

NOTICE OF MEETING

Meeting:	AUDIT COMMITTEE
Date and Time:	FRIDAY, 31 OCTOBER 2025, AT 10.00 AM
Place:	COUNCIL CHAMBER - APPLETREE COURT, BEAULIEU ROAD, LYNDHURST, SO43 7PA
Enquiries to:	E-mail: lee.ellis@nfdc.gov.uk Lee Ellis Tel: 023 8028 5719

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.

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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, 28 October 2025.

Kate Ryan
Chief Executive

Appletree Court, Lyndhurst, Hampshire. SO43 7PA
www.newforest.gov.uk

AGENDA

Apologies

1. MINUTES

To confirm the minutes of the meeting held on 27 June 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. HOUSING BENEFIT REVIEW UPDATE (Pages 5 - 12)

To receive the Housing Benefit Review Update.

5. AUDIT PROGRESS REPORT - ERNST & YOUNG LLP (Pages 13 - 24)

To receive the Audit Progress Report.

6. TREASURY MANAGEMENT MID-YEAR REPORT 2025/26 (Pages 25 - 52)

To consider the Treasury Management Mid-Year Report 2025/26.

7. EXTERNAL QUALITY ASSESSMENT (Pages 53 - 72)

To receive the External Quality Assessment.

8. INTERNAL AUDIT PROGRESS REPORT 2025/26 (Pages 73 - 94)

To receive the Internal Audit Progress Report 2025/26.

9. INTERNAL AUDIT CHARTER 2025/26 (Pages 95 - 118)

To receive the Internal Audit Charter 2025/26.

10. INTERNAL AUDIT STRATEGY 2025/28 (Pages 119 - 130)

To consider the Internal Audit Strategy 2025/28.

11. RISK MANAGEMENT PROCESS (Pages 131 - 136)

To consider the Risk Management Process.

12. FUTURE MEETING DATES

To agree the following dates for meetings in 2026/27 (Friday at 10.00am):

2026

26 June
30 October

2027

29 January
19 March

13. AUDIT COMMITTEE WORK PLAN (Pages 137 - 138)

To consider the Audit Committee's Work Plan.

14. ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT

To:

Councillors

Alan Alvey (Chairman)
John Adams (Vice-Chairman)
Kate Crisell
Jacqui England
Alan O'Sullivan

Councillors

Caroline Rackham
Janet Richards
Malcolm Wade
Richard Young

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New Forest District Council Audit Committee

Housing Benefit Reporting 2023/24

—
October 2025

Housing benefit reporting 23/24

Introduction

The Council is required to have an annual review of its Housing Benefit Subsidy claim Our work on the Council's Housing Benefit claim is set out by the DWP:

- Agreed parameters within the Council's housing benefits system to the DWP's published rates for 23/24
- Checked that the subsidy claim was prepared using the required version of the benefits software
- Sample tested claims to check the calculation of benefit entitlement (and that it was supported by evidence)
- Undertook testing over modified schemes payments

Housing benefit reporting 23/24

Work undertaken

- Testing of benefit cases for the following headline cells (20 or 20% if less than 100 cases)
 - 011 (Non-HRA rent rebates)
 - 055 (HRA rent rebates)
 - 094 (Rent allowance)
 - 225 (Modified schemes)
- Testing based on our findings in the prior year (2022/23) or based on the results of our testing of headline cells
- In 23/24 we did not undertake additional testing but had 4 areas in 22/23 in Cells 094 and Cell 225.

Housing benefit reporting 23/24

Findings

Errors (Appendix A)

Out of total subsidy claimed of £27.4m (£26.5m in 22/23), we found overpayment errors totaling £72.35 (£16 in 22/23) across two cases (one case in 22/23) relating to incorrect earned income. We are required to extrapolate overpayment errors using the DWP's prescribed method. This resulted in a reported extrapolated figure of £138 (£127 in 22/23).

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Housing benefit reporting 23/24

Findings

Observations (Appendix B)

Cell Misclassification

We also found cell misclassification (total value £10,212) in one case which was set up as LANHRA but should have been PTEN STLA, since this is a housing association property and not a Local Authority property. Misclassification of housing benefit cases between cells with equal subsidy value, using the same method of entitlement, and resulting in the same qualifying expenditure amount do not require extrapolation or amendment as there is no impact on the value of housing benefit paid or subsidy claimed.

Incorrectly Coded Claim

We found one incorrectly coded case (total value £389) which was correctly awarded. As the correct benefit has been paid, the case identified does not affect subsidy and has not, therefore, been classified as an error for subsidy extrapolation purposes

Housing benefit reporting 23/24

Findings

Observations (Appendix B)

Incorrect Eligible Rent

We also found incorrect eligible rent in one case (cell value £140.05) resulting in an underpayment of benefit. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment case identified does not affect subsidy and has not, therefore, been classified as an error for subsidy extrapolation purposes.

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Housing benefit reporting 23/24

Amendments (Appendix C)

Our initial testing of a random sample of 20 cases in Cell 11 identified:

- 1 case where the property was set up on the system as a four-bed property but should have been a one bed property. The system showed a total amount of £2,753.85 to Cell 14. However, it should have been £931.32 in Cell 15 and only £1822.53 in Cell 14. Given the nature of the population and the error found, the Authority identified all cases and ran a report to identify all effected properties. There was only one effected case, mentioned above.
- In total Cell 14 was overstated by £931.32 and Cell 15 was understated by £931.32.



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New Forest District Council

Audit progress report

Year ending 31 March 2025

15 October 2025



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Agenda Item 5



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

15 October 2025

Dear Audit Committee Members

Audit progress report

Attached is the audit progress report for the upcoming meeting of the Audit Committee. This report aims to provide the Audit Committee of New Forest District Council (the Council) with a summary of progress on the 2024/25 Council audit, and any issues identified to date. This report is intended solely for the information and use of the Audit Committee and management, and is not intended to be, and should not be used, by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 31 October 2025 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Simon Mathers

For and on behalf of Ernst & Young LLP

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1 2024/25 audit progress update

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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 (<https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>). 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 (<https://www.psa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice 2024 (the NAO 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. Our work has been undertaken so that we might state to the 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 the Audit Committee and management of New Forest District Council for this report or for the opinions we have formed.



01 2024/25 audit progress update

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2024/25 audit progress update

Status of the audit

We have completed all planning procedures and are on track to commence year end audit procedures towards the end of October 2025.

There are no changes to our audit risks or other areas of focus.

There are no changes to our VFM (value for money) work approach.

Scope update

In our audit planning report tabled at the 29 April 2025 Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We will carry out our audit in accordance with this plan, with the following exception:

Changes in materiality: We updated our planning materiality assessment using the draft consolidated results and have also reconsidered our risk assessment. Based on our materiality measure of gross expenditure, we have updated our overall materiality assessment to £2.73m (Audit Planning Report – £2.62m). This results in updated performance materiality, at 75% of overall materiality, of £2.05m, and an updated threshold for reporting misstatements of £0.137m.

Control observations to date

Ahead of the year end audit visit, we have not identified observations and improvement recommendations in relation to management's financial processes and controls apart from the following:

- We have evaluated the draft financial statements for 2024/25 and note that the Council failed to adjust the statements in relation to the adoption of the IFRS 16 Leases standard. We had raised the Council's failure to quantify the likely impact of the transition to IFRS 16 in the 2023/24 audit results report, and raised an associated control recommendation for improvement. At the time of writing, the Council has not been able to quantify the actual impact of the transition to IFRS 16 in its 2024/25 financial statements. We have requested the Council to republish the financial statements on its website once adjustments for IFRS 16 have been made and re-advertise an updated public inspection period.

Timeline

In Section 03 we include a timeline for the audit. All parties need to work together to ensure this timeline is adhered to.

Commentary on value for money arrangements will be included in the 2024/25 Auditor's Annual Report. This will need to be issued by 30 November 2025 to comply with the revised requirements of the NAO Code. We intend to send this report electronically to the Chair and Section 151 Officer before the deadline. Any updates to the report following the completion of our audit will be presented at the next audit committee meeting, i.e. in January 2026.

