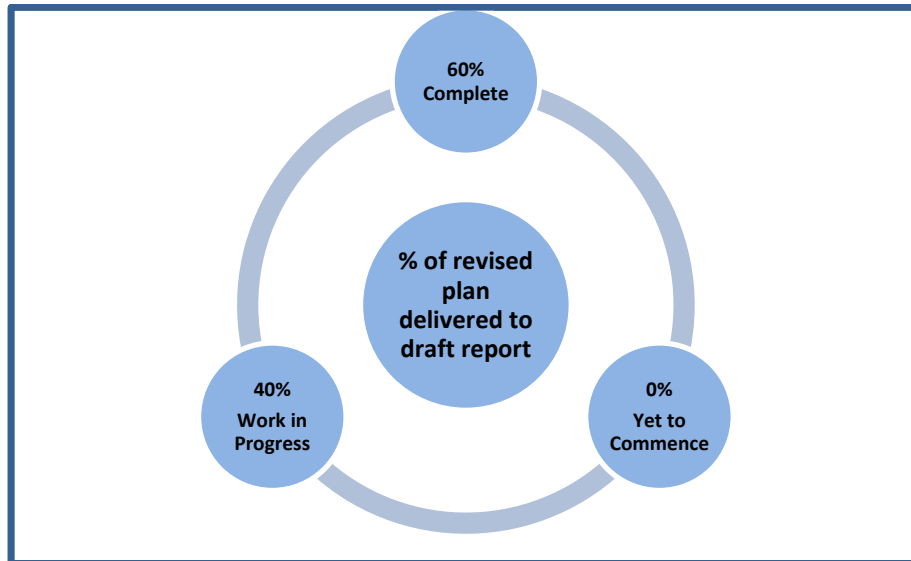
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- 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:

Substantial	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.
Reasonable	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.
Limited	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.
No	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



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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

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Action(s)	Not Yet Due	Complete	Overdue		
							L	M	H
Fleet Management (follow-up phase 2)	May 23	SM (W&T)	Reasonable	9	0	7			
Engineering Works	Aug 23	SM (C)	Limited	10	0	7			
Commercial Activities – Appletree Holdings	Oct 23	SM (E&V)	Substantial	1	0	0			
Open Spaces and Playground Safety Checks	Dec 23	G&SM	Limited	12	0	7			
Housing Asset Management – Electrical Safety Checks	Feb 24	SM (HM)	Reasonable	8	0	6			
Business Continuity	Mar 24	SM (E&R)	Reasonable	2	0	0			
Transformation Programme – Governance Arrangements	May 24	ADT	Reasonable	3	0	0			
Corporate Governance Framework – Fraud Framework	May 24	SM (CSR&B)	Reasonable	5	0	5			
Accounts Payable	Jun 24	FIN	Reasonable	5	1	3			
Animal Welfare Licencing	Jun 24	SM (E&R)	Reasonable	6	1	5			
Housing Rent Reconciliations	Jul 24	SM (HO)	Reasonable	5	0	3			
Parking and Enforcement *	Aug 24	EE&AM	Reasonable	7	0	7			
Health and Safety	Nov 24	SM (HR)	Reasonable	6	3	3			

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Action(s)	Not Yet Due	Complete	Overdue
Contract Management – Leisure Contract	Nov 24	SDCR&T	Substantial	1	1	0	
Budget Planning/Setting	Dec 24	ADFIN	Substantial	3	2	1	
Risk Management	Dec 24	ADFIN	Limited	14	1	11	5 further actions completed. 2 actions to be re-evaluated in light of the agreed risk management policy.
HR – Recruitment/Statutory Responsibilities	Dec 24	SM (HR)	Substantial	2	1	1	1 action completed
Payroll and Expenses	Feb 25	SM (HR)	Substantial	2	2	0	
Total							  

* Denotes audits where all actions have been completed since the last progress report

Update on the overdue actions

There are some long standing actions in particular which need to be reconsidered within the current context facing the Council. As time progresses, on occasion, the actions and timescales originally agreed become less relevant and outdated and it therefore becomes increasingly difficult to track the actions through to completion. Over the next quarter, we will work with the Council to agree a process to expediently re-assess, where relevant, if the originally agreed actions:-

- are still relevant and if so, the expected timescales for completion,
- have become superseded due to alternative action(s) taken which has addressed the risks identified,
- will be taken forward within wider corporate initiatives and if so, how best to monitor the progress and completion, or
- whether action(s) will no longer be taken and any residual risk is accepted.

It is imperative that the Council continue to own their actions, any decisions made are fully documented, endorsed by the relevant Director/EMT and reported through to the Audit Committee. Internal Audit will provide support and advice when needed but must remain independent of the decision-making process.

Audit Sponsor		Audit Sponsor	
Chief Executive	CX	Assistant Director Place Development	ADPD
Communications Manager	CM	Service Manager (Development Management)	SM (DM)
Strategic Director Housing & Communities	SDH&C	Service Manager (Policy & Strategy)	SM (P&S)
Assistant Director Housing	ADH	Building Control Manager	BCM
Service Manager (Housing Maintenance)	SM (HM)	Climate Change Manager	CCM
Service Manager (Housing Options, Rents Support and Private Sector Housing)	SM (HO)	Strategic Director Corporate Resources & Transformation	SDCR&T
Service Manager (Strategy & Development)	SM (S&D)	Service Manager (Estates & Valuation)	SM (E&V)
Greener Housing Development Manager	GHDM	Service Manager (Customer Services, Revenues & Benefits)	SM (CSR&B)
Anti-Social Behaviour Manager	ASBM	Assistant Director Finance	ADFIN
Tenant Engagement Manager	TEM	Strategic Procurement Manager	SPM
Rent, Accounting & Home Ownership Manager	RA&HOM	Assistant Director Transformation	ADT
Service Manager (Estate Management & Support)	SM (EM&S)	Service Manager (Human Resources)	SM (HR)
Service Manager (Environmental & Regulation)	SM (E&R)	ICT Operations Manager	ICTOM
Strategic Director Place, Operations & Sustainability	SDPOS	Data Development & Delivery Manager	DDDM
Assistant Director Place Operations	ADPO	Transformation & Improvement Manager	T&IM
Service Manager (Waste & Transport)	SM (W&T)	Assistant Director Governance & Monitoring Officer	ADG&MO
Service Manager (Coastal)	SM (C)	Service Manager (Democratic & Support Services)	SM (D&SS)
Environment Enforcement & Amenities Manager	EE&AM	Information Governance & Complaints Manager	IG&CM
Grounds & Streetscene Manager	G&SM		

5. Executive Summaries of reports published concluding a ‘Limited’ or ‘No’ assurance opinion

No new audits have concluded with a Limited or No assurance opinion since the previous progress report.

6. Planning & Resourcing

The Internal Audit Plan for 2024-25 was agreed by EMT and approved by the Audit Committee in March 2024. The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Progress against the plan is detailed within section 7.

7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Terms of reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
2023-24 Audits (included within the annual report and opinion)								
Procurement	SPM	✓	✓	✓	May 24	Jun 24	Reasonable	
Accounts Payable	FIN	✓	✓	✓	May 24	Jun 24	Reasonable	
Homelessness – Prevention and Relief	SM (HO)	✓	✓	✓	Mar 24	May 24	Reasonable	
Animal Welfare Licencing	SM (E&R)	✓	✓	✓	May 24	Jun 24	Reasonable	
2024-25 Audits								
Corporate / Governance Framework								
Corporate Plan / Performance Management	ADT	✓						Scoped
Corporate Governance Framework – Fraud Framework	SM (CSR&B)	✓	✓	✓	May 24	May 24	Reasonable	
Corporate Governance Framework	ADG&MO	✓	✓	✓	Feb 25			
Budget Planning/Setting	ADFIN	✓	✓	✓	Nov 24	Dec 24	Substantial	

Audit Review	Sponsor	Scoping	Terms of reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Partnership Working – Town and Parish Councils	ADPO	✓	✓	✓				Completed fieldwork under management review
Information Governance – Data Retention/Records Management	IG&CM	✓	✓	✓	Jan 25			
Contract Management – Leisure Contract	SDCR&T	✓	✓	✓	Oct 24	Nov 24	Substantial	
Health and Safety	SM (HR)	✓	✓	✓	Aug 24	Nov 24	Reasonable	
Risk Management	ADFIN	✓	✓	✓	Jun 24	Dec 24	Limited	
Human Resources								
HR – Recruitment/Statutory Responsibilities	SM (HR)	✓	✓	✓	Dec 24	Dec 24	Substantial	
Core Financial Systems								
Housing Benefits	SM (CSR&B)	✓	✓	✓				Fieldwork nearing completion
Payroll and Expenses	SM (HR)	✓	✓	✓	Feb 25	Feb 25	Substantial	
Treasury Management	ADFIN	✓	✓	✓				Fieldwork February/March at NFDC's request
Information Technology								
IT – Contract Management	ICTOM	✓	✓	✓	Jul 24	Jul 24	Substantial	
IT – Project Delivery	ICTOM	✓	✓	✓				Fieldwork complete. Close meeting held.
IT – Firewall Management and Monitoring	ICTOM	✓	✓	✓				
Portfolio Themes								
Housing Management – Right to Buy	SM (HO)	✓	✓	✓				Completed fieldwork under management review
Housing Allocations	SM (HO)	✓	✓	✓	Jun 24	Jul 24	Reasonable	

Audit Review	Sponsor	Scoping	Terms of reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Housing Rent Reconciliations	SM (HO)	✓	✓	✓	Jun 24	Jul 24	Reasonable	
Housing Asset Management – Lift Inspections	SM (HM)	✓	✓	✓	Feb 25			
Housing Asset Management – Gas Safety	SM (HM)	✓	✓	✓				
Housing Asset Management – Asbestos	SM (HM)	✓	✓	✓				Completed fieldwork under management review
Housing Enforcement	SM (HO)	✓	✓	✓	Feb 25			
Community Infrastructure Levy Expenditure Framework	SM (DM)	✓	✓	✓	May 24	Jun 24	Substantial	
Environmental Health - Local Air Pollution Prevention and Control (LAPPC)	SM (E&R)	✓	✓	✓				
Licencing	SM (E&R)	✓						Scoped
Parking and Enforcement	EE&AM	✓	✓	✓	Jul 24	Aug 24	Reasonable	
Environmental Enforcement - Clean Streets	EE&AM	✓	✓	✓	Dec 24			
Cemeteries	G&SM	✓	✓	✓	Feb 25			
Keyhaven – Income & PCard Expenditure	SM (C)	✓	✓	✓				Completed fieldwork under management review

Annex 1 - Adjustments to the plan

Audit reviews added to the plan (included in rolling work programme above)	Comment
Corporate Governance Framework – Fraud Framework *	Brought forward from 2023/24 as work in progress
Information Governance – Data Retention/Records Management *	Brought forward from 2023/24 as work in progress & combined with 2024/25 review.
Contract Management – Leisure Contract *	Brought forward from 2023/24 as work in progress
Health and Safety *	Brought forward from 2023/24 as work in progress
Risk Management *	Brought forward from 2023/24 as work in progress
IT – Contract Management *	Brought forward from 2023/24 as work in progress
Housing Allocations *	Brought forward from 2023/24 as work in progress
Housing Rent Reconciliations *	Brought forward from 2023/24 as work in progress
Community Infrastructure Levy Expenditure Framework *	Brought forward from 2023/24 as work in progress
Parking and Enforcement *	Brought forward from 2023/24 as work in progress
Clean Streets – Enforcement *	Brought forward from 2023/24 as work in progress
Keyhaven – Income & PCard Expenditure ***	Direct request from the Management Team to review specific areas of activity.

Audit reviews removed from the plan (excluded from rolling work programme)	Comment
Environmental Services – New Waste Strategy **	Proposed by the Council as no longer required as the programme board now have the required level of assurance on this project.
Housing Asset Management – Voids ***	There is currently a project underway to review the end-to-end process with managing voids therefore it is proposed to defer the audit until the project has been completed and any corresponding changes to the process have been implemented and become embedded.
Building Control ***	The Building Safety Regulator will be undertaking a full audit of the Building Control Service during December 2024 – January 2025 therefore it is proposed to defer the review for 18 months to enable the Service to implement (if applicable) the findings from the Regulator’s audit.
Programme & Project Management ***	It is proposed to combine this review with the Transformation Programme audit due to prevent duplication.

Asset Management (Corporate Estate) ***	The Council commissioned Mace to review the current operating model and approach to strategic asset management within the Estates, Valuations & Facilities Management Team and have recommended a roadmap for implementation over the next 12 months therefore it is proposed to defer the audit whilst the Service action the recommendations.
Planning/Development Management ****	The Team are in discussions with the Planning Advisory Service regarding a peer review in the new Financial Year which will cover the end to end planning process therefore the have proposed to defer the review.
Emergency Planning ****	The Council are currently in the process of advertising and recruiting into a vacant emergency planning officer post and are due to begin a new SLA with Southampton and Portsmouth City Council at the beginning of April for additional support on the emergency planning function. The Team have proposed to defer the review until the new arrangements have been implemented and become embedded.
IT – Application Lifecycle Management ****	The Service have introduced an Application Development Toolkit to manage applications lifecycle and have proposed to defer the review to 2025/26 whilst the arrangements become embedded.
Transformation Programme ****	The Team have proposed to defer the review whilst the programme is reassessed within the context of LGR.