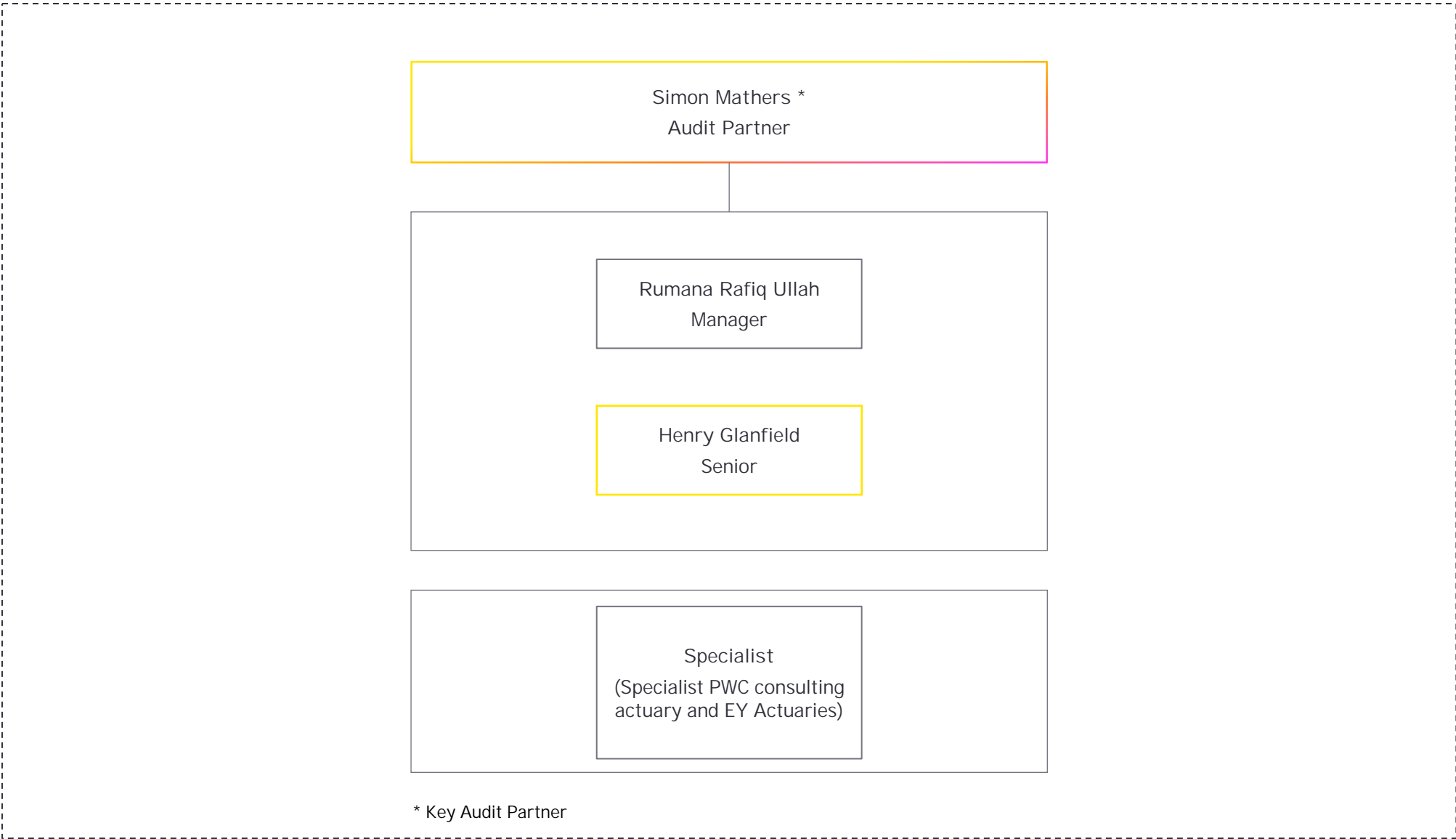


02 Audit team

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Audit team

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* Key Audit Partner



03 Audit timeline

Audit timeline

Timeline

Delivery to our proposed timeline is based on the assumption that 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 which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

- prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;
- ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.
- assign responsibilities clearly to staff with the appropriate expertise and experience;
- provide necessary resources to enable delivery of the plan;
- maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;
- ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;
- ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and
- during the course of the audit provide responses to auditor queries on a timely basis.

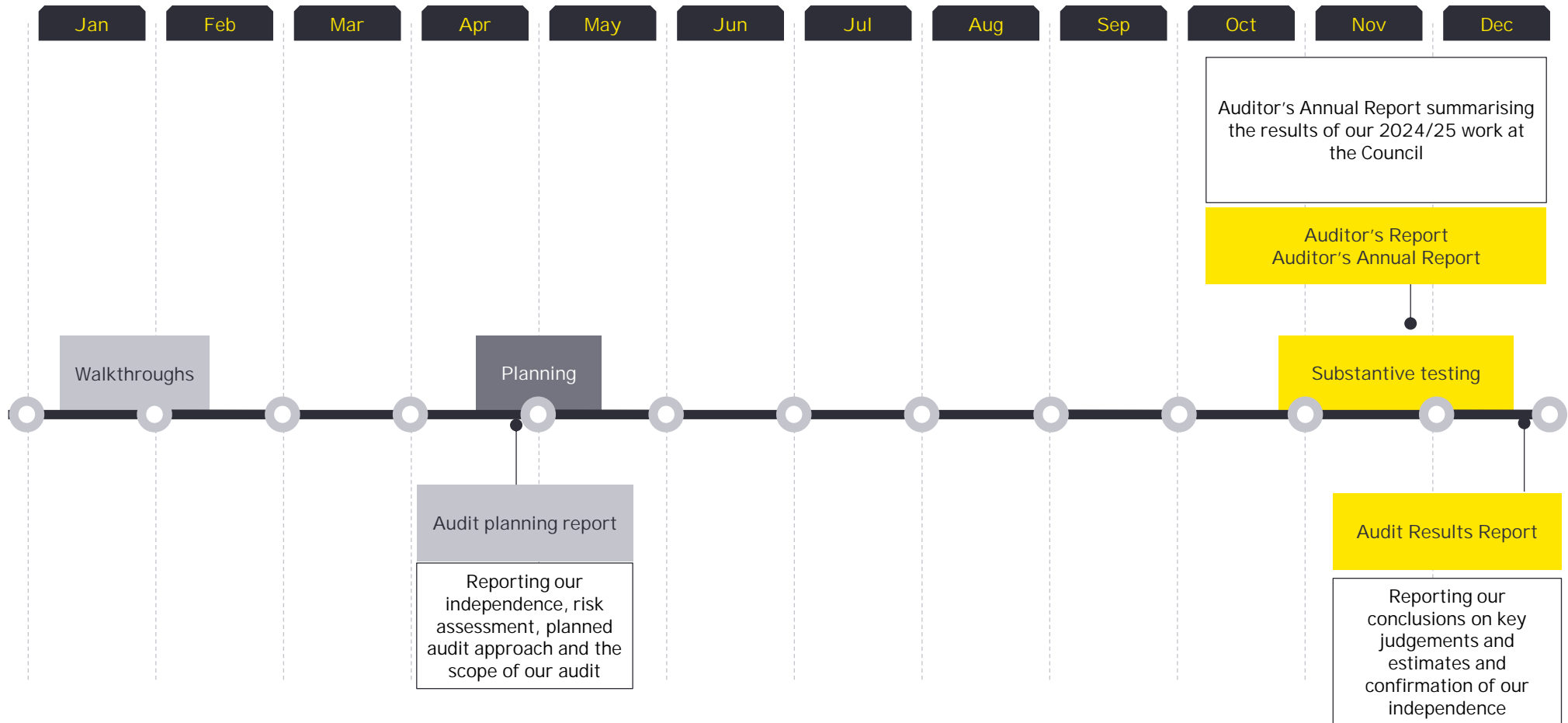
28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the 2024/25 audit cycle. From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Audit Committee Chair as appropriate.

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ED None

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Audit Committee – 31 October 2025

Treasury Management Mid-Year Report 2025/26

Purpose	For Review
Classification	Public
Executive Summary	The Treasury Management Mid-Year Report sets out the Council’s treasury activity so far in 2025/26, incorporating any borrowing and investment decisions made and compliance with the treasury management prudential indicators and relevant legislation and guidance.
Recommendation(s)	<p>It is recommended that Audit Committee:</p> <p>1) Approves the Treasury Management Mid-Year Report.</p> <p>2) Notes the treasury activity to date in 2025/26 as laid out in the report, including compliance with both the treasury management prudential indicators and relevant legislation and guidance.</p>
Reasons for recommendation(s)	To comply with the statutory guidance issued by the Government in January 2018 and the CIPFA 2021 Prudential and Treasury Management Codes, the Council is required to approve, as a minimum, treasury management semi-annual and annual outturn reports. This includes the requirement in the CIPFA Treasury Management Code 2021, mandatory from April 2023, of reporting of the treasury management prudential indicators. This report fulfils the Council’s legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
Ward(s)	All

Portfolio Holder(s)	Councillor Jeremy Heron – Finance and Corporate
Strategic Director(s)	Alan Bethune – Strategic Director Corporate Resources & Transformation & Section 151 Officer
Officer Contact	Daniel O’Rourke Corporate Accountant, Hampshire County Council 0370 779 1728 Daniel.O’Rourke@hants.gov.uk

Introduction and background

1. The Treasury Management Mid-Year Report 2025/26 is a high-level document, giving an overview of how the Council has managed its cash balances and its associated investments and borrowing over the course of the financial year to date.
2. Treasury management is the management of the Council’s cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council’s prudent financial management.
3. Treasury risk management at the Council is conducted within the framework of the CIPFA Code which requires the Council to approve a Treasury Management Strategy Statement (TMSS) before the start of each financial year, as well as treasury management semi-annual and annual outturn reports. This includes the requirement in the CIPFA Treasury Management Code 2021, mandatory from April 2023, of reporting of the treasury management prudential indicators. This report fulfils the Council’s legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
4. Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy.

Corporate plan priorities

5. Management of the Council's cash flows, borrowing and investments, and the associated risks ensures we are being financially responsible which underpins the delivery of all our priorities.

Options appraisal

6. The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The S151 Officer believes that the Treasury Management Strategy approved in February 2025 represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed in Table 1.

Table 1: Alternative strategies and their implications

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain

Table 1: Alternative strategies and their implications

Alternative	Impact on income and expenditure	Impact on risk management
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Consultation undertaken

7. This report has been produced in consultation with Hampshire County Council’s Investments & Borrowing team.
8. In October 2025 several members attended the annual treasury management briefing session provided by the Council’s treasury advisors Arlingclose.

Financial and resource implications

9. Hampshire County Council’s Investments and Borrowing Team carry out the day-to-day management of the Council’s cash balances and investments. The Council’s in-house finance team undertake the accounting and the Section 151 Officer retains responsibility for strategic pooled fund investment and long-term borrowing decisions.
10. This is a financial report with any additional implications already detailed and considered in the main body of the report and appendices.