* Agreed July 2024; ** October 2024; *** January 2025

**** Proposed March 2025

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Audit Committee – 21 March 2025

Internal Audit Charter and Risk Based Plan 2025-26

Purpose	For information
Classification	Public
Executive Summary	<p>In accordance with Regulations and Standards:</p> <ul style="list-style-type: none"> • the Council 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. • all internal audit providers are required to implement and maintain an 'Internal Audit Charter'. • internal audit must create a risk-based internal audit plan that supports the achievement of the organisation's objectives. <p>The internal audit charter is defined as 'a formal document that includes the internal audit function's mandate, organisational position, reporting relationships, scope of work, types of service, and other specifications' and is reported to the Audit Committee annually.</p> <p>The risk based internal audit plan for 2025-26 has been developed at a strategic level providing a value adding, and proportionate level of assurance aligned to the Council's Corporate Plan Priorities.</p> <p>The Council'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.</p>

Recommendation(s)	The Audit Committee are invited to provide input to and approve the Internal Audit: Charter 2025-26 (Appendix A); and Risk-Based Plan 2025-26.
Reasons for recommendation(s)	In line with the Standards, the Audit Committee are responsible for the governance of the Council and it is imperative they are therefore engaged in input, review and approval of the internal audit mandate and charter; and risk based internal audit plan.
Ward(s)	All Wards
Portfolio Holder(s)	Councillor Jeremy Heron – Finance and Corporate
Strategic Director(s)	Alan Bethune, Strategic Director of Corporate Resources and Transformation. S151 Officer
Officer Contact	Antony Harvey Deputy Head of Southern Internal Audit Partnership 07784 265289 antony.harvey@hants.gov.uk

Introduction and background

1. The mandate for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015, which states:

'A relevant authority 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.'
2. From 1 April 2025, the 'standards or guidance' in relation to internal audit are those laid down in the Global Internal Audit Standards (GIAS), Application Note: Global Internal Audit Standards in the UK Public Sector (Application Note) and the Code of Practice for the Governance of Internal Audit in UK Local Government. The collective requirements shall be referred to as the Global Internal Audit Standards in the UK Public Sector (the Standards).

3. The Southern Internal Audit Partnership have made all necessary adaptations to its processes, procedures and practices to ensure it is best placed to conform with these requirements with effect from 1 April 2025.
4. The Standards (6.2) require all internal audit providers to implement and maintain an 'Internal Audit Charter'. The internal audit charter is defined as 'a formal document that includes the internal audit function's mandate, organisational position, reporting relationships, scope of work, types of service, and other specifications'
5. Standard 11.3 (Communicating Results) references the possibility that a chief internal audit may be required to make a conclusion at the level of the organisation about the effectiveness of governance, risk management and/or control. Section 10B of the Application Note makes it a mandatory requirement in the UK public sector, for the chief internal auditor to prepare such an overall conclusion at least annually in support of wider governance reporting. This overall conclusion must encompass governance, risk management and control. The requirement for an overall conclusion must also inform planning carried out under GIAS Standard 9.4 (Internal Audit Plan).
6. In accordance with the Standards (9.4) there is a requirement that internal audit must create a risk-based internal audit plan that supports the achievement of the organisation's objectives. The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to fulfil the audit mandate and delivery of the internal audit strategy.
7. 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.

Internal Audit Charter 2025-26

8. The internal audit charter is reported to the Audit Committee annually for review and approval and it has been updated to reflect the requirements of the new Standards. A copy is attached as Appendix A.

Internal Audit Risk-Based Plan 2025-26

9. The proposed risk based internal audit plan for 2025-26 is attached at Appendix B and has been developed at a strategic level providing a value adding, and proportionate level of assurance aligned to the Council's Corporate Plan Priorities. It is based on a range of inputs including review of the Council's Principal Risk Register and Service Risk Registers, sector knowledge and discussions with Directorate Management Teams.
10. Internal audit focus should be proportionate and appropriately aligned, and as such, only high and medium priority reviews identified during the planning process are incorporated within the Internal Audit Plan. The exception to this is where 'mandatory' audits (for example to certify the accuracy of grant claims to meet funding requirements) or specific management requests have been raised and sufficient capacity is available.
11. The audit plan will remain fluid to ensure internal audit's ability to react to the changing needs of the Council. Any additions to the plan must be able to clearly demonstrate a contribution to the audit conclusion on risk management, control and governance.
12. Any changes to the plan (including advisory assignments) will be transparently reported to the Executive Management Team and the Audit Committee during the course of the year for approval as part of our regular Progress Reports.
13. The Internal Audit Charter ensures the Chief Internal Auditor has sufficient resource necessary to fulfil the requirements and expectations to deliver an internal audit conclusion.
14. Significant matters that jeopardise the delivery of the plan, or require changes to the plan will be identified, addressed and reported to the Audit Committee, through regular progress reports.
15. The endorsement and sponsorship of the plan(s) at Member / Executive officer 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.

Corporate plan priorities

16. The Council 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 the Council that these arrangements are in place and operating effectively. The Council'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.

Options appraisal

17. No alternative options have been considered as this report is a requirement under relevant legislation and standards.

Consultation undertaken

18. This report has been discussed and agreed with the Executive Management Team.

Financial and resource implications

19. The audit plan consists of 400 audit days including 18 audit days provided to the New Forest National Park Authority under the current Service Level Agreement. The Council's budget for 2025-26 reflects these arrangements.

Legal implications

20. There are no additional implications arising from this report.

Risk assessment

21. No formal risk assessment is required.

Environmental / Climate and nature implications

22. There are no additional implications arising from this report.

Equalities implications

23. There are no additional implications arising from this report.

Crime and disorder implications

24. There are no additional implications arising from this report.

Data protection / Information governance / ICT implications

25. There are no additional implications arising from this report.

Appendices:

Appendix A – Internal Audit Charter
2025-26

Appendix B – Risk Based Internal
Audit Plan 2025-26

Background Papers:

Implementation of the Global
Internal Audit Standards



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

NEW FOREST DISTRICT COUNCIL

Internal Audit Charter
2025-26

Prepared By: Antony Harvey, Deputy Head of Southern Internal Audit Partnership

February 2025

1. Introduction

The [Global Internal Audit Standards](#), issued by the Institute of Internal Auditors and effective in the UK Public Sector from April 2025, guide the worldwide professional practice of internal auditing and serve as a basis for evaluating and elevating the quality of the internal audit function.

While the Global Internal Audit Standards apply to all internal audit functions, it is acknowledged that internal auditors in the public sector work in a political environment under governance, organisational and funding structures that differ from those of the private sector.

Consequently, internal audit practitioners working in, or for, the UK public sector are required to apply the Global Internal Audit Standards subject to the interpretations and requirements of the [Application Note: Global Internal Audit Standards in the UK public sector](#), issued by Relevant Internal Audit Standard Setters (RIASS).

In addition, relevant public sector bodies are also required to apply the Chartered Institute of Public Finance & Accountancy (CIPFA) [Code of Practice for the Governance of Internal Audit in UK Local Government](#) which provides a conduit for meeting the essential conditions for governance set out in the Global Internal Audit Standards, tailored for UK local government.

The collective requirements shall be referred to as the Global Internal Audit Standards in the UK Public Sector. All SIAP policies and procedures have been reviewed and updated to ensure compliance with these requirements with effect from April 2025.



The Standards require all internal audit providers to implement and maintain an 'Internal Audit Charter'.

The internal audit charter is defined as *'a formal document that includes the internal audit function's mandate, organisational position, reporting relationships, scope of work, types of service, and other specifications'*

2. Definitions

The Global Internal Audit Standards in the UK Public Sector apply the following definitions:

The Board – *‘the governing body authorised to provide the internal audit function with the appropriate authority, role, and responsibilities.’* At New Forest District Council (‘the Council’) this shall mean the Audit Committee.

Senior Management – *‘the highest level of executive management of an organisation that is ultimately accountable to the Board for executing the organisation’s strategic decisions, typically a group of persons that includes the Chief Executive Officer or Head of Organisation’.* At the Council this shall mean the Executive Management Team (EMT).

3. Internal Audit Mandate

The mandate for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015, which states:

‘5. (1) A relevant authority 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.

(2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—

- (a) make available such documents and records; and*
- (b) supply such information and explanations*

as are considered necessary by those conducting the internal audit.

(3) In this regulation “documents and records” includes information recorded in an electronic form.’

From 1 April 2025, the ‘standards or guidance’ in relation to internal audit are those laid down in the Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government.

The scope of internal audit includes both assurance and advisory services covering the entire breath of the Council, including all activities, assets, and personnel of the organisation.

Fraud investigations may also be commissioned which will be conducted by the Southern Internal Audit Partnership’s Counter Fraud Unit.

4. Authority, Roles and Responsibilities

Authority

The Chief Internal Auditor is positioned at a level in the organisation that enables internal audit services and responsibilities to be performed independently of management and with objectivity, enabling escalation as appropriate.

The Chief Internal Auditor reports functionally to the Audit Committee, and organisationally to the Strategic Director - Corporate Resources & Transformation and Section 151 Officer, who is a member of the Executive Management Team and has statutory responsibility as proper officer under Section 151 of the Local Government Act 1972, for ensuring an effective system of internal financial control and proper financial administration of the Council's affairs.

The Chief Internal Auditor has direct access to the Chief Executive who carries the responsibility for the proper management of the Council and for ensuring that the principles of good governance are reflected in sound management arrangements.

The Chief Internal Auditor has direct access to the Council's Monitoring Officer where matters arise relating to Chief Executive responsibility, legality and standards.

Where it is considered necessary to the proper discharge of the internal audit function, the Chief Internal Auditor has direct access to elected Members of the Council and in particular those who serve on committees charged with governance (i.e. the Audit Committee). Private meetings, without senior management present, are also be offered to the Chair of the Audit Committee.

Should organisation structures change, senior management and the Audit Committee will ensure that the reporting line of the Chief Internal Auditor remains with a member of the Executive Management Team and retains the relevant access to Members and officers as outlined above.

It is recognised that the Chief Internal Auditor supervises assurance services related to activities that are managed by the Strategic Director - Corporate Resources & Transformation to whom the Chief Internal Auditor reports administratively, however, this perceived impairment is mitigated through overview from the Head of Southern Internal Audit Partnership, and the alternative reporting lines detailed above.

Internal audit reporting protocols are in place to ensure that the scope of work and findings for all assignments are reported appropriately and that agreed management actions are approved by senior management.

Every effort will be made to resolve disagreements that may arise during the audit process. However, if, unresolved issues (such as limitations to the scope of work or failure to agree appropriate actions in response to audit findings) are considered by internal audit to fall outside of the Council's risk tolerance, these will be escalated to the relevant Assistant Director and Strategic Director in the first instance and then to the Strategic Director - Corporate Resources & Transformation, Chief Executive and Audit Committee as deemed necessary.

The Executive Management Team and the Audit Committee authorises the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information. Such access shall be granted on demand and not subject to prior notice.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of the Council and other specialised services from within or outside the Council to complete internal audit services.

Role

The role of internal audit is best summarised through its definition within the Global Internal Audit Standards in the UK Public Sector, as:

'An independent, objective assurance and advisory service 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 governance, risk management, and control processes.'

Purpose

Internal audit strengthens the Council's ability to create, protect, and sustain value by providing the Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Internal audit enhances the Council's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Internal audit is most effective when:

- It is performed by competent professionals in conformance with the Global Internal Audit Standards in the UK Public Sector, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the board.
- Internal auditors are free from undue influence and committed to making objective assessments

The Council 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 the Council that these arrangements are in place and operating effectively. The Council'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.

Responsibility

The responsibility for maintaining an adequate and effective system of internal audit within the Council lies with the Strategic Director - Corporate Resources & Transformation, as the authority's Chief Finance Officer (S151 Officer).

For the Council, internal audit is provided by the Southern Internal Audit Partnership. The Chief Internal Auditor (Deputy Head of Southern Internal Audit Partnership) is responsible for effectively managing the internal audit activity in accordance with the Global Internal Audit Standards in the UK Public Sector.

The Chief Internal Auditor

Has the responsibility to:

- At least annually, develop a risk-based internal audit plan engaging with the Audit Committee and Executive Management Team and submit the plan to the Audit Committee for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Audit Committee and Executive Management Team.
- Review and adjust the internal audit plan, as necessary, in response to changes in the Council's business, risks, operations, programs, systems, and controls.
- Communicate with the Audit Committee and Executive Management Team if there are significant interim changes to the internal audit plan.

- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards in the UK Public Sector (and relevant laws and/or regulations).
- Follow up on engagement findings and confirm the implementation of management actions or action plans and communicate the results of internal audit services to the Audit Committee and Executive Management Team periodically and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards in the UK Public Sector and fulfil the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the Council and communicate to the Audit Committee and Executive Management Team as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure awareness of the Council's relevant policies and procedures, however should such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards in the UK Public Sector, such conflicts will be resolved or documented and communicated to the Audit Committee and Executive Management Team.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services.
- Deliver an annual conclusion that can be used by the Council to inform its annual governance statement. The annual conclusion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. Discuss the annual conclusion with the Audit Committee and Executive Management Team and submit the annual conclusion to the Audit Committee for review and approval.

The Chief Internal Auditor will liaise with the external auditors on matters of mutual interest and to seek opportunities for cooperation in the conduct of audit work. The external auditors will have the opportunity to rely on the work of internal audit where appropriate.

A range of internal audit services are provided (Annex 1) in the delivery of the audit plan and to form the annual conclusion. The approach is determined by the Chief Internal Auditor and will depend on the level of assurance required, the significance of the objectives under review to the organisation's success, the risks inherent in the achievement of objectives and the level of confidence required that controls are well designed and operating as intended.

Fraud and irregularity

Internal audit will plan and evaluate their work to have a reasonable expectation of detecting fraud and identifying any significant weaknesses in internal controls.

Management is required to report all suspicions of theft, fraud and irregularity to the Chief Internal Auditor so that they can consider the adequacy of relevant controls, evaluate the implication of the fraud on the risk, control and governance processes and consider making recommendations as appropriate.

Internal audit will not carry out investigations unless commissioned to do so and where this is the case, the Chief Internal Auditor will ensure that investigators are appropriately trained in carrying out their responsibilities.

Where there is evidence that Council staff are committing fraud, internal audit will liaise with Human Resources and the Directorate concerned.

Internal audit will consider assurance over the Council's Anti-Fraud, Bribery and Corruption Strategy and framework as part of the internal audit planning process.

5. Internal audit resources

The Chief Internal Auditor is professionally qualified (CMIIA, CCAB or equivalent), maintains a comprehensive understanding of the Global Internal Audit Standards in the UK Public Sector, has wide internal audit and management experience, reflecting the responsibilities that arise from the need to build and manage an effective internal audit function (incl. recruitment, training and development), liaises internally and externally with Members, senior management and other professionals, and demonstrates sound sector knowledge & experience.

The Strategic Director - Corporate Resources & Transformation will provide the Chief Internal Auditor with the resources necessary to fulfil the Council's requirements and expectations to fulfil the audit mandate and delivery of the internal audit strategy.

The Head of the Southern Internal Audit Partnership has a resource strategy in place to optimise internal audit resources. Ongoing sufficiency of resources (financial, human and technological) will be transparently communicated by the Chief Internal Auditor to the Executive Management Team and Audit Committee through regular reporting as part of the approval of the internal audit plan and further throughout the year as part of the progress reports and ultimately within the annual conclusion.

Any resource implications that put the fulfilment of the internal audit mandate at risk will be reported accordingly through the afore mentioned reports.

Financial Resource

The Head of Southern Internal Audit Partnership will manage the internal audit budget to enable the successful implementation of the internal audit strategy and achievement of the plan. The budget includes the resources necessary for the function's operation, including training and relevant technologies and tools.

The Head of the Southern Internal Audit Partnership will manage the day-to-day activities of the internal audit function effectively and efficiently, in alignment with the budget.

Human Resource

The Head of Southern Internal Audit Partnership will ensure that the internal audit service has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the internal audit strategy and operational risk-based audit plan.

The Chief Internal Auditor continually evaluates the competencies of individual internal auditors (regular one-to-ones, performance management and quality review processes), and encourages professional development.

The annual operational risk-based plan will identify the resources required to complete the work, thereby highlighting sufficiency of available resources. The Chief Internal Auditor can propose an increase in audit resource or a reduction in the number of audits if there are insufficient resources.

The Executive Management Team and Audit Committee will be advised where, for whatever reason, internal audit is unable to provide assurance on any significant risks within the timescale envisaged by the risk assessment process.

Significant matters that jeopardise the delivery of the plan or require changes to the plan will be identified, addressed and reported to the Executive Management Team and Audit Committee.

If the Chief Internal Auditor, Executive Management Team or the Audit Committee consider that the scope or coverage of internal audit is limited in any way, or the ability of internal audit to deliver a service consistent with the Global Internal Audit Standards in the UK Public Sector is prejudiced, they will advise the Strategic Director - Corporate Resources & Transformation, accordingly.

Technological Resource

The Head of the Southern Internal Audit Partnership will ensure the internal audit function has technology to support the internal audit process and regularly evaluate the technology used to pursue opportunities to improve effectiveness and efficiency.

The implementation of new technologies is supported through effective and timely training for internal audit staff.

The impact of any technology limitations on the effective and efficient delivery of internal audit services will be communicated to the Executive Management Team and Audit Committee.

6. Ethics and Professionalism

The Chief Internal Auditor will ensure that internal auditors:

- Conform with the Global Internal Audit Standards in the UK Public Sector, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the Council and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the Council.
- Report organisational behaviour that is inconsistent with the Council's ethical expectations, as described in applicable policies and procedures.
- Apply the Seven Principles of Public Life alongside existing ethical frameworks.

7. Independence and objectivity

The Chief Internal Auditor retains no roles or responsibilities that have the potential to impair the internal audit functions independence, either in fact or appearance.

Should such circumstance arise, the Chief Internal Auditor will advise the Audit Committee of the safeguards put in place to manage actual, potential or perceived impairments.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review.

Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- assessing specific operations for which they had responsibility within the previous year.
- performing operational duties for the Council or its affiliates.
- initiating or approving transactions external to the internal audit function.
- directing the activities of any Council employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit team or to assist internal auditors.

Internal auditors will:

- disclose impairments of independence or objectivity, in fact or appearance, to the Chief Internal Auditor.
- exhibit professional objectivity in gathering, evaluating, and communicating information.
- make balanced assessments of all available and relevant facts and circumstances.
- take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Induction and refresher training combined with internal audit procedures and guidance provide a systematic and disciplined approach for gathering and evaluating information to provide a balanced assessment of the activity under review.

The Chief Internal Auditor will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication.

If the Chief Internal Auditor determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

In addition, to achieve the degree of independence and objectivity necessary to effectively discharge its responsibilities, arrangements are in place to ensure the internal audit activity:

- operates in a framework that allows unrestricted access to the Executive Management Team and Audit Committee.
- reports functionally to the Audit Committee.
- reports in their own name.
- rotates responsibilities for audit assignments within the internal audit team.
- completes individual declarations confirming compliance with rules on independence, objectivity, conflicts of interest and acceptance of inducements, and
- ensures the planning process recognises, records and addresses potential conflicts of interest.

A register of potential conflicts of interest will be maintained with each case assessed and outcomes documented. If, despite this, independence or objectivity is impaired in fact or appearance, the details of the impairment will be disclosed to the Executive Management Team and Audit Committee. The nature of the disclosure will depend upon the impairment.

The Executive Management Team will ensure that independence is safeguarded through ensuring internal audit's access to staff and records, as set out in regulations and the charter, operates freely and without any interference and where there are actual or potential impairments to the independence of internal audit, the Executive Management Team will work with the Chief Internal Auditor to remove or minimise them or ensure safeguards are operating effectively.

The Audit Committee will support internal audit's independence by reviewing the effectiveness of safeguards at least annually, including any issues or concerns about independence raised by the Chief Internal Auditor.

The Chief Internal Auditor will confirm to the Audit Committee, at least annually, the organisational independence of the internal audit function. The Chief Internal Auditor will disclose to the Audit Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfil its mandate

Matters around the appointment, removal, remuneration and performance evaluation of the Chief Internal Auditor will be undertaken by the Head of the Southern Internal Audit Partnership.

The Audit Committee should provide feedback on the performance evaluation of the Chief Internal Auditor. This will be achieved through an annual survey sent to all Audit Committee members.

8. Due Professional Care

Internal auditors will perform work with due professional care, competence and diligence. Internal auditors cannot be expected to identify every control weakness or irregularity, but their work should be designed to enable them to provide reasonable assurance regarding the controls examined within the scope of their review.

Internal auditors will have a continuing duty to develop and maintain their professional skills, knowledge and judgement based on appropriate training, ability, integrity, objectivity and respect.

Internal auditors will apprise themselves of the Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government and will work in accordance with them in the conduct of their duties.

Internal auditors will be alert to the possibility of intentional wrongdoing, errors and omissions, poor value for money, failure to comply with management policy and conflicts of interest. They will ensure that any suspicions of fraud, corruption or improper conduct are promptly reported to the Chief Internal Auditor in accordance with the Council's laid down procedures.

Internal auditors will treat the information they receive in carrying out their duties as confidential. There will be no unauthorised disclosure of information unless there is a legal or professional requirement to do so. Confidential information gained during internal audit work will not be used to effect personal gain.

9. Communication, Reporting and Oversight

Internal Audit Strategy

The Head of the Southern Internal Audit Partnership will develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the Council and aligns with the expectations of the Audit Committee, Executive Management Team and other key stakeholders.

The internal audit strategy is a plan of action designed to achieve the audit function's long-term objective(s). The internal audit strategy includes a vision, strategic objectives, and supporting initiatives for the internal audit function to help fulfil the internal audit mandate.

Internal Audit Charter

The internal audit charter defines the internal audit function's mandate, organisational position, reporting relationships, scope of work, types of service, and other specifications relevant to its effective operation.

Audit Plan

The Chief Internal Auditor will develop an internal audit plan that supports the achievement of the Council's objectives.

The plan will be based on a documented assessment of the Council's strategies, objectives, and risks. Such assessment will be informed through engagement with the Audit Committee, and Executive Management Team as well as the Chief Internal Auditors understanding of the organisation's governance, risk and control processes.

The plan will be regularly reviewed with significant changes discussed and approved with the Executive Management Team and Audit Committee in a timely manner.

Audit Assignments

Internal auditors will communicate with management at the commencement of each review to ensure that the scope and timing of the work is understood and agreed, and this will be documented in a Terms of Reference. Internal audit contacts agreed as part of this process will be expected to be available for discussions and to provide the information required to complete the assignment in line with the timelines agreed. Regular communication throughout the review will ensure timely awareness of any issues arising and a close of audit meeting will also be held to summarise and confirm findings.

The results of all planned audit assignments will be summarised in a formal report, including:

- the purpose and scope of the reviews
- the assurance opinion
- an executive summary
- action plans outlining issues arising and actions proposed by management to address them (including consideration of root cause and identification of key themes).

The reports will be distributed and agreed in line with established reporting protocols for each Directorate.

Progress Reports

Throughout the year the Chief Internal Auditor will maintain regular communications with the Executive Management Team and Audit Committee on internal audit performance and other matters such as:

- revisions to the plan.
- any impairments to independence.
- significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for management that could interfere with the achievement of the Council's strategic objectives.
- results of assurance and advisory services.
- management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the Council's risk appetite.
- performance measures, including ongoing conformance with the Global Internal Audit Standards in the UK Public Sector.
- evaluation of resourcing to meet the requirements of the internal audit mandate / plan.

Annual Conclusion

The Chief Internal Auditor shall deliver an annual conclusion that can be used by the Council to inform its annual governance statement.

The annual conclusion will conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

The annual conclusion will incorporate as a minimum:

- the opinion.
- a summary of the work that supports the opinion.
- a statement on conformance with Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government.
- results of the quality assurance and improvement programme.

Quality assurance and Improvement Programme

The Head of the Southern Internal Audit Partnership maintains a quality assurance and improvement programme that covers all aspects of the internal audit function. The programme includes:

External Quality Assessments – to be performed at least once every five years by a qualified independent assessor or assessment team (with appropriate characteristics and sector knowledge). The requirement for an external quality assessment may also be met through a self-assessment with independent validation.

The decision on the appointment of the external assessor and format of the external quality assessment will be communicated to the Council’s Executive Management Team and Audit Committee.

Internal Quality Assessments – self-assessments to be performed annually to review internal audits conformance with the Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government along with progress towards performance objectives.

The Chief Internal Auditor will communicate annually the results of the internal quality assessment to the Executive Corporate Management Team and Audit Committee. The results of external quality assessments will be reported when completed.

In both cases communications will include:

- The internal audit function’s conformance with Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government and achievement of performance objectives.
- Compliance with laws and regulations relevant to internal auditing.
- If applicable, plans to address the internal audit function’s deficiencies and opportunities for improvement.

In addition, an annual satisfaction survey will be conducted with key stakeholders to assess the value of the service and to seek suggestions for improvement.

The results of the survey, annual self-assessment, and external assessment will be shared with the Executive Management Team and Audit Committee, together with plans to address any issues arising.

Executive Management Team

As those responsible for the leadership and direction of the Council it is imperative that the Executive Management Team are engaged in:

- input, review, and approval of the internal audit mandate and charter (minimum annually).
- input, review, and approval of the internal audit strategy.
- input, and approval of the risk based internal audit plan (making appropriate enquiries of the Chief Internal Auditor to determine inappropriate scope and resource limitations).
- receiving regular progress reports from the Chief Internal Auditor on the outcomes and internal audits performance relative to its plan.
- review and approval of the Chief Internal Auditors annual conclusion.
- review of the quality assurance and improvement programme, engaging with, and receiving the results of internal and external assessments, including areas of non-conformance.
- review and approval of the internal audits performance objectives/ measures

The Audit Committee

As those responsible for the governance of the Council it is imperative that the Audit Committee are engaged in:

- input, review and approval of the internal audit mandate and charter (minimum annually).
- input, review, and approval of the internal audit strategy.
- input, and approval of the risk based internal audit plan (making appropriate enquiries of management and Chief Internal Auditor to determine inappropriate scope and resource limitations).
- receiving regular progress reports from the Chief Internal Auditor on the outcomes and internal audits performance relative to its plan.
- review and approval of the Chief Internal Auditors annual conclusion.
- review of the quality assurance and improvement programme, engaging with, and receiving the results of internal and external assessments, including areas of non-conformance.
- review and approval of the internal audit's performance objectives/ measures.
- participation in discussions with the Chief Internal Auditor and senior management about the "essential conditions," described in the Global Internal Audit Standards in the UK Public Sector.
- overview of significant advisory services not already included in the audit plan, prior to acceptance of the engagement.

10. Review of the internal audit mandate and charter

This mandate and charter will be reviewed annually (minimum) by the Chief Internal Auditor and reported to the Executive Management Team and Audit Committee for approval to ensure that any changes to the Global Internal Audit Standards in the UK Public Sector, reorganisation within the organisation or other significant changes affecting the nature and scope of internal audit services are considered.

Annex 1

Assurance Services

- **Risk based audit:** in which risks and controls associated with the achievement of defined business objectives are identified and both the design and operation of the controls in place to mitigate key risks are assessed and tested, to ascertain the residual risk to the achievement of managements' objectives. Any audit work intended to provide an audit opinion will be undertaken using this approach.
- **Developing systems audit:** in which the plans and designs of systems under development are assessed to identify the potential weaknesses in internal control and risk management; and programme / project management controls are assessed to ascertain whether the system is likely to be delivered efficiently, effectively and economically.
- **Quality assurance review:** in which the approach and competency of other reviewers / assurance providers are assessed in order to form an opinion on the reliance that can be placed on the findings and conclusions arising from their work.
- **Advisory services:** in which advice can be provided, either through formal review and reporting or more informally through discussion or briefing, on the framework of internal control, risk management and governance.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

- **Data analytics:** is a process of assessing data to find trends, patterns or other insights. Internal auditors use data analytics to find and define risks, errors, and anomalies that could reveal deeper problems. The extended use of data analytics helps provide greater levels of assurance through analysis of a total population rather than traditional sampling methodologies.
- **IT Audit:** a specialist IT audit team are in place that are experienced in covering all aspects of established and emerging technologies. With IT underpinning a vast majority of how we function assurance in this area is crucial. To be able to provide a fully qualified team of IT audit specialists is a fundamental component of the audit offering.