Legal implications

11. To comply with the statutory guidance issued by the Government in January 2018 and the CIPFA 2021 Prudential and Treasury Management Codes requiring all local authorities to approve a Treasury Management Strategy Statement (TMSS) before the start of each financial year, as well as treasury management semi-annual and annual outturn reports. This includes the requirement in the CIPFA Treasury Management Code 2021, mandatory from April 2023, of reporting of the treasury management prudential indicators. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
12. The Council's Treasury Management Strategy Statement, approved in February 2025, follows the latest codes of practice and the MHCLG and CIPFA guidance.
13. With effect from February 2014 Hampshire County Council (HCC) and New Forest District Council ("the Council") established arrangements for the joint discharge of functions under Section (101)(1) and (5) of the Local Government Act 1972 and Section 9EA and 9EB Local Government Act 2000. Under this arrangement, HCC's Investments and Borrowing Team provide a Treasury Service which includes the management of the Council's cash balances and investment of surplus cash or sourcing of borrowing in accordance with the agreed Treasury Management Strategy Statement.

Environmental / climate and nature implications

14. There are no environmental implications arising directly from this report.

Equalities implications

15. There are no equality implications arising directly from this report.

Crime and disorder implications

16. There are no crime and disorder implications arising directly from this report.

Data protection / information governance / ICT implications

17. There are no data protection, information governance or ICT implications arising directly from this report

Appendices:

Appendix 1 – Treasury
Management Mid-Year Report
2025/26

Background Papers:

Treasury Management
Strategy 2025/26 – 2027/28

Treasury Management Outturn
Report 2024-25

TREASURY MANAGEMENT MID-YEAR REPORT 2025/26

1. PURPOSE AND SUMMARY

- 1.1. New Forest District Council has adopted the key recommendations of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Treasury Management Code), last updated in 2021. The CIPFA Treasury Management Code requires the Council to approve a treasury management strategy before the start of the year and a semi-annual and annual treasury outturn report, alongside quarterly reporting of the treasury management prudential indicators. The purpose of this report is therefore to meet this obligation by providing an update on the performance of the treasury management function during the financial year to date – 2025/26. The Q1 indicators specifically are provided at Annex B to this report.
- 1.2. The Council's treasury management strategy was most recently updated and approved at a meeting of Full Council in February 2025. The Council has borrowed and invested sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Council's treasury management strategy.
- 1.3. All treasury activity has complied with the Council's Treasury Management Strategy and Investment Strategy for 2025/26, and all relevant statute, guidance and accounting standards. In addition, support in undertaking treasury management activities has been provided by the Council's treasury advisers, Arlingclose.
- 1.4. In compliance with its duties to determine affordable borrowing limit, local authorities must have regard to CIPFA's Prudential Code of Capital Finance in Local Authorities (the Prudential Code) which includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The latest iteration of the Council's Capital Strategy, complying with

CIPFA's requirement, was approved by full Council in February 2025.

2. EXTERNAL CONTEXT

- 1.5. The following paragraphs explain the economic and financial background against which investment and borrowing decisions were made so far in 2025/26.

Economic background

- 1.6. From late June 2025, amid a UK backdrop of economic uncertainty, concerns around the government's fiscal position and speculation around the autumn Budget, yields on medium- and longer-term gilts pushed higher, including the 30-year gilt which hit its highest level for almost 30 years.
- 1.7. UK headline annual consumer price inflation (CPI) increased over the period, rising from 2.6% in March 2025 to 3.8% in August 2025, still well above the Bank of England's 2% target. Core inflation also rose, from 3.4% to 3.6% over the same period, albeit the August 2025 reading was down from 3.8% the previous month. Services inflation also fell from July to August 2025, to 4.7% from 5.0%.
- 1.8. The UK economy expanded by 0.7% in the first quarter of the calendar year and by 0.3% in the second quarter. In the final version of the Q2 2025 GDP report, annual growth was revised upwards to 1.4% year on year. However, monthly figures showed zero growth in July 2025, in line with expectations, indicating a sluggish start to Q3.
- 1.9. The August 2025 BoE Monetary Policy Report highlighted that after peaking in Q3 2025, inflation is projected to fall back to target by mid-2027, helped by increasing spare capacity in the economy and the ongoing effects from past tighter policy rates. GDP is expected to remain weak in the near-term while over the medium-term outlook will be influenced by domestic and global developments.
- 1.10. Arlingclose, the Council's treasury adviser, maintained its central view that Bank Rate would be cut further as the BoE focused on weak GDP growth more than higher inflation. One more cut is currently expected during

2025/26, taking Bank Rate to 3.75%. The risks to the forecast are balanced in the near-term but weighted to the downside further out as weak consumer sentiment and business confidence and investment continue to constrain growth. There is also considerable uncertainty around the autumn Budget and the impact this will have on the outlook.

Credit review

- 1.11. Arlingclose maintained its recommended maximum unsecured duration limit on the majority of the banks on its counterparty list at 6 months. The other banks remain on 100 days.
- 1.12. After spiking in early April 2025 following the US trade tariff announcements, UK credit default swap (CDS) prices have since generally trended downwards and ended the period at levels broadly in line with those in the first quarter of the calendar year and throughout most of 2024.
- 1.13. Overall, at the end of the period CDS prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.
- 1.14. Financial market volatility is expected to remain a feature, at least in the near term and, CDS levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Council's counterparty list recommended by Arlingclose remain under constant review.

3. LOCAL CONTEXT

- 1.15. At 31 March 2025, the Council had net investments of £34.4m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR) as it is the amount of capital spending that has not yet been financed by capital receipts, capital grants or contributions from revenue income, while balance sheet resources are the underlying resources available for investment. Table 2 lays out the various CFR elements and how they are financed, comparing the

position at 31 March 2025 to the forecast position expected at 31 March 2026.

Table 2: Balance Sheet Summary and Forecast	31/3/25 Balance £m	Movement £m	31/3/26 Balance £m
General Fund CFR	27.3	7.8	35.1
HRA CFR	27.4	13.8	41.2
HRA Settlement	109.9	-4.1	105.8
Total CFR	164.6	17.5	182.1
Less: Other debt liabilities*	-	-	-
Loans CFR	164.6	17.5	182.1
Less: External borrowing:			
- Public Works Loan Board	(119.9)	4.1	(115.8)
- Other Local Authorities	(13.0)	13.0	0.0
Internal borrowing	31.7	34.6	66.3
Less: Balance sheet resources	(66.1)	2.6	(63.5)
Net borrowing/(investments)	(34.4)	37.2	2.8

* Other liabilities that form part of the Council's total debt

1.16. Table 2 shows that if the Council were to take no new external borrowing in the year, this in conjunction with the increase in CFR and the reduction in balance sheet resources would lead to a switch from a net investments to net borrowing position.

1.17. The Council's strategy was to maintain borrowing and investments below their underlying levels, referred to as internal borrowing, to reduce risk and keep interest costs low. The treasury management position at 30 June 2025 and the change over the quarter to 30 September 2025 is shown in Table 3.

Table 3: Treasury Management Summary	30/06/25 Balance £m	Movement £m	30/09/25 Balance £m	30/09/25 Rate %
Long-term borrowing	(115.8)	0.0	(115.8)	3.52
Short-term borrowing	(17.1)	13.0	(4.1)	2.92

Total borrowing	(132.9)	13.0	(119.9)	3.50
Long-term investments	9.1	0.0	9.1	5.24
Short-term investments	14.0	(2.5)	11.5	4.12
Cash and cash equivalents	15.9	(7.3)	8.6	4.03
Total investments	39.0	(9.8)	29.2	4.44
Net treasury management borrowing	(93.9)	3.2	(90.7)	

Note: the figures in Table 3 are from the balance sheet in the Council's statement of accounts adjusted to exclude operational cash, market value adjustments and accrued interest, and therefore differ from Table 2.

- 1.18. The decrease in net borrowing of £3.2m shown in Table 3 largely reflects the repayment of external borrowing of £13m coupled with a reduction of £9.8m in investment balances. Further details are provided in the Borrowing Strategy and Activity and Treasury Investments Activity sections of this report.

2. BORROWING STRATEGY AND ACTIVITY

- 2.1. As outlined in the treasury strategy, the Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. During the majority of the period short term interest rates have been higher than long term interest rates.
- 2.2. After substantial rises in interest rates since 2021 many central banks have now begun to reduce rates, albeit slowly. Gilt yields however have increased over the period amid concerns about inflation, the UK government's fiscal position and general economic uncertainty.
- 2.3. The PWLB certainty rate for 10-year maturity loans was 5.38% at the beginning of the period and 5.53% at the

end. The lowest available 10-year maturity at the certainty rate was 5.17% and the highest was 5.62%. Rates for 20-year maturity loans ranged from 5.71% to 6.30% during the period, and 50-year maturity loans from 5.46% to 6.14%. The cost of short-term borrowing from other local authorities has been similar to Base Rate during the period at 4.0% to 4.5%.

- 2.4. CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for the authority to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes.
- 2.5. The Council is a net borrower and as stated in the Treasury Management Strategy 2025/26, expects a positive liability benchmark across the forecast period, which generally means an authority is required to take external borrowing to fund the gap between its resources and the CFR. Although the Council currently has taken external borrowing, this is not predicted to be sufficient to meet the CFR and further borrowing will be considered by the Chief Finance Officer when required.
- 2.6. At 30 September 2025 the Council held £119.9m of loans (a decrease of £13.0m from 30 June 2025) as part of its strategy for funding previous years' capital programmes. The year-end treasury management borrowing position and year-on-year change are summarised in Table 4.

Table 4: Treasury Management Summary	30/06/25 Balance £m	Net movement £m	30/09/25 Balance £m	30/09/25 Rate %	30/09/25 WAM* (years)
Public Works Loan Board	(119.9)	0.0	(119.9)	3.50	16.29
Other Local Authorities	(13.0)	13.0	0.0	0.00	0.00
Total borrowing	(132.9)	13.0	(119.9)	3.50	16.29

*Weighted average maturity

Note: the figures in Table 4 are from the balance sheet in the Council's statement of accounts but adjusted to exclude accrued interest.

- 2.7. This borrowing strategy has been monitored by Arlingclose and has enabled the Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

3. TREASURY INVESTMENT ACTIVITY

- 3.1. The CIPFA Treasury Management Code now defines treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.
- 3.2. The Council holds invested funds representing income received in advance of expenditure plus balances and reserves held. During the year to date, the Council's investment balances have ranged between £28.6m and £63.4m due to timing differences between income and expenditure. The year-end investment position and the year-on-year change are shown in Table 5.

Table 5: Treasury investment position	30/06/25 Balance £m	Net movement £m	30/09/25 Balance £m	30/09/25 Rate %	30/09/25 WAM* (years)
Short term Investments					
Banks and building societies:					
Unsecured	1.6	4.4	6.0	4.06	0.20
Money Market Funds	14.3	(7.2)	7.1	4.07	0.00
Government:					
Debt Management Office	7.5	(7.5)	0.0	N/A	N/A
UK Treasury Bills	4.5	0.5	5.0	4.12	0.06
Cash plus funds	2.0	0.0	2.0	4.11	0.01
	29.9	(9.8)	20.1	4.08	0.08
Long term investments					
Pooled property*	7.6	0.0	7.6	4.80	N/A
Pooled equity*	1.5	0.0	1.5	7.43	N/A
	9.1	0.0	9.1	5.24	N/A
TOTAL INVESTMENTS	39.0	(9.8)	29.2	4.44	0.05

* The rates provided for pooled fund investments are reflective of annualised income returns over the year to 30 September 2025 based on the market value of investments 12 months earlier.

Note: the figures in Table 5 are from the balance sheet in the Council's statement of accounts, but adjusted to exclude operational cash, accrued interest and other accounting adjustments.

3.3. The CIPFA Treasury Management Code and government guidance both require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is therefore to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults alongside the risk of receiving unsuitably low investment income. The Council's

Treasury Management Strategy Statement (TMSS) sets out how it will manage and mitigate these risks.

- 3.4. As demonstrated by the liability benchmark in this report, the Council expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different asset classes and boost investment income.
- 3.5. Bank Rate reduced from 4.50% to 4.25% in May 2025, followed by a further reduction to 4.00% in August 2025. Short term interest rates have largely followed these levels. The rates on money market funds ranged between 4.00% and 4.10% by the end of September 2025.
- 3.6. The Council benchmarks the performance of its internally managed investments (excluding pooled funds) against that of other Arlingclose clients. Internally managed investments include all investments except externally managed pooled funds but do include Money Market Funds. The performance of these investments against relevant measures of security, liquidity and yield are shown in Table 6, providing data for the quarter ended 30 September 2025 and, for comparison, the end of the previous quarter at 30 June 2025.

Table 6: Investment benchmarking (excluding pooled funds)	Credit rating	Bail-in exposure	Weighted average maturity (days)	Rate of return
30.06.2025	AA-	57%	12	4.26%
30.09.2025	AA-	73%	31	4.07%
Similar LAs	AA-	64%	53	4.06%
All LAs	AA-	62%	11	4.06%

- 3.7. Table 6 shows the average credit rating of the portfolio has remained consistent and in line with other Arlingclose clients.

3.8. The average maturity of the portfolio has gone up modestly, reflecting the ability to look over a slighter longer time horizon for investments on the basis that cash is not required imminently. Bail-in risk has increased but can be attributed to the investment in unsecured Certificates of Deposit that are short in duration but offering sufficient diversification away from utilising bank deposit accounts and/or Money Market Funds (MMFs). It should be noted that the Money Market Funds utilised by the Council are themselves diversified and highly liquid and considered by Arlingclose to be bail-in 'light'. Whilst the rate of return has decreased over the quarter, this should be considered against the backdrop of cuts to interest rates.

Pooled funds update

3.9. £9.1m of the Council's investments are invested in externally managed strategic pooled equity and property funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. Over the 12 months to 30 September 2025, these funds generated an average total return of 8.87%, comprising a 5.22% income return which is used to support services in year, and 3.65% of unrealised capital gain. Over the holding period (just over 10 years), the Council's investments in pooled funds have contributed 3.95% income per year on average, which compares favourably in a period where base rates have generally been low.

3.10. The most notable market shock came early in the period when US President Trump announced his 'Liberation Day' tariffs on 2 April 2025, triggering sharp falls in global equity and bond markets. Sentiment improved once the US administration softened its stance and markets recovered relatively swiftly, although uncertainty lingered.

3.11. The gradual improvement in UK commercial property continued. Capital values recorded marginal gains, while total returns were driven largely by rental income.

3.12. Overall, while volatility was elevated throughout, most mainstream asset classes provided positive returns to investors over the first half of the 2025/26 financial year,

with equities leading the way and fixed income and property also making a positive contribution.

- 3.13. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's medium-to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years and with the expectation that over a three- to five-year period total returns should exceed cash interest rates.
- 3.14. Further to consultations in April 2023 and December 2024 MHCLG wrote to finance directors in England in February 2025 regarding the statutory override on accounting for gains and losses in pooled investment funds. On the assumption that when published regulations follow this policy announcement, the statutory override will be extended up until the 1 April 2029 for investments already in place before 1 April 2024 (which would include all the Council's investments). The override will not apply to any new investments taken out on or after 1st April 2024.
- 3.15. The Council does not plan to make any further pooled fund investments, and whilst the unrealised loss at 30 September stood at £0.5m there is no intention at this stage to crystallise that through further divestment. It should also be noted that when divestment from some of the pooled funds took place in the summer of 2023, this resulted in a realised gain of £0.26m. This was subsequently added to the Treasury Management Reserve with the intention of mitigating against potential investment losses in the future.

6. NON-TREASURY INVESTMENTS

- 3.16. The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the council holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for

commercial purposes (made primarily for financial return).

- 3.17. Investment Guidance issued by DLUHC (Department of Levelling Up, Housing and Communities, now MHCLG) also broadens the definition of investments to include all such assets held partially or wholly for financial return.
- 3.18. This could include loans made to local businesses or the direct purchase of land or property and such loans and investments will be subject to the Council's normal approval process for revenue and capital expenditure and need not comply with the treasury management strategy.
- 3.19. The Council's existing non-treasury investments at 31 March 2025 (the most recent valuation date) are listed in Table 7, noting that the annual rate of return is based on the actual income received for the preceding 12 months and not the annual contracted income due in place as at 31 March 2025, which may be different due, for example, to additional lettings, lease incentives and vacancies.

Table 7 – Non-treasury investments	31/03/25 Asset Value £m	31/03/25 Annual rate of return
Hythe Marina	2.946	6.48
Saxon Inn, Calmore	0.179	7.04
Meeting House Lane, Ringwood	0.213	-
New Milton Health Centre	2.489	5.51
Ampress Car Park, Lymington	1.926	4.97
The Parade Salisbury Road, Totton	1.510	5.98
Unit 1 Nova Business Park, New Milton	0.554	4.07
Drive -Thru Salisbury Road, Totton	1.405	4.71
Units 1-3 27 Salisbury Road, Totton	1.841	8.07
85 Station Road, New Milton	5.000	5.00
1b Junction Road, Totton	0.138	6.58
Unit 800 Ampress Park, Lymington	1.902	4.98
Platinum Jubilee Business Park, Ringwood	8.154	3.22
Total investment properties	28.256	4.92
Lymington Town Hall	3.271	3.46
Hardley Industrial Estate	6.388	3.54
Total income earning properties	9.659	3.51
Grand total	37.915	4.53

3.20. The Investment Property note within the Annual Financial Report gives further information on the net gains / losses and fair value movements.

7. COMPLIANCE REPORT

3.21. The Council confirms compliance of all treasury management activities undertaken during the year to date with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy.

3.22. Compliance with the authorised limit and operational boundary for external debt, is demonstrated in Table 8.

Table 8: Debt limits	2025/26 Maximum £m	30/9/25 Actual £m	2025/26 Operational Boundary £m	2025/26 Authorised Limit £m	Complied?
Borrowing	(134.1)	(119.9)	(213.9)	(233.5)	✓
Other long-term liabilities	0.0	0.0	0.0	0.0	✓
Total debt	(134.1)	(119.9)	(213.9)	(233.5)	✓

3.23. Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. However, this limit was not breached during the financial year.

8. TREASURY MANAGEMENT INDICATORS

3.24. As required by the 2021 CIPFA Treasury Management Code, the Council measures and manages the following treasury management prudential indicators.