- **Fraud and irregularity investigations:** Internal audit may provide specialist skills and knowledge to assist in or lead fraud or irregularity investigations, or to ascertain the effectiveness of fraud prevention controls and detection processes.
- **Value For Money:** is implicit in the vast majority of our internal audit work, however, value for money work can also be conducted through review of the optimal use of resources to achieve an intended outcome, and can be summarised as:
 - **Economy** – minimising the cost of resources used or required (inputs) – spending less
 - **Efficiency** – the relationship between the output from goods or services and the resources to produce them – spending well
 - **Effectiveness** – the relationship between the intended and actual results of public spending (outcomes) – spending wisely
- **Third party assurance:** the availability of objective assurance from other assurance providers will be considered in determining audit needs. Where internal audit needs to work with the internal auditors of other organisations, a practice which is expanding with the development of more organisational strategic partnerships, the roles and responsibilities of each party, as well as billing arrangements, will be clearly defined, agreed and documented prior to the commencement of work. Internal audit will also ensure awareness of and seek to place reliance on the work of other independent review bodies.



Southern Internal Audit Partnership

Assurance through excellence
and innovation

NEW FOREST DISTRICT COUNCIL INTERNAL AUDIT PLAN 2025-26

Prepared by: Antony Harvey, Deputy Head of Southern Internal Audit Partnership

February 2025

Introduction

The mandate for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015, which states:

'5. (1) A relevant authority 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 scope of internal audit includes both assurance and advisory services covering the entire breath of New Forest District Council ('the Council'), including all activities, assets, and personnel of the organisation.

The role of internal audit is that of an:

'Independent, objective assurance and advisory service 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 governance, risk management, and control processes'.

120 The Council 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 the Council that these arrangements are in place and operating effectively.

The Council'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, the Executive Management Team and the Audit Committee, in relation to the business activities; systems and 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.

Conformance with internal auditing standards

From 1 April 2025, the 'standards or guidance' in relation to internal audit are those laid down in the Global Internal Audit Standards, Application Note: Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government. The collective requirements shall be referred to as the Global Internal Audit Standards in the UK Public Sector.

The Southern Internal Audit Partnership have made all necessary adaptations to its processes, procedures and practices to ensure it is best placed to conform with these requirements with effect from 1 April 2025.

Prior to 1 April 2025 conformance was required to the Public Sector Internal Audit Standards (PSIAS). Under the PSIAS there was 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.'

Despite the change in the Standards any external quality assessment undertaken under the Public Sector Internal Audit Standards remains valid for the duration of the successive five years (from the date it was undertaken). The Southern Internal Audit Partnership will be commissioning an external quality assessment against the Global Internal Audit Standards in the UK Public Sector during 2025.

Developing the internal audit plan 2025/26

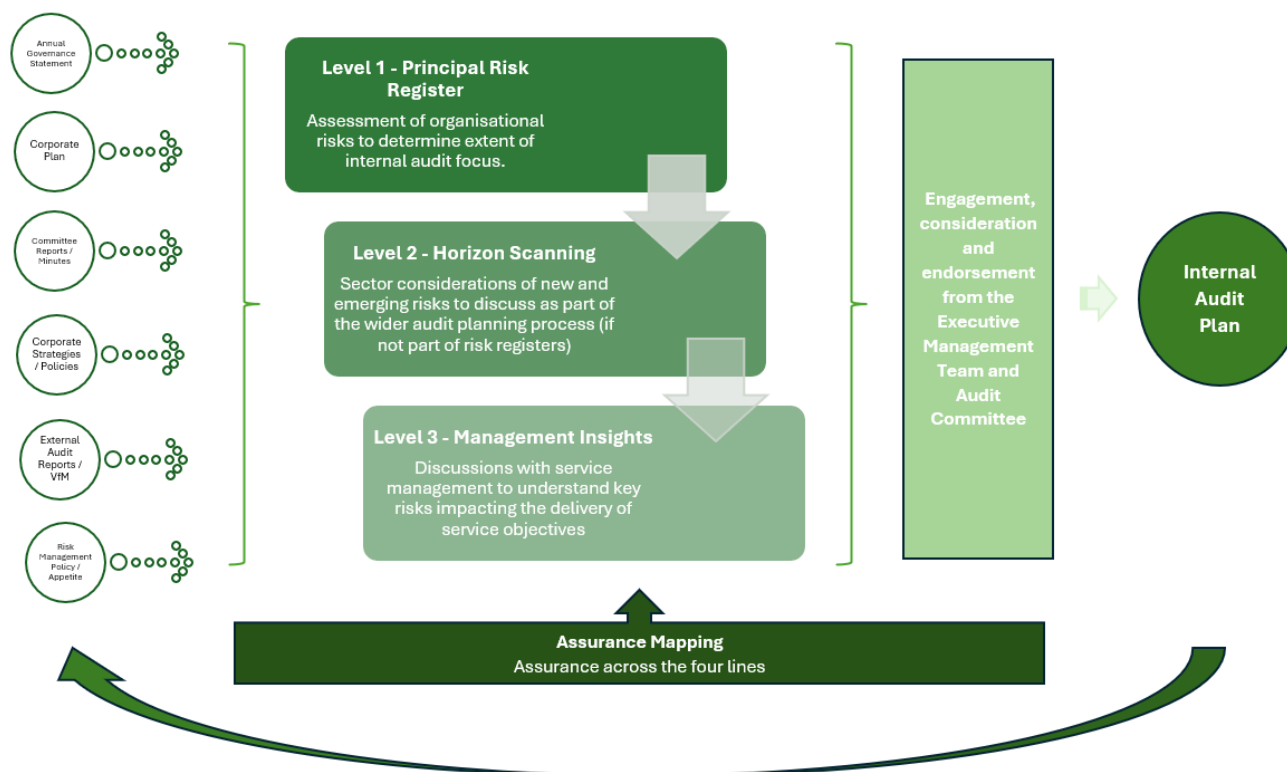
In accordance with the Global Internal Audit Standards in the UK Public Sector there is a requirement that internal audit must create a risk-based internal audit plan that supports the achievement of the organisation’s objectives. The internal audit plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources to fulfil the audit mandate and delivery of the internal audit strategy.

The risk-based internal audit plan is prepared based on a range of inputs (see diagram).

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 audit sponsors, the Executive Management Team, and Audit Committee, to ensure internal audit are able to react to new and emerging risks and the changing 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 and reported and approved by the Executive Management Team, and Audit Committee through regular progress reports.

The Council 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.

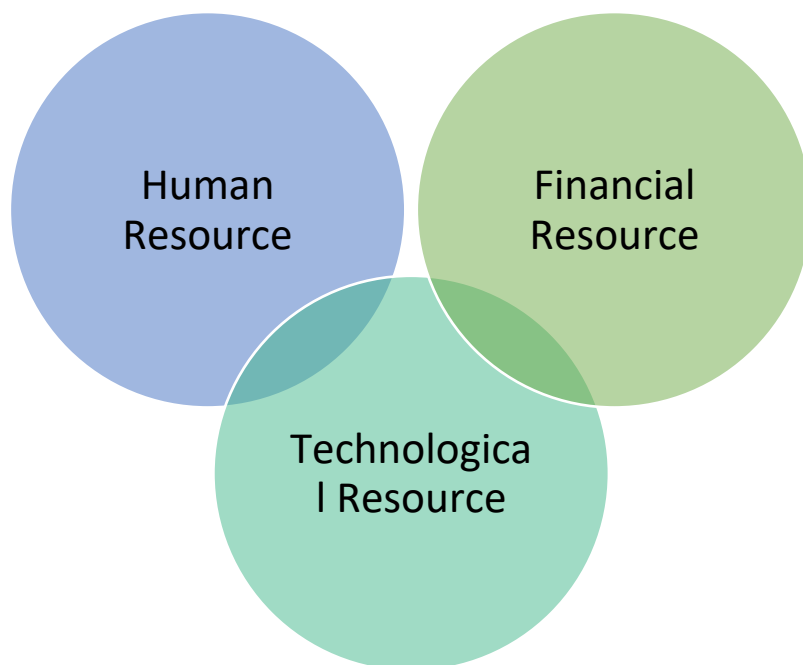


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Internal audit resources

On development of the 2025/26 internal audit plan as Chief Internal Audit I am of the opinion that there is a sufficient level of resource available, supported by an appropriate range of knowledge, skills, qualifications and experience to deliver the internal audit plan in the fulfilment of the audit mandate and delivery of the internal audit strategy.

The Head of the Southern Internal Audit Partnership has a resource strategy in place to optimise internal audit resources to efficiently and effectively deliver the internal audit plan.



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Human Resource - the internal audit service has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the internal audit strategy and operational risk-based audit plan.

If the Chief Internal Auditor, Executive Management Team or the Audit Committee consider that the scope or coverage of internal audit is limited in any way, or the ability of internal audit to deliver a service consistent with the Global Internal Audit Standards in the UK Public Sector is prejudiced, they will advise the Strategic Director - Corporate Resources & Transformation and Section 151 Officer, accordingly.

Financial Resource - the Head of Southern Internal Audit Partnership will manage the internal audit budget to enable the successful implementation of the internal audit mandate and achievement of the plan. The budget includes the resources necessary for the function's operation, including training and relevant technologies and tools.

Technological Resource - the internal audit function has the technology to support the internal audit process and regularly evaluates technological resources in pursuit of opportunities to improve effectiveness and efficiency.

Resourcing the internal audit plan

The Global Internal Audit Standards in the UK Public Sector require a clear analysis of the resources and hours available for internal audit engagements compared to other administrative and non-audit related activities or initiatives focused on improving the internal audit function.

Activity		Days
Risk-Based Audit /Advisory	- Delivery of risk-based internal audit assignments designed to fulfil the audit mandate, delivery of the internal audit strategy and in support of the Council in the achievement of their objectives.	344
Audit Management	- Time allocated for the liaison and reporting to the Executive Management Team and Audit Committee, ongoing monitoring and update of the audit plan, implementation of management actions and ongoing quality review.	38
New Forest National Park Authority	- Provision of audit days to fulfil the Council's Service Level Agreement with the National Park Authority	18
Total Audit Days	- Total resource allocation for the delivery of the internal audit plan	400

*100% of the commissioned audit days are dedicated to fulfilling the audit mandate, and delivery of the internal audit strategy. Internal audit services are provided through the Southern Internal audit Partnership who undertake all administrative and non-audit related activities outside of the commissioned audit days.

A range of internal audit services are provided to deliver the internal audit plan (see Internal Audit Charter). The approach is determined by the Chief Internal Auditor and will depend on the level of assurance required, the significance of the objectives under review to the organisation's success, the risks inherent in the achievement of objectives and the level of confidence required that controls are well designed and operating as intended.

Your Internal Audit Team

Your internal audit service is provided by the Southern Internal Audit Partnership. The team will be led by Antony Harvey, Deputy Head of Southern Internal Audit Partnership (Chief Internal Auditor), supported by Jade Lakeland, Audit Manager.

Independence

The Chief Internal Auditor will ensure that the internal audit function remains free from all conditions that threaten the ability of auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. The Chief Internal Auditor is not aware of any relationships that may affect the independence and objectivity of the internal audit team.

The internal audit team retains no roles or responsibilities that have the potential to impair the internal audit functions independence, either in fact or appearance. Should such circumstance arise, the Chief Internal Auditor will advise the Audit Committee of the safeguards put in place to manage actual, potential or perceived impairments.

Internal Audit Plan 2025-26

Audit Assignment	Directorate Sponsor	Scope	Corporate Priority	Principal Risk Register Reference	Assurance / Advisory	Internal Audit Risk Assessment	Quarter
Governance / Corporate Reviews							
Transformation Programme	SDCR&T	How workstreams are identified, prioritised, delivered and benefits realised.	Transformation Priority 4	PR17	Assurance	High	2
Corporate Governance Framework – Complaints	CX	Assess the framework for managing complaints, reporting measures and learning lessons to drive future improvements.	All	Service RR	Assurance	Medium	1
Asset Management – Corporate Estate	SDCR&T	To assess the approach to strategic asset management including statutory compliance checks.	Transformation Priority 3	Service RR	Assurance	High	4
Investment Property Management	SDCR&T	The governance framework for managing investment properties including revenue collection.	Transformation Priority 3	PR12	Assurance	Medium	2
Information Governance	CX	To assess progress with the delivery of the Council's GDPR action plan and/or the arrangements to prevent, identify, investigate and learn lessons from data breaches.	All	PR7	Assurance	High	3
Procurement	SDCR&T	The governance framework for complying with the requirements of the new Procurement Act.	Transformation Priority 3	PR14	Assurance	Medium	2

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Audit Assignment	Directorate Sponsor	Scope	Corporate Priority	Principal Risk Register Reference	Assurance / Advisory	Internal Audit Risk Assessment	Quarter
Business Continuity	SDH&C	Assessment of the plans and arrangements to maintain services following a major incident.	All	PR5	Assurance	High	3
Emergency Planning	SDH&C	Assessment of the plans and arrangements to respond to emergencies under the Civil Contingencies Act.	Transformation Priority 4	PR2	Assurance	High	3
Risk Management	SDCR&T	To assess how the new risk management arrangements are becoming embedded following a Limited assurance review in 2024/25.	All	n/a	Assurance	High	4
HR – Workforce Strategy and Wellbeing	SDCR&T	To assess the arrangements to attract, retain and develop the Council’s workforce and support wellbeing.	Transformation Priority 2	Service RRs	Assurance	Medium	3
Safeguarding	SDH&C	To assess the governance arrangements to identify/prevent potential safeguarding issues.	People Priority 1	PR8	Assurance	High	1
Core Financial Systems							
Council Tax	SDCR&T	Regular assessment of core financial systems and processes.	Transformation Priority 3	PR12 & 13	Assurance	Medium	2
Accounts Receivable & Debt Management	SDCR&T	Regular assessment of core financial systems and processes.	Transformation Priority 3	PR12 & 13	Assurance	Medium	4
Main Accounting and Reconciliations	SDCR&T	Regular assessment of core financial systems and processes.	Transformation Priority 3	PR12 & 13	Assurance	Medium	2