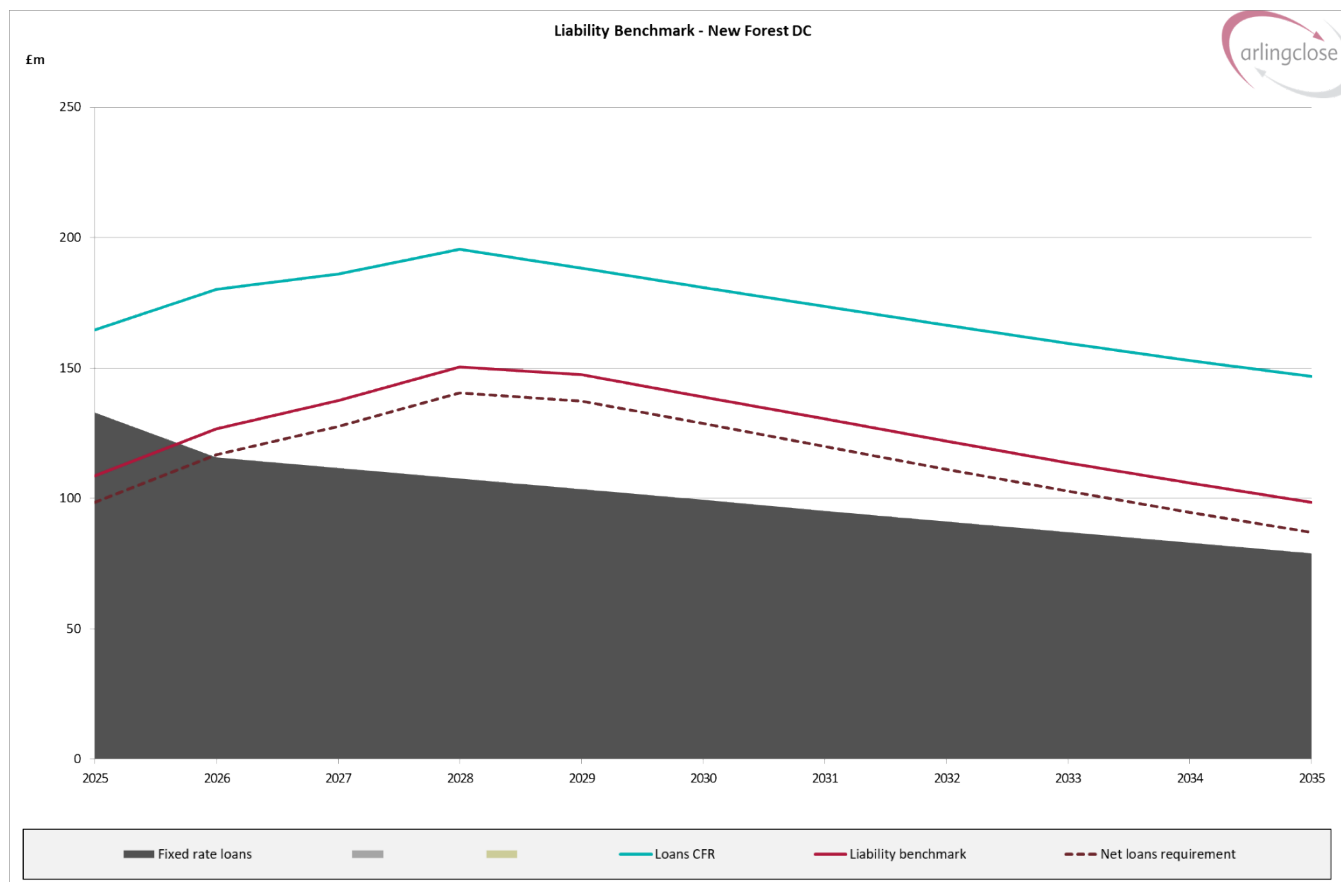
Liability benchmark

3.25. This indicator compares the Council's actual existing borrowing against a liability benchmark that has been

calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Table 9: Liability benchmark	31/03/25 Actual £m	31/03/26 Estimate £m	31/03/27 Forecast £m	31/03/28 Forecast £m
Loans CFR	164.6	182.1	190.1	197.1
Less: Balance sheet resources	(66.1)	(63.5)	(58.5)	(55.2)
Net loans requirement	98.5	118.6	131.6	141.9
Plus: Liquidity allowance	10.0	10.0	10.0	10.0
Liability benchmark	108.5	128.6	141.6	151.9
Existing borrowing	(132.9)	(115.8)	(111.7)	(107.6)

3.26. At the start of the period, 31 March 2025, the Council had a Loans CFR of £164.6m, external borrowing of £132.9m, balance sheet resources of £66.1m and a liability benchmark of £108.5m. The difference of £31.7m between the CFR and external borrowing is internal borrowing which is where the Council has used its own resources to fund its borrowing requirement.

Graph 1: Liability Benchmark (10 year view)

The full liability benchmark spanning 50 years is available at Annex A to this report.

- 3.27. The liability benchmark is the lowest level of debt the Council could hold if it used all of its balances, reserves and cash flow surpluses to fund its CFR. The liability benchmark graph is based on five years of data which explains why the Loans CFR line in Graph 1 continues to reduce past the initial five-year period – the diagram assumes that no new capital projects will begin after 2027/28, which is a very unlikely scenario but a reflection of the current horizon for capital expenditure forecasts.
- 3.28. The Council expects a positive liability benchmark across the forecast period, due to a rising CFR in combination with an expectation that balance sheet resources will drop, which generally means an authority is required to take external borrowing to fund the gap between its resources and the CFR.

3.29. The chart shows that it is expected that the external borrowing the Council has already arranged will not be sufficient, with it being below the minimum borrowing requirement, and so indicates that additional borrowing may be required to rectify this.

3.30. Unfortunately, a limitation of liability benchmarking is that the further out the forecast, the less it can be relied upon (particularly after 2028/29 after the end of the current capital expenditure forecast period) and so as time passes, the requirement to borrow may change and either may not be there for the whole period, or alternatively cash flow requirements that are not known about today may become present later which may require the Council to take additional external borrowing in the future.

Interest rate exposures

3.31. The following table shows the sensitivity of the Council's current investments and borrowing to a change in interest rates. Fixed rate investments maturing during the year are assumed to be variable for the remainder of the year.

Table 10: Interest rate exposures	30 September 2025 Actual £m	Impact of +/- 1% interest rate change £m
Sums subject to variable interest rates		
Investment	29.2	+/- 0.3
Borrowing	(4.1)	+/- (0.0)

3.32. Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

Maturity structure of borrowing

3.33. The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early

repayment of its investments. The prudential limits on the long-term treasury management limits are:

Table 11: Maturity structure of borrowing	30/09/25 Actual	Upper	Lower	Complied?
Under 12 months	3%	25%	0%	✓
12 months and within 24 months	3%	25%	0%	✓
24 months and within 5 years	10%	25%	0%	✓
5 years and within 10 years	17%	35%	0%	✓
10 years and above	66%	100%	0%	✓

3.34. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

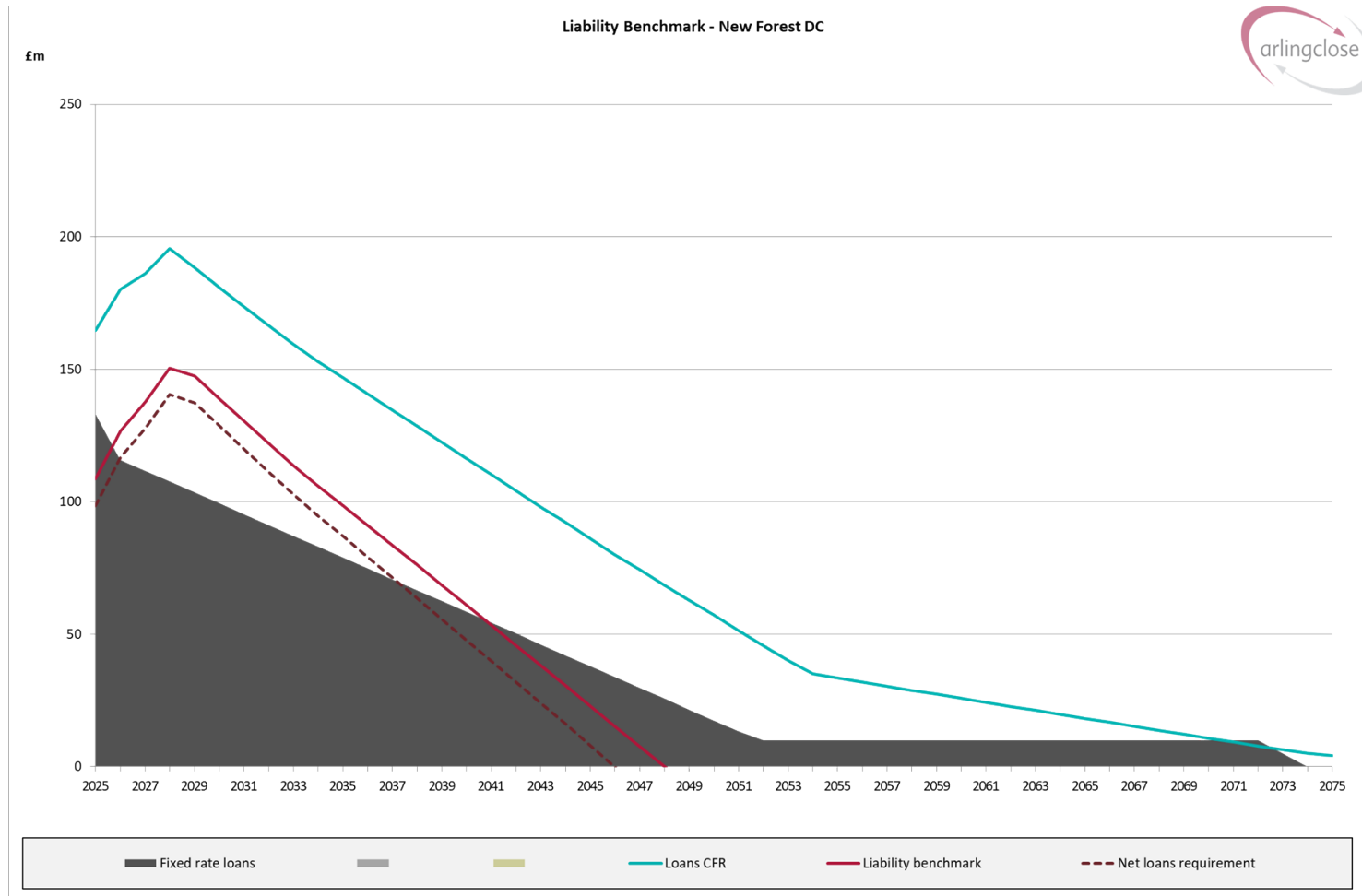
Long-term Treasury Management Investments