Audit Assignment	Directorate Sponsor	Scope	Corporate Priority	Principal Risk Register Reference	Assurance / Advisory	Internal Audit Risk Assessment	Quarter
ICT							
Cyber Security Training and Awareness	SDCR&T	Assurance over controls in place to mitigate the likelihood of users causing compromise of data and/or systems through inappropriate actions.	Transformation Priority 4	PR1	Assurance	High	1
IT Disaster Recovery and Service Continuity	SDCR&T	Assurance over the policies, procedures and controls in place to enable recovery of IT systems and IT's own service continuity plans to enable restoration of services and continuation of business as usual activities.	Transformation Priority 4	PR1	Assurance	High	2
Application Product Management	SDCR&T	Assurance over the policies, procedures and controls in place to effectively manage applications including low code developments, e-forms, application upgrades.	Transformation Priority 4	PR1	Assurance	Medium	3
Vulnerability Management	SDCR&T	Assurance over the policies, procedures and controls in place to identify and remediate vulnerabilities in the IT estate completely, promptly and effectively.	Transformation Priority 4	PR1	Assurance	High	3
Service Reviews							
Planning/Development	SDPOS	Assurance over the planning application processes as a core function of the Council.	Place Priority 1	Service RR	Assurance	Medium	2

Audit Assignment	Directorate Sponsor	Scope	Corporate Priority	Principal Risk Register Reference	Assurance / Advisory	Internal Audit Risk Assessment	Quarter
Engineering works	SDPOS	To assess how the effectiveness of the actions taken to address issues identified within a previous Limited Assurance review prior to rollout to other Service areas.	Place Priority 3	Service RR	Assurance	High	1
Taxi Licencing	SDH&C	Assurance over the Taxi Licencing process to ensure all licences are issued in accordance with regulatory requirements and appropriate safeguarding checks are undertaken.	Place Priority 2	PR8	Assurance	Medium	4
Tenant Engagement	SDH&C	To assess the governance arrangements for Tenant Engagement to understand their needs and provide high quality service standards in line with the Social Housing Charter and regulatory regime.	People Priority 2	PR11	Assurance	Medium	1
Housing Asset Management – Analogue to Digital Switchover	SDH&C	To assess the plans and programme management arrangements to ensure all analogue lines are switched over to digital for Housing.	People Priority 3	Service RR	Assurance	High	3
Housing Asset Management – Fire Safety	SDH&C	To assess the plans and progress with addressing Fire Safety within the Council’s housing stock.	People Priority 3	Service RR	Assurance	High	2
Open spaces	SDPOS	To assess the processes to manage grounds maintenance including the calculation of service charges to tenants.	People Priority 3	Service RR	Assurance	Medium	3

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Directorate Sponsor			
CX	Chief Executive	SDPOS	Strategic Director Place, Operations & Sustainability
SDH&C	Strategic Director Housing & Communities	SDCR&T	Strategic Director Corporate Resources & Transformation

Corporate Plan Priorities	
People	Helping people in the greatest need and creating balanced, resilient, and healthy communities who feel safe and supported with easy access to services.
Priority 1	Helping those in our community with the greatest need.
Priority 2	Empowering our residents to live healthy, connected and fulfilling lives.
Priority 3	Meeting housing needs.
Place	Delivering growth, opportunity and services that shape our place now and for future generations, within a unique environmental context, to ensure we remain a special place to live, work and visit.
Priority 1	Shaping our place now and for future generations.
Priority 2	Protecting our climate, coast, and natural world.
Priority 3	Caring for our facilities, neighbourhoods and open spaces in a modern and responsive way.
Prosperity	Promoting a strong local economy that delivers its inclusive aspirations through effective partnerships, attracting investment, and increasing skills and employment opportunities.
Priority 1	Maximising the benefits of inclusive economic growth and investment.
Priority 2	Supporting our high-quality business base and economic centres to thrive and grow.
Priority 3	Championing skills and access to job opportunities.
Future New Forest - Transformation	Investing in our people and services to meet customer needs, protecting the Council's financial position, and embedding sustainability through our Future New Forest transformation programme.
Priority 1	Putting our customers at the heart.
Priority 2	Being an employer of choice.
Priority 3	Being financially responsible.
Priority 4	Designing modern and innovative services.

Contingency Reviews

The table below includes a list of engagements that would have been performed if additional resources were available.

Audit Assignment	Directorate Sponsor	Scope	Corporate Priority	Corporate Risk Register Reference	Assurance / Advisory	Internal Audit Risk Assessment	Quarter
Street naming and numbering	SDPOS	Review identified by the Service Area to assess the processes for street naming and numbering.	Place Priority 1	Service RR	Assurance	Low	
Anti-Social Behaviour	SDH&C	Review identified by the Service Area to assess the arrangements for tackling Anti-Social Behaviour.	People Priority 2	Service RR	Assurance	Low	
Pest Control	SDPOS	Review identified by the Service Area to assess the arrangements for Pest Control including the calculation of charges and income collection.	Place Priority 3	Service RR	Assurance	Low	
Beach Huts	SDPOS	Review identified by the Service Area to assess how leases are managed and charges are collected.	Place Priority 3	Service RR	Assurance	Low	

Included to enable the Audit Committee to assess the adequacy of resources available to the internal audit function.

Audit Committee – 21 March 2025

Financial Regulations Review

Purpose	For Review
Classification	Public
Executive Summary	This report sets out for committee's consideration and recommendation to Council the proposed revisions to the council's financial regulations.
Recommendation(s)	<p>Audit Committee is asked to:</p> <p>1) approve that delegation is given to the Section 151 Officer, in consultation with the Chair of Audit Committee, to update the Financial Regulations for any further immaterial changes prior to Council as required.</p> <p>Audit Committee is asked to recommend to Council that:</p> <p>2) the updated Financial Regulations, as set out in the report and in appendices 1-3, are approved.</p>
Reasons for recommendation(s)	The council's financial regulations should be reviewed regularly to ensure they reflect the current policy and practice required by the Council, including due regard to the current organisational structure.
Ward(s)	All
Portfolio Holder(s)	Councillor Jeremy Heron – Finance and Corporate
Strategic Director(s)	Alan Bethune – Strategic Director Corporate Resources and Transformation (Section 151 Officer)
Officer Contact	<p>Paul Whittles Assistant Director – Finance (Deputy Section 151 Officer) 02380 285766 paul.whittles@nfdc.gov.uk</p>

Introduction and background

1. The Council's Financial Regulations need to be reviewed regularly to ensure they reflect the current policy and practise required by the Council, including due regard to the current organisational structure.
2. The last review by Audit Committee was 22 March 2024 and included updates regarding the new Assistant Director positions and thresholds, with the changes being fully adopted by Council at the 8 April 2024 meeting.
3. Up-to-date Financial Regulations support the Section 151 Officer in directing the Council's financial affairs and ensure the proper administration of the financial affairs of the Council. They are also another central point of reference for managers, which form a mandatory framework for financial administration in New Forest District Council.

Summary of Amendments

4. The key changes proposed are to amend the current threshold limits found at appendix 1 for transfers, virements and supplementary budgets as revised and detailed in appendix 2.
5. Additionally, the Authorisation Level Required table now clearly defines those who must be consulted and those who are the ultimate decision maker, as well as those making the initial request.
6. The proposed Financial Regulations can be found in appendix 3. Some minor and grammatical updates have been made with tracked changes included for major alterations to values, job roles and specific procedural policy updates.
7. The thresholds for certifying payments have consequently been adjusted to align with the new management structure and can be found in paragraph 11.1.1 in appendix 3.

Corporate plan priorities

8. The Financial Regulations provide the governance and framework for the council's financial activity. In turn they provide controlled flexibility to budget holders, enabling decisions to be made that support all council priorities, whilst continuing to be financially responsible.

Options appraisal

9. The Council could choose not to agree to the proposed revisions and maintain the existing authorisation levels which would not result in empowering managers to take on greater responsibility for their budget and could potentially create undesired delays to budgetary decisions.

Consultation undertaken

10. Internal consultation between the Portfolio Holder for Finance and Corporate, NFDC statutory officers and finance officers, have determined the recommendation presented in the report.

Financial and resource implications

11. There are no direct financial implications as a result of this report. The revisions do however empower managers across the Council to make financial decisions in their service areas. As a matter of course, managers will be expected to consult and brief their respective Portfolio Holders on the matters affecting their budgets, on a regular basis.

Legal implications

11. There are no direct legal implications as a result of this report.
12. Consequential amendments to the Constitution arising from the changes to thresholds, including implications for the Key Decision threshold will be made following the decision.

Risk assessment

13. The level and breadth of consultation supporting the decision maker is considered appropriate to any increased potential financial risk.

Environmental / Climate and nature implications

14. There are no direct environmental, climate or nature implications as a result of this report.

Equalities implications

15. There are no direct equalities implications as a result of this report.

Crime and disorder implications

16. There are no direct crime and disorder implications as a result of this report.

Data protection / Information governance / ICT implications

17. There are no direct data protection or information governance implications as a result of this report. Financial systems shall need to be updated with the relevant thresholds applicable to officers.

Appendices:

Appendix 1 – NFDC Financial Regulations Summary – Authorisation Level Required (Current)

Appendix 2 – NFDC Financial Regulations Summary – Authorisation Level Required (Proposed)

Appendix 3 – Financial Regulations with tracked changes (Proposed)

Background Papers:

Council 8 April 2024:

[Agenda Item 5 Financial Regulations Review](#)

Audit Committee 22 March 2024:

[Agenda Item 10 Review of Financial Regulations](#)

NFDC FINANCIAL REGULATIONS SUMMARY - AUTHORISATION LEVELS REQUIRED (CURRENT)

Table 1: Authorisations Required for Budget Transfers, Virements & Supplementary Budgets								
Value	S151 Officer	Senior/ Service Manager (Band 10-11)	Assistant Director	Strategic Director	Portfolio Holder	Finance Portfolio Holder	Cabinet	Council
Transfers: Any Value	Y	Y						
Virements:								
<= £25,000	Y	Y						
£25,001 - £50,000	Y	Y	Y	Y	Y			
£50,001 - £240,000 revenue	Y	Y	Y	Y			Y	
£50,001 - £240,000 capital	Y	Y	Y	Y	Y	Y		
> £240,000	Y	Y	Y	Y			Y	Y
Supplementary Budgets:								
<= £10,000	Y	Y						
£10,001 - £50,000	Y	Y	Y	Y	Y	Y		
£50,001 - £120,000 revenue	Y	Y	Y	Y			Y	
£50,001 - £120,000 capital	Y	Y	Y	Y	Y	Y		
> £120,000	Y	Y	Y	Y			Y	Y

NFDC FINANCIAL REGULATIONS SUMMARY - AUTHORISATION LEVELS REQUIRED (PROPOSED)

Table 1: Authorisations Required for Budget Transfers, Virements & Supplementary Budgets								
Value	S151 Officer	Senior/ Service Manager (Band 10-11)	Assistant Director*	Strategic Director	Portfolio Holder	Finance Portfolio Holder	Cabinet	Council
Transfers: Any Value	C	D						
Virements:								
<= £50,000	C	D	C*					
£50,001 - £150,000	C	R	R	D	C			
£150,001 - £450,000 revenue	C	R	R	R			D	
£150,001 - £450,000 capital	C	R	R	D	C	C		
> £450,000	C	R	R	R			C	D
Supplementary Budgets:								
<= £25,000	C	D	C*					
£25,001 - £150,000	C	R	R	D	C	C		
£150,001 - £450,000 revenue	C	R	R	R			D	
£150,001 - £450,000 capital	C	R	R	D	C	C		
> £450,000	C	R	R	R			C	D

R = Requester

D = Decision maker

C = Consultee

*Note: should your organisational structure not include an Assistant Director then you must consult your Strategic Director



FINANCIAL REGULATIONS



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1. GENERAL MATTERS OF FINANCIAL ADMINISTRATION

- 1.1 The Council shall approve the overall financial strategy. The Cabinet, Portfolio Holders, Committees and Scrutiny Panels may act within the powers delegated to them by the Council and within these Regulations.
- 1.2 These regulations apply to the Council, its members and officers in all its functions. This includes functions carried out under Section 151 of the Local Government Act 1972, the Local Government Finance act 1988, the Local Government and Housing Act 1989 and the Accounts and Audit Regulations 2015.
- 1.3 The Section 151 Officer may set aside these regulations if they consider it necessary. Any decision to suspend Financial Regulations will be reported to the Council. In the event of a civil emergency the deputy Section 151 Officer may set aside these regulations if they consider it necessary.
- 1.4 Where the Council performs works under an agency agreement with another authority or body, the financial regulations of the principal authority shall take precedence over these regulations, unless otherwise agreed.
- 1.5 These regulations shall be read in conjunction with Standing Orders as to Contracts.
- 1.6 Except for regulations 2.1, 2.1.1 and 3.1, the Section 151 Officer may nominate an officer to exercise any power or duty these regulations confer on them. In addition to the statutory Register of Delegations maintained by the Chief Executive, the Section 151 Officer shall maintain a register of the powers and duties they confer, and the job titles of the officers on whom they have conferred each power or duty.
- 1.7 Where these regulations give a Strategic Director, Assistant Director or Senior/Service Manager ~~an Executive or Service Manager~~ power to authorise an officer to exercise a power or duty, the Strategic Director, Assistant Director or Senior/Service Manager ~~Executive or Service Manger~~ shall maintain a register of all authorisations and the job titles of the officers who are authorised.
- 1.8 Reports under these regulations shall, where practical, be in writing. In writing includes email communication but formal budget authorisation may only be achieved by completing fully the proper control document or through the formal Cabinet/Council process.
- 1.9 The Section 151 Officer will issue supporting financial practice notes from time to time. These should be read in conjunction with these regulations.

2. ACCOUNTING PROCEDURES AND RESPONSIBLE FINANCIAL OFFICER

GENERAL PRINCIPLES

- 2.1 The Section 151 Officer is responsible for the proper administration of the Council's financial affairs for the purposes of section 151 of the Local Government Act 1972.
- They are directed by the Council.
- They are authorised to determine the financial practices, procedures and systems required.

PRACTICES, PROCEDURES AND SYSTEMS

- 2.1.1 The Section 151 Officer will report to each Member of the Council and to the Council's external auditors if the Council, the Cabinet, Portfolio Holder, Committee, or an Officer:
- (a) has made, or is about to make, a decision which involves or would involve the Council incurring unlawful expenditure; or
 - (b) has taken, or is about to take, a course of action which if pursued to its conclusion would be unlawful and likely to cause a loss to the Council; or
 - (c) is about to enter an item of account unlawfully.