3.35. The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Table 12: Long-term Treasury Management Investments	2025/26	2026/27	2027/28	No fixed date
Actual principal invested beyond year end	-	-	-	£9.1m
Limit on principal invested beyond year end	£15m	£15m	£10m	£10m
Complied	✓	✓	✓	✓

3.36. Long-term investments with no fixed maturity date include strategic pooled funds but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

Annex A– 50 year Liability Benchmark graph



Annex B – Treasury Management Q1 indicators 2025/26

Table 13: Treasury Management Summary	31/03/25 Balance £m	Movement £m	30/06/25 Balance £m	30/06/25 Rate %
Long-term borrowing	(115.8)	0.0	(115.8)	3.52
Short-term borrowing	(17.1)	0.0	(17.1)	4.88
Total borrowing	(132.9)	0.0	(132.9)	3.69
Long-term investments	9.1	0.0	9.1	5.25
Short-term investments	2.0	12.0	14.0	4.34
Cash and cash equivalents	21.3	(5.4)	15.9	4.28
Total investments	32.4	6.6	39.0	4.53
Net treasury management borrowing	(100.5)	6.6	(93.9)	

Table 14: Liability benchmark	31/03/25 Actual £m	31/03/26 Estimate £m	31/03/27 Forecast £m	31/03/28 Forecast £m
Loans CFR	164.6	180.2	186.0	195.6
Less: Balance sheet resources	(66.1)	(63.5)	(58.5)	(55.2)
Net loans requirement	98.5	116.8	127.5	140.5
Plus: Liquidity allowance	10.0	10.0	10.0	10.0
Liability benchmark	108.5	126.8	137.5	150.5
Existing borrowing	(132.9)	(115.8)	(111.7)	(107.6)

Table 15: Interest rate exposures	30 June 2025 Actual £m	Impact of +/- 1% interest rate change £m
Sums subject to variable interest rates		
Investment	39.0	+/- 0.4
Borrowing	(17.1)	+/- (0.1)

Table 16: Maturity structure of borrowing	30/06/25 Actual	Upper	Lower	Complied?
Under 12 months	13%	25%	0%	✓
12 months and within 24 months	3%	25%	0%	✓
24 months and within 5 years	9%	25%	0%	✓
5 years and within 10 years	15%	35%	0%	✓
10 years and above	59%	100%	0%	✓

Table 17: Long-term Treasury Management Investments	2025/26	2026/27	2027/28	No fixed date
Actual principal invested beyond year end	-	-	-	£9.1m
Limit on principal invested beyond year end	£15m	£15m	£10m	£10m
Complied	✓	✓	✓	✓

Table 18: Debt limits	2025/26 Maximum £m	30/6/25 Actual £m	2025/26 Operational Boundary £m	2025/26 Authorised Limit £m	Complied?
Borrowing	(134.1)	(132.9)	(213.9)	(233.5)	✓
Other long-term liabilities	0.0	0.0	0.0	0.0	✓
Total debt	(134.1)	(132.9)	(213.9)	(233.5)	✓

Audit Committee – 31 October 2025

External Quality Assessment

Purpose	For information
Classification	Public
Executive Summary	The purpose of this paper is to provide an overview of the alternative options considered in commissioning an external assessor to undertake the independent assessment of the Southern Internal Audit Partnership against the Global Internal Audit Standards in the UK Public Sector.
Recommendation(s)	The Audit Committee are requested to: 1. note the arrangements for the external assessment of the Southern Internal Audit Partnership against the Global Internal Audit Standards in the UK Public Sector.
Reasons for recommendation(s)	The Audit Committee has a responsibility to note the arrangements for the external quality assessment in accordance with the Global Internal Audit Standards in the UK Public Sector.
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 are referred to as the Global Internal Audit Standards in the UK Public Sector (the Standards).
3. The Standards (8.3) require *'the Chief Internal Auditor to develop, implement and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function. The programme includes two types of assessments:*
 - *External assessments*
 - *Internal assessments'*
4. The Southern Internal Audit Partnership's Quality Assurance and Improvement Programme is provided at Appendix 1
5. The Standards (8.4) require that *'the Chief Internal Auditor must develop a plan for an external quality assessment and discuss the plan with the Audit Committee. The external audit assessment must be performed at least once every five years by a qualified, independent assessor or assessment team. The requirement for an external assessment may also be met through a self-assessment with independent validation.'*

Form of External Quality Assessment

6. There are two approaches to meeting the requirement of an External Quality Assessment.
 - **A Full-scope External Quality Assessment (EQA)** involves an independent and qualified Assessment Team. This is a more expensive option, as there is less work required by the Southern Internal Audit Partnership. The EQA is conducted in accordance with the Quality Assessment Manual with most of the work conducted by the Independent Assessment Team.
 - **A Self-assessment with Independent Validation (SAIV)** is where the Southern Internal Audit Partnership performs the “self-assessment” portion and external, independent qualified validators review the self-assessment portion and provides their “independent validation.” The SAIV is conducted in accordance with the requirements of the Quality Assessment Manual and the self-assessment team is responsible to execute all aspects of the requirements as defined therein. This is a more economical approach because the Southern Internal Audit Partnership compiles most of the work.
7. Both approaches include workpaper reviews, surveys, stakeholder interviews, and issuance of a report that provides a rating as identified by the Quality Assessment Manual, i.e., Full Achievement, General Achievement, Partial Achievement and Non-Achievement.

External Assessor

8. GIAS 8.4 sets out a requirement that when selecting the independent assessor or assessment team, the chief internal auditor must ensure at least one person holds an active Certified Internal Auditor designation.
9. The Relevant Internal Audit Standard Setters (RIASS) in their Application Note have determined that the qualification requirement in GIAS 8.4 (External Quality Assessment) should be replaced by a more comprehensive qualification requirement within the public sector.

10. The enhanced expectation within the public sector is that at least one person has the characteristics outlined for qualification as a chief internal auditor. The RIASS consider that such a person would normally have an understanding of the GIAS commensurate with the Certified Internal Auditor designation, including internal audit relevant continuing professional development and an understanding of how the GIAS are applied in the UK public sector. These matters must be considered as part of the selection process.

Independence

11. It is essential that there are no impairments to the independence of the external assessor or assessment team driven by past, present, or anticipated future relationships with the organisation, its personnel, or the Southern Internal Audit Partnership.
12. Appropriate due diligence has been carried out on the assessors and their assessments teams with which we have engaged to quote for the external quality assessment.

Scope & Frequency

13. There is a requirement that all internal audit providers undergo an external quality assessment performed by an independent and qualified assessor or assessment team at least once every five years to ensure conformance with the Standards.
14. It is permissible that more frequent external quality assessments are undertaken should this be considered necessary.
15. Given the requirement to supplement the external quality assessment with an annual self-assessment the outcomes of which will be fully and transparently reported to the Audit Committee, it is considered that an external quality assessment every five years remains a proportionate approach.
16. Should there be significant change to arrangements within the Southern Internal Audit Partnership including changes in leadership, operating model, methodologies or excessive staff turnover, the Head of the Southern Internal Audit Partnership will further engage with Senior Management and the Audit Committee to discuss whether an additional external assessment (within the 5-year timeframe) would be appropriate.

17. The scope of the external quality assessment will include a comprehensive review of the Southern Internal Audit Partnership's:
- Conformance with the Global Internal Audit Standards in the UK Public Sector.
 - Mandate, charter, strategy, methodologies, processes, risk assessment and internal audit planning.
 - Performance measures and outcomes.
 - Qualifications and competencies including those of the Chief Internal Auditor.
 - Integration into the organisation's governance processes.
 - Contribution towards the organisation governance, risk management, and control processes.
 - Contribution to the organisations operations and ability to attain its objectives.
 - Ability to meet the expectations of stakeholders.

External Quality Assessment Providers

18. There are several organisations capable of providing external quality assessments, however, the requirement of public sector expertise does significantly limit the field. Consequently, the Head of Southern Internal Audit Partnership has engaged with the following providers to acquire details of approach and cost:
- Chartered Institute of Public Finance and Accountancy (CIPFA)
 - JC Audit Training Ltd
 - BHBi (in partnership with Littlejohn and Haley).

External Quality Assessment Providers Discounted

19. A further credible source of assessment provider would be the Institute of Internal Auditors (IIA), however, due to the IIA having undertaken the Southern Internal Audit Partnership's external quality assessments in 2015 and 2020 this was not explored for our 2025 assessment as it is considered a fresh perspective on conformance and operating practices would be beneficial and mitigates any perceived impairment to independence.
20. The Global Internal Audit Standards do enable provision for reciprocal peer assessments rotated among three or more organisations within the same industry sector.
21. Due to their nature there would be no financial outlay in adopting this approach, however, there would be the opportunity costs of the Head of the Southern Internal Audit Partnerships time in reciprocating any peer review requested of the SIAP.

22. The independent status of the external assessment is paramount and there may be a perception that this is diminished as part of the peer review approach. As such the collaborative approach has not been explored further as part of this paper.