This is required by section 114 of the Local Government Act 1988.

- 2.2 ~~The Executives and Service Managers~~ Strategic Directors, Assistant Directors and Senior/Service Managers shall ensure proper financial control of the parts of the budget for which they are responsible. They are authorised to commit revenue or capital expenditure:
- (a) which is authorised through the Council's approved revenue and capital budgets; or
 - (b) by virement or tolerances permitted by section 4 of these Regulations.

- 2.2.1 Strategic Directors, Assistant Directors and Senior/Service Managers ~~The Executives and Service Managers~~ may authorise **other** officers to exercise financial authority. Such authorisation does not reduce the overall responsibility of Strategic Directors, Assistant Directors and Senior/Service Manager ~~the Executive and Service Manager~~.

- 2.2.2 Details of such delegations shall be sent to the Chief Executive, who shall include the delegations in the Register of Delegations.

- 2.3 The Cabinet, Portfolio Holder, Committee, Panel or Council must consider a report which clearly identifies the costs and benefits before it takes a decision on any new proposals which include any material financial implications.

- 2.3.1 Any financial proposals must:
- (a) be approved by the Section 151 Officer and,
 - (b) comply with these regulations.

2. ACCOUNTING PROCEDURES AND RESPONSIBLE FINANCIAL OFFICER

GENERAL PRINCIPLES

PRACTICES, PROCEDURES AND SYSTEMS

2.4 Where expenditure is urgently required outside the regulations set out in Section 4, the Section 151 Officer, in consultation with the Chief Executive, the Portfolio Holder with responsibility for Finance and the Portfolio Holder with responsibility for the relevant service area, may authorise approval.

2.4.1 The action taken must be reported to the next meeting of the Council.

3. AUDIT ARRANGEMENTS AND FRAUD INVESTIGATIONS

REGULATIONS 3.1 AND 3.1.1 TO 3.1.2 COMPLEMENT THE ACCOUNTS AND AUDIT REGULATIONS 2015

GENERAL PRINCIPLES

3.1 The Section 151 Officer is the Responsible Financial Officer. They shall maintain an adequate and effective internal audit of the Council in accordance with relevant legislation.

PRACTICES, PROCEDURES AND SYSTEMS

- 3.1.1 In carrying out their duties under 3.1, the Section 151 Officer, or their authorised representative, may:
- (a) enter any Council premises or land at any reasonable time, subject to any statutory requirements;
 - (b) have access to all records and documents concerning any past or prospective financial transactions of the Council;
 - (c) require, and receive, any necessary explanations concerning any matter under examination;
 - (d) require any employee of the Council to produce any Council property under their control.
- 3.1.2 All employees have a duty to report suspected fraud or irregularities immediately to the Section 151 Officer. They shall take the steps they consider necessary under the Council's Anti-Fraud, Bribery and Corruption Strategy, and Anti-Money Laundering Policy.
- 3.1.3 Any suspected fraud or irregularity concerning the Section 151 Officer must be reported to the designated deputy Section 151 Officer and the Chief Executive.

4. BUDGETS AND FINANCIAL CONTROL

GENERAL PRINCIPLES

Revenue Budget Preparation

- 4.1 The Leader of the Council shall ensure preparation of detailed budgets of both income and expenditure for all services, for approval by the Cabinet and the Council.

PRACTICES, PROCEDURES AND SYSTEMS

Revenue Budget Preparation

- 4.1.1 In preparing detailed budgets for expenditure and income, the overall financial strategy and spending priorities approved by the Council must be adopted.
- 4.1.2 The Section 151 Officer shall determine the timetable and procedures for budget preparation.
- 4.1.3 No budgets shall be created without the consent of the Section 151 Officer.
- 4.1.4 Budgets may not include contingency sums for unplanned expenditure. These regulations contain enough flexibility to meet unplanned expenditure.
- 4.1.5 Business Units should aim to recover all their costs in accordance with guidelines issued by the Section 151 Officer.
- 4.1.6 Budgets must identify the gross sums for each item of income and expenditure.

- 4.2 The Section 151 Officer shall determine financing arrangements for all approved expenditure.

- 4.2.1 Expenditure which:
- (a) involves any leasing, hire purchase, or rental agreements, and
 - (b) may have implications for the Council under the Government's capital expenditure controls
- may not be incurred without the Section 151 Officer's approval.

4. BUDGETS AND FINANCIAL CONTROL

GENERAL PRINCIPLES

Revenue Expenditure – Budget Movements

- 4.3 Budget provision may be moved from one budget heading to another by Senior/Service Managers.

The Section 151 Officer will determine whether a budget movement (where there is no increase in overall budget) can take place either as a transfer as a virement.

Budget Transfers are movements between similar budget priorities and will require adherence to 4.3.1 – 4.3.4.

Budget Virements are movements between different budget priorities and will require adherence to 4.3.1 – 4.4.5.

The relevant Service Accountant must be informed of all budget movements to ensure that the Financial Information System budget position is accurate, to assist budgetary control.

The Section 151 Officer must be notified-consulted on all transfer proposals before expenditure is committed and can veto any proposed budget movements.

PRACTICES, PROCEDURES AND SYSTEMS

Revenue Expenditure – Budget Movements

- 4.3.1 Virements or budget transfers may not be made from headings for Support Services or Capital Financing. Virement from Capital Charges may only be undertaken with the prior approval of the Section 151 Officer, irrespective of the value.
- 4.3.2 Virement or budget transfers from Employee allocations may only be undertaken with the agreement of the source Service Manager, irrespective of the value.
- 4.3.3 Virement or budget transfers from income will generally constitute a Supplementary Budget request.
- 4.3.4 All requests for virements or budget transfers must be made using the proper control document.

4. BUDGETS AND FINANCIAL CONTROL

GENERAL PRINCIPLES

Revenue Expenditures - Budget Movements (Cont.)

- 4.4 All proposals for virement shall be approved in line with the requirements outlined in 4.4.1 – 4.4.5.

The Section 151 Officer must be consulted on all virement proposals before expenditure is committed and can veto any proposed budget movements.

PRACTICES, PROCEDURES AND SYSTEMS

Revenue Expenditures - Budget Movements (Cont.)

- 4.4.1 **Sums up to £50,00025,000 vired between individual service cost centres:** requires the approval(s) of the Senior/Service Manager(s) in consultation with their Assistant Director(s) (or Strategic Director(s)).
- 4.4.2 **Sums between £50,00025,001 and £150,00050,000:** require the approval(s) of the relevant Senior/Service Manager(s) in consultation with the relevant Executive Head Strategic Director(s) and in consultation with the Portfolio Holder(s) with responsibility for the Service(s) to/from which the virement is made.
- 4.4.3 **Sums between £150,00050,001 and £450,000240,000:** require approval of the Cabinet.
- 4.4.4 **Sums over £450,000240,000:** require approval of the Council.
- 4.4.5 **More than one request for virement to or from the same budget in the same financial year:** sums must be aggregated to decide which of regulations 4.4.1 to 4.4.4 applies.

- 4.5 Virement must not commit the Council to increased net expenditure in future years. Particular care is required if the virement is to an employee budget.

- 4.5.1 Virement authorisation must identify whether the virement is for one year only or is ongoing. Ongoing requests that will lead to increasing expenditure in future years on a particular budget heading must identify the budget(s) for matching reductions for future years. Otherwise the request must be considered as a supplementary budget rather than a virement.

BUDGETS AND FINANCIAL CONTROL

GENERAL PRINCIPLES

PRACTICES, PROCEDURES AND SYSTEMS

Revenue Expenditures - Budget Movements (Cont.)

Revenue Expenditures - Budget Movements (Cont.)

4.6 Virement between revenue and capital budgets is not generally permitted. Any exceptional proposals require the prior approval of the Section 151 Officer.

4. BUDGETS AND FINANCIAL CONTROL

GENERAL PRINCIPLES

Revenue Expenditure – Supplementary Budgets

- 4.7 There is no authority to spend in excess of an approved budget. If this becomes necessary **and a budget movement is not possible** then a supplementary budget must be obtained.

The base for supplementary budgets is the lowest service cost centre level identified in the approved Policy budget. For example:-

Cemeteries
Applemore Health and Leisure Centre
Public Conveniences
HRA Reactive Maintenance

Any proposal for a supplementary budget must be approved in line with the requirements outlined in 4.7.2 – 4.7.6 **before** expenditure is committed.

The Section 151 Officer must be notified-consulted on all supplementary budget proposals before expenditure is committed and can veto any proposed supplementary budgets.

PRACTICES, PROCEDURES AND SYSTEMS

Revenue Expenditure – Supplementary Budgets

- 4.7.1 All requests for supplementary budgets must be made using the proper control document and must follow the procedures below.

- 4.7.2 **Sums up to £25,00010,000**: require the approval(s) of the Senior/Service Manager(s) in consultation with their Assistant Director (or Strategic Director).

- 4.7.3 **Sums between £25,00110,001 and £150,00050,000**: require the approval(s) of the Senior/Service Manager(s) in consultation with the relevant Executive Head Strategic Director(s) in consultation with the, Portfolio Holder for Finance and the Portfolio Holder(s) with responsibility for the Service(s).

- 4.7.4 **Sums between £150,00150,001 and £450,000120,000**: require approval of the Cabinet.

- 4.7.5 **Sums over £450,000120,000**: require approval of the Council.

- 4.7.6 **More than one request for supplementary budget for the same budget in the same financial year**: sums must be aggregated to decide which of regulations 4.7.2 to 4.7.5 applies.

4. BUDGETS AND FINANCIAL CONTROL

GENERAL PRINCIPLES

Capital Budget Preparation

- 4.8 The Leader of the Council shall ensure preparation of detailed budgets of both income and expenditure for all services, for approval by the Cabinet and the Council.
- 4.9 The strategic objectives and priorities for capital expenditure and asset utilisation will be identified annually in the Council's Capital Strategy and Asset Management and Replacement Plans.

PRACTICES, PROCEDURES AND SYSTEMS

Capital Budget Preparation

- 4.8.1 In preparing detailed proposals for capital schemes, the overall strategy and spending priorities approved by the Council must be adopted.
- 4.9.1 The Section 151 Officer will determine
- (a) the definition of capital and revenue expenditure; and capital memorandum items, i.e. assets to be acquired under lease arrangements.
 - (b) the timetable and procedures for capital budget preparation, and
 - (c) de-minimis levels for capital expenditure.
- 4.9.2 Each scheme bid must be supported by a business case. This must include a proper project appraisal, all options considered, forecast of revenue implications for each year during implementation, and for future years and, where appropriate, the incidence of expenditure.
- 4.9.3 Each scheme must clearly identify proposed expenditure on each significant element of the project.

4. BUDGETS AND FINANCIAL CONTROL

GENERAL PRINCIPLES

Capital Budget Preparation (cont.)

- 4.10 The Section 151 Officer will determine the financial arrangements for all approved expenditure.

PRACTICES, PROCEDURES AND SYSTEMS

Capital Budget Preparation (cont.)

- 4.10.1 Expenditure which:
- (a) involves any leasing, hire purchase or rental agreements, and
 - (b) may have implications for the Council under the Government's capital expenditure controls
- may not be incurred without the approval of the Section 151 Officer.
- 4.10.2 The availability of sources of external funding should be identified at the time the capital expenditure is proposed, together with any future financial implications for this Council.
- 4.11 Supplementary Budget rules do not apply in instances where external funding received allows an increase in, or new scheme specific expenditure.
- 4.11.1 If new or increased grant or contributions are received towards specific schemes, the Capital expenditure budget will be grossed up accordingly and retrospectively reported for information as appropriate via Financial Monitoring. If increased NFDC resources are required, Virement and Supplementary Budget rules will apply as usual.

4. BUDGETS AND FINANCIAL CONTROL

GENERAL PRINCIPLES

PRACTICES, PROCEDURES AND SYSTEMS

Capital Expenditure – Budget Movements

Capital Expenditure – Budget Movements

4.12 Budgetary provision may be moved from one capital scheme to another providing the proposals achieve the Council's strategic objectives outlined in the Capital Strategy.

4.13 The Section 151 Officer will determine whether a budget movement (where there is no increase in overall budget) can take place either as a transfer as a virement.

Budget Transfers are movements between similar budget priorities and will require adherence to 4.13.1 – 4.13.2.

Budget Virements are movements between different budget priorities and will require adherence to 4.13.1 – 4.14.5.

The relevant Service Accountant must be informed of all budget movements to ensure that the Financial Information System budget position is accurate, to assist budgetary control.

The Section 151 Officer must be notified-consulted on all transfer proposals before expenditure is committed and can veto any proposed budget movements.

4.13.1 External funding and approvals which are scheme specific are not available for virements, unless prior approval has been obtained from the external funder/approver.

4.13.2 All requests for virement must be made using the proper control document.

4. BUDGETS AND FINANCIAL CONTROL

PRACTICES, PROCEDURES AND SYSTEMS

GENERAL PRINCIPLES

Capital Expenditure –Budget Movements (Cont.)

- 4.14 All proposals for virement shall be approved in line with the requirements outlined in 4.14.1 – 4.14.5.

The Section 151 Officer must be consulted on all virement proposals before expenditure is committed and can veto any proposed budget movements.

Capital Expenditure –Budget Movements (Cont.)

- 4.14.1 **Sums up to £50,00025,000:** require the approval(s) of the Senior/Service Manager(s) in consultation with their Assistant Director (or Strategic Director).
- 4.14.2 **Sums between £50,00125,001 and £150,00050,000:** require the approval(s) of the relevant Senior/Service Manager(s) in consultation with the relevant Executive Head/Strategic Director(s) in consultations with and the Portfolio Holder(s) with responsibility for the Service(s).
- 4.14.3 **Sums between £150,00150,001 and £450,000240,000:** require the approval(s) of the Senior/Service Manager(s) in consultation with the relevant Executive Head/Strategic Director(s), in consultation with the Portfolio Holder for Finance and the Portfolio Holder with responsibility for the Service(s).
- 4.14.4 **Sums over £450,000240,000:** require approval by the Council.
- 4.14.5 **More than one request for virement to or from the same scheme in the same financial year: sums must be aggregated to decide which of regulations 4.14.1 to 4.14.4 applies.**

4. BUDGETS AND FINANCIAL CONTROL

GENERAL PRINCIPLES

Capital Expenditure – Supplementary Budgets

- 4.15 There is no authority to spend in excess of an approved budget. If this becomes necessary **and a budget movement is not possible** then a supplementary budget must be obtained.