Implications for Multi Service Providers

23. The benefits of an EQA go beyond conformance with the GIAS. An EQA provides independent and objective assurance to internal audit stakeholders that the governance, management, and services of internal audit are meeting best practice and the needs of the organisation.
24. However, the introduction of new requirements in GIAS, such as the essential conditions placed on the Audit Committee and senior management, introduce practical challenges for multi-client providers (MCPs) such as the Southern Internal Audit Partnership which need to be considered.
25. The involvement of the Audit Committee and senior management can now present challenge for MCPs who have historically arranged one EQA to cover all clients. MCPs now need to consult with every Audit Committee they provide services to and provide individual reports, increasing the workload and costs which have not been previously factored.
26. There remains ongoing consultation, and we await further clarification, however, engagement with each of the potential assessors has made clear our operating model, position as a multi-client provider and need to ensure a robust process to demonstrate conformance on which all of our partner organisations can place reliance.

Recommended Approach

27. It is recommended that the Southern Internal Audit Partnership conduct their external assessment as a Self-Assessment with Independent Validation (SAIV) as outlined in paragraph 6.
28. The key drivers for the SAIV approach include:
 - It is a recognised approach within the Standards, meeting the requirements of an external quality assessment.
 - The approach requires external validation from an independent, qualified external assessor.
 - Provides a more economical approach as a majority of information gathering is completed by the Southern Internal

Audit Partnership. This is particularly pertinent due to our multi-client provider status.

- Minimises capacity implications for our Partners.

Next Steps

29. Following receipt of quotations from the providers (detailed in paragraph 18) a full assessment of proposals will be undertaken with appointment based on:
 - Cost
 - Experience (profession and industry)
 - Qualification
 - Independence
 - Approach.
30. The successful provider will be commissioned to undertake the SAIV with a requirement for completion by December 2025.
31. The Southern Internal Audit Partnership have already compiled a full self-assessment against the Global Internal Audit Standards in the UK Public Sector during July / August 2025 in preparedness for the external assessor.
32. A copy of the external assessor report will be presented to the first meeting of the Audit Committee in 2026. Additionally, an action plan for review and approval will be presented by the Chief Internal Auditor to address any identified deficiencies or opportunities for improvement, if applicable.

Conclusion

33. To accord with the Global Internal Audit Standards in the UK Public Sector the Head of the Southern Internal Audit Partnership has put in place arrangements for a SAIV to be conducted during November / December 2025.
34. In accordance with the Standards and the Internal Audit Charter outcomes will be fully reported to the Audit Committee following receipt of the assessor's final report.

Corporate plan priorities

35. 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

36. The alternative options considered in commissioning an external assessor to undertake the independent assessment of the Southern Internal Audit Partnership against the Global Internal Audit Standards in the UK Public Sector have been outlined throughout this report. There are no other options to consider as an EQA is a requirement of the Global Internal Audit Standards against which all internal audit providers must conform.

Consultation undertaken

37. This report has been discussed with the Executive Management Team (EMT) on 23 September 2025. EMT:-
- noted and endorsed the arrangements for the external quality assessment of the Southern Internal Audit Partnership against the Global Internal Audit Standards in the UK Public Sector; and
 - endorsed the report is shared with the Chair of the Audit Committee ahead of formal reporting to the Committee in October 2025.

Financial and resource implications

38. Internal audit is provided through the Southern Internal Audit Partnership and the cost of the recommended approach for the EQA is included within these arrangements.

Legal implications

39. The statutory requirement for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015. Internal audit functions within the UK Public Sector must conform with The Global Internal Audit Standards in the UK Public Sector (the Standards). The Standards require the Chief Internal Auditor *'to develop, implement and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function'* and *'develop a plan for an external quality assessment and discuss the plan with the Audit Committee'*. This report provides the Audit Committee with the planned approach for the external quality assessment (EQA) together with the Southern Internal Audit Partnership's Quality Assurance and Improvement Programme.

Risk assessment

40. Failure to commission an EQA and report on the outcomes would lead to an audit service which does not comply with the Standards, or provide independent and objective assurance to stakeholders that the governance, management, and services of internal audit are meeting best practice and the needs of the organisation.

Environmental / Climate and nature implications

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

Equalities implications

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

Crime and disorder implications

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

Data protection / Information governance / ICT implications

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

Appendices:

Appendix 1 – Quality Assessment and Improvement Programme

Background Papers:

Implementation of the Global Internal Audit Standards
Internal Audit Charter and Plan 2025-26

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SOUTHERN INTERNAL AUDIT PARTNERSHIP

Quality Assurance & Improvement Programme

Prepared By: Neil Pitman, Head of Southern Internal Audit Partnership

June 2025

1. Introduction

The quality assurance and improvement programme [the QAIP] has been produced to evaluate the Southern Internal Audit Partnership [SIAP] conformance with the Global Internal Audit Standards in the UK Public Sector¹, achieve established performance measures, and pursues continuous improvement.

The programme includes the requirement for both internal and external assessments.

2. Relevant Standards

Standard 8.3 Quality - requires the Head of SIAP to develop, implement, and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function. The program includes two types of assessments:

- External assessments.
- Internal assessments.

At least annually, the Head of SIAP must communicate the results of the internal quality assessment to the Audit Committee (or equivalent) and senior management.

The results of the external quality assessments must be reported when completed. In both cases, such communications should include:

- The internal audit function's conformance with the Standards and achievement of performance objectives / measures.
- If applicable, compliance with laws and/or regulations relevant to internal auditing.
- If applicable, plans to address the internal audit function's deficiencies and opportunities for improvement.

The GIAS in the UK Public Sector includes 'Essential Conditions' that Audit Committees (or equivalent) and Senior Management should be aware of.

¹ The global Internal Audit Standards in the UK Public Sector conforms of the Global Internal Audit Standards, the Application Note: Global Internal Audit Standards in the UK Public Sector and the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government (the Code)

Regarding the QAIP the essential conditions are as follows:

Audit Committee (or equivalent)

- Discuss with the chief internal auditor the quality assurance and improvement program.
- Approve the SIAPs performance measures at least annually.
- Assess the effectiveness and efficiency of the internal audit function. Such an assessment includes:
 - Reviewing SIAPs performance objectives / measures, including its conformance with the Standards, laws and regulations; ability to meet the internal audit mandate; and progress towards completion of the internal audit plan.
 - Considering the results of SIAPs quality assurance and improvement program.
 - Determining the extent to which SIAPs performance objectives / measures are being met.

Senior Management

- Provide input on SIAPs performance objectives / measures.
- Participate with the Audit Committee (or equivalent) in an annual assessment of the chief internal auditor and internal audit function.

3. External Quality Assessment [Standard 8.4]

The Head of SIAP must develop a plan for an external quality assessment and discuss the plan with the senior management and the Audit Committee (or equivalent).

The external assessment must be performed at least once every five years by a qualified, independent assessor or assessment team. The requirement for an external quality assessment may also be met through a self-assessment with independent validation.

The Relevant Internal Audit Standard Setters (RIASS) in their Application Note have determined that the qualification requirement in GIAS 8.4 should be replaced by a more comprehensive qualification requirement within the public sector.

The enhanced expectation within the public sector is that at least one person has the characteristics outlined for qualification as a chief internal auditor.

The RIASS consider that such a person would normally understand the GIAS commensurate with the Certified Internal Auditor designation, including internal audit relevant continuing professional development and an understanding of how the GIAS are applied in the UK public sector. These matters must be considered as part of the selection process.

The essential conditions for the external quality assessment are as follows:

Audit Committee (or equivalent)

- Discuss with the chief internal auditor the plans to have an external quality assessment of the internal audit function conducted by an independent, qualified assessor or assessment team.
- Collaborate with senior management and the chief internal auditor to determine the scope and frequency of the external quality assessment. Consider the responsibilities and regulatory requirements of the internal audit function and the chief internal auditor, as described in the internal audit charter, when defining the scope of the external quality assessment.
- Review and approve the chief internal auditor's plan for the performance of an external quality assessment. Such approval should cover, at a minimum:
 - The scope and frequency of assessments.
 - The competencies and independence of the external assessor or assessment team.
 - The rationale for choosing to conduct a self-assessment with independent validation instead of an external quality assessment.
- Require receipt of the complete results of the external quality assessment or self-assessment with independent validation directly from the assessor.
- Review and approve the chief internal auditor's action plans to address identified deficiencies and opportunities for improvement, if applicable.
- Approve a timeline for completion of the action plans and monitor the chief internal auditor's progress.

Senior Management

- Collaborate with the Audit Committee (or equivalent) and the chief internal auditor to determine the scope and frequency of the external quality assessment.
- Review the results of the external quality assessment, collaborate with the chief internal auditor and Audit Committee (or equivalent) to agree on action plans that address identified deficiencies and opportunities for improvement, if applicable, and agree on a timeline for completion of the action plans.

4. Internal Quality Assessment [Standard 12.1]

The Head of SIAP must develop and conduct internal assessments of the internal audit function's conformance with the Global Internal Audit Standards in the UK Public Sector and progress toward performance objectives / measures.

The Head of SIAP must establish a methodology for internal assessments that includes:

- Ongoing monitoring of SIAPs conformance with the Standards and progress toward performance objectives / measures.
- Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices to evaluate conformance with the Standards.
- Communication with the Audit Committee (or equivalent) and senior management about the results of internal assessments.

Based on the results of periodic self-assessments, the Head of SIAP must develop action plans to address instances of nonconformance with the Standards and opportunities for improvement, including a proposed timeline for actions.

Internal assessments must be documented and included in the evaluation conducted by an independent third party as part of the external quality assessment.

If nonconformance with the Standards affects the overall scope or operation of the internal audit function, the Head of SIAP must disclose to the Audit Committee (or equivalent) and senior management the nonconformance and its impact

5. On-going Monitoring

Whilst periodic internal self-assessments and external quality assessments are a key expectation of the GIAS in the UK Public Sector, the SIAP aim is to provide a service that remains responsive to the needs of the Council and maintains consistently high standards. This is achieved through a range of initiatives including:

- On-going liaison with management to ascertain the risk management, control and governance arrangements, key to corporate success
- On-going development of a constructive working relationship with other assurance providers to maintain a cooperative assurance approach.
- A tailored audit approach using a defined methodology and assignment documentation.