Any proposal for a supplementary budget must be approved in line with the requirements outlined in 4.15.2 – 4.15.5 **before** expenditure is committed.

The Section 151 Officer must be **notified-consulted on all supplementary budget proposals before expenditure is committed and can veto any proposed supplementary budgets.**

PRACTICES, PROCEDURES AND SYSTEMS

Capital Expenditure – Supplementary Budgets

- 4.15.1 All requests for supplementary budgets must be made using the proper control document and must follow the procedures below.
- 4.15.2 **Sums up to ~~£25,000~~10,000:** require the approval(s) of the Senior/Service Manager(s) in consultation with their relevant Assistant Director(s) (or Strategic Director(s)).
- 4.15.3 ~~Service Manager(s).~~
- Sums between ~~£1025,001~~ and ~~£120450,000~~:** require the approval(s) of the Senior/Service Manager(s) in consultation with the relevant Executive Head/Strategic Director(s), in consultation with the Portfolio Holder for Finance and the Portfolio Holder(s) with responsibility for the Service(s).
- 4.15.4 **Sums over ~~£450120,000~~:** require approval of the Council.
- 4.15.5 **More than one request for supplementary budget for the same budget in the same financial year:** sums must be aggregated to decide which of regulations 4.15.2 to 4.15.4 applies.

4. BUDGETS AND FINANCIAL CONTROL

GENERAL PRINCIPLES

PRACTICES, PROCEDURES AND SYSTEMS

Budgetary Control/Reporting

Budgetary Control/Reporting

4.16 Expenditure may only be committed from a budget for the purpose for which it was approved.

4.16.1 Budget Responsible Officers and Senior/Service Managers will:

- (a) monitor actual performance on each budget regularly; and
- (b) take appropriate steps to ensure budgets are not overspent.

4.17 The Section 151 Officer will report regularly to the Executive Management Team, Portfolio Holders, Scrutiny Panels and the Cabinet, on overall financial performance, predicted gross capital expenditure and net revenue expenditure for the current financial year.

4.17.1 Senior/Service Managers will provide data or supporting information for all budgetary control reports.

4.17.2 Senior/Service Managers will identify opportunities for savings and additional income and shall ensure these are included promptly in the appropriate monitoring reports and budget plans.

4.17.3 Senior/Service Managers will identify, at the earliest opportunity, potential expenditure for which there is no budget provision. They shall also identify proposed sources of finance for meeting additional expenditure, either by movements or supplementary budget (regulations 4.3 to 4.15).

4.17.4 Budget Responsible Officers are responsible for carrying out budgetary control and for informing Senior/Service Managers of any potential budget variations at the earliest opportunity, in order to allow Senior/Service Managers to fulfil their obligations.

4. BUDGETS AND FINANCIAL CONTROL

GENERAL PRINCIPLES

PRACTICES, PROCEDURES AND SYSTEMS

Budgetary Control/Reporting (cont.)

Budgetary Control/Reporting (cont.)

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| <p>4.18 Unspent revenue budgetary provision may not be carried forward between financial years, unless regulation 4.18.1 has been applied.</p> | <p>4.17.5 The Section 151 Officer's financial monitoring report will identify material budget movements and supplementary budgets.</p> <p>4.17.6 Any budget changes which impact on the employee establishment must also be notified by the Budget Responsible Officer to the Human Resources Section to ensure that the HR system is updated.</p> <p>4.17.7 In circumstances where the regulations in section 4 cannot be complied with, for instance where expenditure needs to be incurred before Cabinet or Council approval is obtained, regulation 2.4 should be applied.</p> |
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| <p>4.18 Unspent revenue budgetary provision may not be carried forward between financial years, unless regulation 4.18.1 has been applied.</p> | <p>4.18.1 The Section 151 Officer may approve earmarking of funds to meet approved expenditure in the following financial year, subject to a written request by an Executive or a Strategic Director, Assistant Director or Senior/Service Manager.</p> |
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4. BUDGETS AND FINANCIAL CONTROL

GENERAL PRINCIPLES

Budgetary Control/Reporting (cont.)

- 4.19 Exceptionally, schemes may be moved between financial years. This is termed “rephasing” and is subject to the approval of the Section 151 Officer.

The inclusion of items in the expenditure plans outside of the current financial year is an intention to spend only. Budget provision does not exist for those items, other than when it relates to a scheme already committed to in the current year’s budget, or when the annual budget identified is part of a medium term strategy and so is indicative for the current fiscal year and not fixed.

PRACTICES, PROCEDURES AND SYSTEMS

Budgetary Control/Reporting (cont.)

- 4.19.1 Any proposals to rephase a capital scheme or part of a capital scheme from the current financial year to a future financial year must be included in the regular financial monitoring reports presented to Cabinet. If there are any adverse financial consequences of such proposals a separate report detailing reasons for the rephasing and the consequences must also be presented. The Section 151 Officer will consider the financial position of the relevant budget and strategic targets for the financial year before deciding whether to support the recommendation.
- 4.19.2 For spend in line with the fulfilment of an adopted medium term strategy, the Section 151 officer may approve additional spend in any one given year above the identified indicative annual budget.
- 4.19.3 Any proposal to bring forward new scheme expenditure from future years to the current financial year should be considered as a supplementary budget and follow the regulations set out in section 4.7 and 4.15.

Use of Provisions and Reserves

- 4.20 Provisions and earmarked reserves may only be used for the purpose for which they were originally approved.

Use of Provisions and Reserves

- 4.20.1 The Section 151 Officer must approve all proposals before expenditure is incurred.

5. INCOME

GENERAL PRINCIPLES

- 5.1 The Section 151 Officer shall approve arrangements for collecting income due to the Council.

PRACTICES, PROCEDURES AND SYSTEMS

- 5.1.1 The Section 151 Officer must be notified promptly of:
- (a) all money due to the Council outside of the course of ordinary business;
 - (b) contracts, leases and other agreements entered into which involve the Council receiving money.
- 5.1.2 The Section 151 Officer will have the right to inspect any documents or other evidence.
- 5.1.3 Any agreement which allows the extension of credit payment facilities must be agreed in advance by the Section 151 Officer.
- 5.1.4 The Section 151 Officer will be responsible for ordering, issuing and controlling all receipt forms.
- 5.1.5 An official receipt must be made available for all cash received on the Council's behalf. An accounting record in a form acceptable to the Section 151 Officer shall be made for any other remittance received.
- 5.1.6 All money received must be banked intact at frequent, regular intervals. The procedures issued by the Section 151 Officer must be followed.
- 5.1.7 Personal cheques must not be cashed out of money held on the Council's behalf.

5. INCOME

GENERAL PRINCIPLES

5.2 At least once a year each Senior/Service Manager will review all fees and charges for services they are responsible for.

5.3 The Section 151 Officer shall be authorised to write off uncollectable or cancelled debt and will delegate approval for write-offs up to a certain level to authorised Senior/Service Managers.

PRACTICES, PROCEDURES AND SYSTEMS

5.2.1 The review will be undertaken in conjunction with the Section 151 Officer and ~~approved by~~ the Portfolio Holder and changes approved in accordance with the prevailing policy.

5.3.1 The Section 151 Officer will review and write-off debts above the levels delegated to Senior/Service Managers.

5.3.2 The Section 151 Officer shall report written off debt to ~~Cabinet Audit Committee~~ annually.

6. INSURANCE

GENERAL PRINCIPLES

- 6.1 The ~~Service Manager for Business Improvement~~Deputy Section 151 Officer and Customer Services shall arrange insurance cover to meet the Council's requirements. They shall be responsible for registering any claims.

PRACTICES, PROCEDURES AND SYSTEMS

- 6.1.1 ~~Senior/Service Managers~~ shall consult with, and inform, the ~~Service Manager for Business Improvement and Customer Services Manager~~Deputy Section 151 Officer immediately of:-
- (a) all new risks and liabilities which may need to be insured;
 - (b) any changes which may affect existing insurances;
 - (c) anything which may lead to a claim by or against the Council;
 - (d) any interest in property granted by or to the Council which may involve a transfer of insurance cover; or
 - (e) the terms of any indemnity the Council is requested to give.
- 6.1.2 Contractors or agents acting for the Council must have insurance arrangements which adequately indemnify the Council against any ~~third party~~third-party claim. ~~Senior/Service Managers~~ shall consult with the ~~Business Improvement and Customer Services Manager~~Deputy Section 151 Officer to ensure this.

7. INVENTORIES, SECURITY AND DISPOSAL OF ASSETS

GENERAL PRINCIPLES

PRACTICES, PROCEDURES AND SYSTEMS

7.1 The Senior/Service Manager responsible for Estates ~~and Valuations~~ will ensure a register of land and buildings owned by, or leased to, the Council is maintained.

7.1.1 The register of land and buildings will record:

- (a) the purpose for which the land and buildings are held;
- (b) the location;
- (c) the extent;
- (d) the plan reference;
- (e) the purchase details;
- (f) the particulars and nature of the interest;
- (g) rents payable, and
- (h) tenancies granted.

7.1.3 Senior/Service Managers shall supply the Section 151 Officer with the information necessary to maintain the Council's asset register of other assets (for example Vehicles & Plant).

7.2 The Section 151 Officer will ensure safe custody of the title deeds of property owned by, or mortgaged to, the Council.

7.2.1 The Senior/Service Manager responsible for Legal Services acts on behalf of the Section 151 Officer for this purpose.

7. INVENTORIES, SECURITY AND DISPOSAL OF ASSETS

GENERAL PRINCIPLES

PRACTICES, PROCEDURES AND SYSTEMS

7.3 Senior/Service Managers will keep inventories of all items of moveable furniture, equipment, minor Vehicles & Plant, where the individual item value is greater than £500 but less than the capital de-minimus level.

7.3.1 Senior/Service Managers will arrange an annual check of inventories.

7.3.2 The Senior/Service Manager responsible for ICT Operations will be responsible for maintaining an inventory of the ICT equipment.

7.4 Senior/Service Managers will ensure that proper security is always maintained for all assets under their control, both leased and purchased.

7.5 Senior/Service Managers will aim for maximum utilisation of assets.

7.6 The Section 151 Officer will determine procedures for disposing of assets, both leased and purchased.

8. STOCKS AND STORES

GENERAL PRINCIPLES

8.1 Senior/Service Managers are responsible for the receipt, safe custody, proper security, and issue, of stocks and stores within their service areas.

8.2 Stocks must be maintained at the lowest level which meets operational requirements.

8.3 Senior/Service Managers shall notify the Section 151 Officer immediately if:

- (a) a deficiency of stocks and stores occurs; or
- (b) obsolete items are identified.

...if above the delegated levels as documented in the Council's write-off policy.

PRACTICES, PROCEDURES AND SYSTEMS

8.1.1 Stocks and stores records must be maintained in a form agreed with the Section 151 Officer.

8.1.2 Senior/Service Managers shall supply the Section 151 Officer with the information they requires for the Council's financial records.

8.1.3 Senior/Service Managers shall arrange for 'independent' physical counts of stocks at least once a year.

8.3.1 The Section 151 Officer shall decide on the course of action where a deficiency, or obsolete items, are identified. They may authorise any value of write-off. Depending on the sums involved, they may report to the Cabinet or Council, as appropriate.

8.3.2 Disposal of surplus or obsolete stocks and stores must comply with "Disposal of Surplus Items Procedures".

9. BANKING ARRANGEMENTS, TREASURY MANAGEMENT, INVESTMENTS AND TRUST FUNDS

GENERAL PRINCIPLES

PRACTICES, PROCEDURES AND SYSTEMS

9.1 The Section 151 Officer is authorised to make all arrangements for banking services, and to determine banking procedures.

9.1.1 All bank accounts shall be in the name of the Council, related parties or wholly owned subsidiaries.

9.1.2 The Section 151 Officer shall take measures to prevent misappropriation or misuse of Council funds.

9.2 The Section 151 Officer is authorised to:

- (a) borrow and lend all monies; and
- (b) arrange for the investment of funds, either directly, or through a delegation to a third party

9.2.1 The Section 151 Officer is required to act in accordance with the adopted CIPFA Code for Treasury Management in Local Authorities.

9.2.2 The Section 151 Officer shall report to the Cabinet Audit Committee annually on how they have exercised his delegated Treasury Management powers.

9.2.3 All investments shall be made in the name of the Council, except bearer securities and trust funds.

9.2.4 All officers who act as trustees of trust funds because of their official position must give the Section 151 Officer all title documents concerning the trust.

9. BANKING ARRANGEMENTS, TREASURY MANAGEMENT, INVESTMENTS AND TRUST FUNDS

GENERAL PRINCIPLES

PRACTICES, PROCEDURES AND SYSTEMS

9.3 The Council will agree the Treasury Management Strategy annually.

9.3.1 The Section 151 Officer will:

- (a) recommend the Strategy to the Council after approval of the Audit Committee ~~and Cabinet~~, and,
- (b) implement the Strategy.

9.4 The Council will set the following borrowing limits before the start of the financial year:

- (a) an amount of money (the 'authorised limit') which is the maximum amount the Council may have outstanding as borrowing;
- (b) an amount which is a part of the authorised limit (the 'operational limit'), which is the average amount the Council may have outstanding as borrowing; and
- (c) a limit on the proportion of the total amount of interest payable by the Council which:
 - i. is at a rate or rates which can be varied by the person to whom it is payable, or
 - ii. can vary by reference to external factors.

The Council may vary these limits at any time.

9.4.1 The Section 151 Officer will report to the Council if borrowing reaches a level which may result in the limits being breached.

9.4.2 The Section 151 Officer will be authorised to exercise the Council's statutory borrowing powers, and act as the registrar of loan instruments.

9.4.3 They may borrow amounts which can be contained within the limits of the Council's capital financing requirement.

9.4.4 They will maintain records of all money the Council borrows. Any borrowing must be in an appropriate manner and on appropriate terms and conditions.

9.4.5 The borrowing limits must not exceed the maximum prescribed.

10. ORDERS FOR GOODS AND SERVICES

GENERAL PRINCIPLES

- 10.1 Official orders must be issued for all goods and services required by the Council, except for:
- (a) public utilities;
 - (b) purchases from imprest accounts or petty cash;
 - (c) works or services provided under a contract, where Standing Orders as to Contracts apply;
 - (d) purchases made through corporate credit cards, gateway procurement cards or through the Internet

PRACTICES, PROCEDURES AND SYSTEMS

- 10.1.1 The Section 151 Officer shall approve the form of official orders.
- 10.1.2 A separate Code of Practice will be issued by the Section 151 Officer for the use of corporate credit cards, gateway procurement cards and the Internet, for purchases of goods and services. All purchases must be in accordance with this Code.

11. PAYMENT OF ACCOUNTS

GENERAL PRINCIPLES

- 11.1 Senior/Service Managers, or their authorised officers, will certify all payments for goods, supplies or services.

PRACTICES, PROCEDURES AND SYSTEMS

- 11.1.1 The Section 151 Officer will approve manual and electronic procedures for certifying payments. The current thresholds are as follows:

Budget Administration Officer	up to £10,000
Budget Responsible Officer	£10,000-£50,000
Senior/Service Manager	£50,000-£ 450,000 280,000
Assistant Director	£ 450,000 280,000-£2m
Strategic Director	£2m - £5m
Chief Executive and S151 Officer	over £5m

- 11.1.2 A Senior/Service Manager may authorise an officer in their department to certify official orders, accounts for payment and salary and wages records.
- 11.1.3 Senior/Service Managers shall keep a record of the specimen signatures or passwords of officers who are authorised to certify accounts for payment. The record must be in a form acceptable to the Section 151 Officer. Senior/Service Managers must send copies of specimen signatures or passwords to the Section 151 Officer.
- 11.1.4 Senior/Service Managers shall immediately notify the Section 151 Officer when an authorised officer leaves the employment of the Council.
- 11.1.5 All payments for goods, supplies or services must be invoiced.

11. PAYMENT OF ACCOUNTS

GENERAL PRINCIPLES

PRACTICES, PROCEDURES AND SYSTEMS

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- 11.1.6 Certification by an authorised officer means that:
- (a) the expenditure has been properly incurred, and there is budget provision or authority to spend; and
 - (b) the goods, supplies or services have been received or carried out, checked for quantity and quality, and approved; and
 - (c) appropriate entries have been made in inventories or stores records; and,
 - (d) the prices, discounts and other allowances are correct, and extensions and calculations accord with the Section 151 Officers' Invoice Certification guidance notes; and
 - (e) the invoice is an original (not a copy or duplicate) and, where appropriate, is a proper VAT (not a proforma) invoice; and,
 - (f) in the case of public utility charges, standing charges are correct and the consumption recorded is reasonable.
- 11.1.7 To maintain internal control:
- (a) the authorising officer must not normally be the person who ordered or received the goods; and
 - (b) another authorised officer must certify any reimbursement of personal expenditure.
-

12. PETTY CASH IMPRESTS AND CHANGE FLOATS

GENERAL PRINCIPLES

- 12.1 The Section 151 Officer will authorise change floats and imprest accounts for defraying minor expenditure.

PRACTICES, PROCEDURES AND SYSTEMS

- 12.1.1 Petty cash payments will be limited to:
- (a) the maximum approved limit, and
 - (b) minor items of expenditure.
- They must be supported by receipts, including proper VAT receipts where appropriate.
- 12.1.2 All income received on the Council's behalf must be banked or paid as provided in regulation 5.1. It may not be paid into an imprest account.
- 12.1.3 Reimbursements to imprest accounts must be made at least monthly.
- 12.1.4 Imprest holders are personally responsible for the custody of petty cash and shall ensure its safekeeping. On request they shall give the Section 151 Officer evidence of the state of the account.

13. SALARIES

GENERAL PRINCIPLES

13.1 The Senior/Service Manager responsible for Human Resources will pay all salaries and other emoluments to all current and former Council employees.

13.2 Senior/Service Managers, or their authorised officers, will ensure that all employee appointments accord with Council policy and the approved budget, grades and rates of pay.

PRACTICES, PROCEDURES AND SYSTEMS

13.1.1 Senior/Service Managers, or their authorised officers, will notify the Senior/Service Manager responsible for Human Resources as soon as possible of all matters affecting such payments. The Senior/Service Manager responsible for Human Resources may specify the form of the notification.

13.2.1 Senior/Service Managers will maintain a record of the specimen signatures of officers currently authorised on their behalf to certify relevant pay documents and time sheets. The record shall be in a form acceptable to the Senior/Service Manager responsible for Human Resources. Copies of specimen signatures shall be sent to the Senior/Service Manager responsible for Human Resources.

13.2.2 All time sheets or other pay documents must be:

- (a) certified by or on behalf of the Senior/Service Manager; and
- (b) in a form approved by the Senior/Service Manager responsible for Human Resources.

SCHEDULE 1 – SUMMARY OF REQUIRED APPROVALS FOR BUDGET TRANSFERS, VIREMENTS AND SUPPLEMENTARY BUDGETS

Value	S151 Officer	Senior/ Service Manager (Band 10-11)	Assistant* Director	Strategic Director	Portfolio Holder	Finance Portfolio Holder	Cabinet	Council
Transfers: Any Value	C	D						
Virements:								
<= £50,000	C	D	C*					
£50,001 - £150,000	C	R	R	D	C			
£150,001 - £450,000 revenue	C	R	R	R			D	
£150,001 - £450,000 capital	C	R	R	D	C	C		
> £450,000	C	R	R	R			C	D
Supplementary Budgets:								
<= £25,000	C	D	C*					
£25,001 - £150,000	C	R	R	D	C	C		
£150,001 - £450,000 revenue	C	R	R	R			D	
£150,001 - £450,000 capital	C	R	R	D	C	C		
> £450,000	C	R	R	R			C	D
R = Requester								
D = Decision maker								
C = Consultee								
*Note: should your organisational structure not include an Assistant Director then you must consult your Strategic Director								

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Audit Committee – 21 March 2025

Regulation of Investigatory Powers Act 2000

Purpose	For Review
Classification	Public
Executive Summary	This report provides members of the Audit Committee with its annual update on the Council’s use of RIPA. It sets out what RIPA is and how it impacts upon the Council. It provides an opportunity for members to ask questions and seek assurance, and to make any recommendations they consider appropriate.
Recommendation	That members note the use made by the Council of its powers under the Regulation of Investigatory Powers Act 2000 (RIPA)
Reasons for recommendation(s)	The Audit Committee is required to be updated on an annual basis as to the Council’s use of RIPA, and to make any comments or recommendations as it sees fit. This report ensures that the Committee is so updated in accordance with this requirement.
Ward(s)	All
Portfolio Holder(s)	Councillor Jeremy Heron – Finance & Corporate
Strategic Director(s)	Alan Bethune – Corporate Resources & Transformation
Officer Contact	Tanya Coulter Assistant Director - Governance 023 8028 5532 tanya.coulter@nfdc.gov.uk

Introduction and background

1. The purpose of this report is to provide the Audit Committee with a summary of the Council’s use of its powers under the Regulation of Investigatory Powers Act 2000 (RIPA).

2. RIPA provides a statutory framework whereby certain surveillance and information gathering activities can be authorised and conducted by the Council in a lawful manner where they are carried out for the prevention and detection of crime and, in some cases, for the prevention of disorder.
3. When the Human Rights Act 1998 came into force in 2000 it made the fundamental rights and freedoms contained in the European Convention on Human Rights (ECHR) enforceable in the UK.
4. Article 8 of the ECHR provides that individuals have the right to respect for private and family life and Article 6 of the ECHR provides that individuals have the right to a fair trial.
5. The use of covert surveillance techniques is considered to be an interference with this Article 8 right and therefore RIPA provides a framework to render lawful surveillance activities which might otherwise be in breach of the ECHR. It is also aimed at ensuring that evidence obtained against a person to be used in criminal proceedings is obtained in a fair manner.
6. RIPA regulates three surveillance techniques available to local authorities, namely:
 - a. Directed surveillance - covert surveillance which is carried out as part of a specific investigation and is likely to involve the obtaining of private information about the person under investigation;
 - b. Covert Human Intelligence Sources (CHIS) – use of a person who establishes and maintains a relationship with the person under investigation to obtain and disclose information; and
 - c. The acquisition and disclosure of communications data - obtaining information from communication service providers (e.g., the postal service, telephone companies and internet companies) about the use made of a service (e.g., itemised billing, internet connections or records of registered post) and user information (e.g., subscriber names, addresses or other customer information).
7. RIPA provides that the above activities may be authorised by local authorities but must be necessary and proportionate and subject to specific procedural requirements including making an application to approve the authorisation to the Magistrates' Court.

The Council's use of RIPA

8. The Council rarely used its powers under RIPA. The Council has not authorised any surveillance activities under RIPA since the last report to the Audit Committee in January 2024, and members will note that no activity was recorded in the year before January 2024. When undertaking enforcement activity the Council will use open, overt surveillance if required which is ~~not~~ subject to the RIPA provisions,

and will use other methods of obtaining evidence which again are not subject to the requirement of RIPA authorisation.

Corporate plan priorities

9. The lawful and appropriate authorisations and an understanding of the RIPA framework supports the maintenance of an efficient and effective Council.

Options appraisal

10. Members of the Committee are required to be updated annually regarding the use of RIPA. The alternative to a public report to the Committee would be an informal update for members, however this would not support good governance and transparent reporting, and so this public reporting approach has been taken.

Financial and resource implications

11. There are no financial or resourcing implications arising directly from this report.

Legal implications

12. The legal requirements to obtain authorisations are set out in the body of this report.
13. The Investigatory Powers Commissioner's Office (IPCO) provides independent oversight of the use of investigatory powers by public authorities and the Council was most recently subject to a remote assessment in 2022.
14. In accordance with Council policies training of relevant officers will need to take place during 2025/26. Where a RIPA investigation is contemplated, the relevant officers are required to contact Legal Services in advance so that specific advice can be provided relevant to that case. This ensures compliance with the legal requirements.

Risk assessment

15. No formal risk assessment has been required before the preparation of this report.

Environmental / Climate and nature implications

16. Enforcement activities to promote and protect the environment are undertaken by the Council but have not required the use of covert surveillance which would mean that RIPA authorisation would be needed.

Equalities implications

17. There are no equalities implications arising directly from this report.

Crime and disorder implications

18. The Council's use of RIPA relates to the prevention and detection of crime and, in some cases, the prevention of disorder. It is essential the Council complies with RIPA if covert surveillance techniques are used to prevent legal challenge and ensure that evidence obtained is admissible in criminal proceedings. As stated above, the Council rarely uses its powers under RIPA.

Data protection / Information governance / ICT implications

19. The RIPA is designed to ensure that individual's rights to privacy are protected and interference with Article 8 rights under the EHCR are only interfered with by way of specific authorisation and in very specific cases. The Council's use of RIPA and understanding of the requirements supports the protection of individual rights.

New Forest National Park / Cranborne Chase National Landscape implications

20. There are none applicable arising from this report.

Conclusion

21. Members are requested to consider the contents of this report and ask questions of the officers at the meeting if required to clarify any aspects of RIPA that they wish to discuss and make any suggestions as to the subject matter.

Appendices:

None

Background Papers:

None

AUDIT COMMITTEE
WORK PROGRAMME 2025/2026

ITEM	METHOD	LEAD OFFICER
27 JUNE 2025		
Draft Annual Financial Report 2024/25	Written Report	Alan Bethune
Procurement Contract Standing Orders, Breaches & Waivers 2024/5	Written Report	Josie West
Draft Annual Governance Statement 2024/25	Written Report	Alan Bethune
Payment Card Industry Data Security Standard (PCI DSS) Update	Written Report	Alan Bethune Naomi Baxter Lisa Conway
External Audit Plan for 2024/25	Written Report	Simon Mathers Katie Lean (External Audit)
Treasury Management Outturn Report 2024/25	Written Report	Gemma Farley Andrew Boutflower (HCC)
Internal Audit Annual Report and Opinion 2024/25	Written Report	Antony Harvey (Internal Audit)
Internal Audit Progress Report 2025/26	Written Report	Antony Harvey (Internal Audit)
Housing Benefit Review Update	Presentation	KPMG
31 OCTOBER 2025		
Internal Audit Progress Report 2025/26	Written Report	Antony Harvey (Internal Audit)

AUDIT COMMITTEE

WORK PROGRAMME 2025/2026

ITEM	METHOD	LEAD OFFICER
Treasury Management Mid – Year Report 2025/26	Written Report	Gemma Farley Andrew Boutflower (HCC)
23 JANUARY 2026		
External Audit Results Report 2024/25	Written Report	Simon Mathers Katie Lean (External Audit)
Final Annual Financial Report 2024/25	Written Report	Alan Bethune
Annual Governance Statement 2024/25	Written Report	Alan Bethune Tanya Coulter
Internal Audit Progress Report 2025/26	Written Report	Antony Harvey (Internal Audit)
Treasury Management Strategy 2026/27 (Including Prudential Indicators)	Written Report	Gemma Farley Andrew Boutflower (HCC)
27 MARCH 2026		
Internal Audit Progress Report 2025/26	Written Report	Antony Harvey (Internal Audit)
Internal Audit Charter 2026/27	Written Report	Antony Harvey (Internal Audit)
Internal Audit Plan 2026/27	Written Report	Antony Harvey (Internal Audit)

AUDIT COMMITTEE

WORK PROGRAMME 2025/2026

ITEM	METHOD	LEAD OFFICER
External Audit Plan 2025/26	Written Report	Simon Mathers Katie Lean (External Audit)

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