- Review and quality control of all internal audit work through key review gateways within the audit process by professional qualified senior staff members.
- Regular one to one meetings between staff and line management to monitor performance
- On-going performance management (through the Valuing Performance Framework)
- Quarterly reporting to the Audit Committee (or equivalent) and senior management which includes progress against the internal audit plan, summaries of key issues, monitoring of the implementation of management actions and updates on internal audit performance measures.

6. Communication of QAIP Progress and Outcomes

In accordance with the GIAS in the UK Public Sector the chief internal audit will communicate the outcomes of the quality assurance and improvement programme to the Audit Committee (or equivalent) and senior management and will include as a minimum:

- The outcome of internal quality assessments
- The outcome of external quality assessments
- Any non-conformance with the GIAS in the UK Public Sector
- Actions to address any potential areas of non-compliance with the GIAS in the UK Public Sector
- Quarterly updates (through the Internal Audit Progress Report) of the SIAPs performance measures

7. QAIP Action Plan

The Quality Assurance & Improvement Programme - Action Plan at Appendix A presents SIAPs plans to address areas of non-compliance with the GIAS in the UK Public Sector and opportunities for improvement.

Updates on progress against the implementation and outcomes of actions will be presented periodically to the Audit Committee (or equivalent) and Senior Management.

Quality Assurance & Improvement Programme – Action Plan

Ref.	Action	Action Owner	Target Date	Detail
Non-Conformance with the GIAS in the UK Public Sector				
N/A	N/A	N/A	N/A	N/A
Opportunities for Improvement				
1	Work with partners organisations to facilitate completion of action plans to implement the expectations of the Code of Practice for the Governance of Internal Audit in Local Government	SMT	Dec 25	<p>CIPFA has developed the Code of Practice for the Governance of Internal Audit in UK Local Government (the Code) to support authorities in establishing their internal audit arrangements and providing oversight and support for internal audit. The Code is designed to work alongside new internal audit standards and is aimed at those responsible for ensuring effective governance arrangements for internal audit:</p> <ul style="list-style-type: none"> ○ The body or individual charged with governance – this includes the police and crime commissioner and chief constable (corporations sole) in policing or full body of the authority. ○ The audit committee, the primary committee that may hold some delegated responsibilities towards internal audit. ○ Senior management of the authority, including the statutory officers, head of paid service, monitoring officer and section 151/section 95 officer that hold responsibilities for governance. <p>SIAP have developed an action plan to work with each of our Partners to both raise awareness of the CoP and to facilitate the implementation of key actions to enhance compliance at an organisational level</p>

Ref.	Action	Action Owner	Target Date	Detail
2	Further explore the 'should' and 'may' aspects of the GIAS to optimise good practice. Extend to review 'Topical Requirements' which are not considered mandatory within the public sector	Neil Pitman, Head of SIAP / SMT	Aug 26	The Standards use the words 'should' and 'may' to specify common and preferred practice (non-mandatory). Initial focus has been placed in ensuring SIAP have in place the mandatory requirements. Work to be undertaken to optimise the full potential of the GIAS to enhance the SIAP offer.
3	Continue to develop K10 to optimise SIAP efficiencies and effectiveness.	Peny Knowles, Deputy Head of SIAP / Keith Phillips, Assistant Head of SIAP	Apr 26	<p>A new internal audit software solution was implemented in April 2024. Significant progress has been made to configure the system to optimise efficiencies and user experience.</p> <p>Work continues to enhance the software to complement the requirements of GIAS in the UK Public Sector and to streamline processes.</p> <ul style="list-style-type: none"> ○ Touch button report (assignment, progress, action tracking, monitoring etc.) ○ Automated action tracking (HCC as pilot) ○ Performance measure reporting ○ AI functionality
4	Review and update the Partnership website	Neil Pitman, Head of SIAP	Apr 26	Coordinate a Task & Finish Group to review and update the SIAP website and organisational intranet sites to ensure they are reflective of existing practices and operate as an appropriate shop window for stakeholders (existing and potential).
5	Explore the opportunities presented from the use of AI in the audit process	Neil Pitman, Head of SIAP	Aug 26	<p>The evolution of AI presents a range of opportunities to enhance and breed efficiencies into internal audit processes. In particular:</p> <ul style="list-style-type: none"> ○ Report writing ○ Risk identification ○ Foresight ○ Identification of themes / trends

Appendix B

Southern Internal Audit Partnership – Performance Measures

Performance Measure	Regularity	Target
1. Percentage of the agreed audit plan completed (issue of draft / final report)	Ongoing	90%
2. Audits delivered within agreed timescales (% year to date)		
○ To issue of draft report	Ongoing	80%
○ To issue of final report	Ongoing	80%
3. Conformance with the Global Internal Audit Standards in the UK Public Sector	Annual	Conforms
4. Audits conducted optimising the effective use of data analytics (% year to date)	Ongoing	60%
5. Stakeholder satisfaction (annual survey)		
○ Audit Committee	Annual	90%
○ Senior Management		90%
○ Key Contacts		90%
6. Internal audit effectively communicates with key stakeholders		
○ Audit Committee	Annual	90%
○ Senior Management		90%
○ Key Contacts		90%
7. Sufficiency of input to and discussion of the internal audit plan		
○ Audit Committee	Annual	90%
○ Senior Management		90%
8. Appropriate focus on key risks		
○ Audit Committee	Annual	90%
○ Senior Management		90%
○ Key Contacts		90%

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Audit Committee – 31 October 2025

Internal Audit Progress Report 2025-26 (September 25)

Purpose	For information
Classification	Public
Executive Summary	<p>In accordance with the Global Internal Audit Standards in UK Public Sector this report presents the Internal Audit Progress Report to 30th September 2025.</p> <p>The Internal Audit Progress Report, attached as Appendix 1, provides the Audit Committee with an overview and key updates of internal audit activity and assurance work completed in accordance with the approved audit plan.</p>
Recommendation(s)	The Audit Committee are requested to note the Internal Audit Progress Report 2025-26 (September 2025).
Reasons for recommendation(s)	To keep the Audit Committee apprised of internal audit activity and key updates relevant to the discharge of the Committee’s role in relation to internal audit.
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	<p>Antony Harvey</p> <p>Deputy Head of Southern Internal Audit Partnership</p> <p>07784 265289</p> <p>antony.harvey@hants.gov.uk</p>

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. In accordance with proper internal audit practices (Global Internal Audit Standards in the UK Public Sector), the Chief Internal Auditor is required to provide a written status report to the Audit Committee, summarising:
 - ongoing confirmation or otherwise regarding independence, and impairments [Standard 7.1]
 - a summary of significant issues and escalation of matters of importance [Standard 8.1]
 - overview and sufficiency of resourcing [Standards 8.2, 10.1, 10.2, and 10.3]
 - communication of unresolved issues that fall outside of the Council's risk tolerance [Standard 11.5]
 - update on progress and any changes to the annual audit plan [Standard 9.4]
 - internal audit performance measures [Standard 12.2]
 - status of 'live' internal audit reports and status on the implementation of management actions [Standard 15.2].

5. Appendix 1 summarises the activities of internal audit for the period to 30th September 2025 and includes new performance measures for 2025-26 onwards. The progress report outlines the Southern Internal Audit Partnership are currently experiencing a higher than average level of vacancies. Whilst there may be some minor slippage in delivery whilst contingency arrangements are put in place, I remain confident that the internal audit plan will be sufficiently delivered enabling me to provide a timely annual conclusion report.
6. The report also provides an update on the Council's progress with implementing actions that have been agreed following audits, including confirmation that all actions have been completed in respect of seven previous audit review areas.

Corporate plan priorities

7. 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

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

Consultation undertaken

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

Financial and resource implications

10. 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

11. The statutory requirement for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015. Internal audit functions within the UK Public Sector must conform with The Global Internal Audit Standards in the UK Public Sector

(the Standards). The Standards require the Chief Internal Auditor to provide a written status report to the Audit Committee providing an overview and key updates of internal audit activity and assurance work completed in accordance with the approved audit plan. This report provides the Audit Committee with the progress report to 30th September 2025.

Risk assessment

12. The audit needs assessment follows a risk-based audit approach taking cognisance of the Council's risk register.
13. Failure to deliver an appropriate audit plan would increase the risk of failing within the Council's service delivery.
14. Failure to complete management actions or to act on the initial findings during the audit process will likely increase the chances of a negative outcome and/or delay required improvements to the Council's services.

Environmental / Climate and nature implications

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

Equalities implications

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

Crime and disorder implications

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

Data protection / Information governance / ICT implications

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

Appendices:

Appendix 1 – Internal Audit
Progress Report 2025-26
(September 25)

Background Papers:

Internal Audit Plan 2025-26
Internal Audit Charter 2025-26



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

Internal Audit Progress Report
New Forest District Council – September 2025

Prepared by: **Antony Harvey, Deputy Head of Partnership**

1. 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.'

The role of internal audit is best summarised through its definition within the Standards, as an:

'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.'

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.

2. Internal Audit Standards

With effect from 1 April 2025, the 'Standards' against which internal audit within the public sector must conform 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 are referred to as the Global Internal Audit Standards in the UK Public Sector.

3. Purpose of Report

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

- The monitoring of 'live' internal audit reports
- an update on progress against the annual audit plan and any subsequent revisions
- acknowledgement of any actual or perceived impairments to internal audit independence
- internal audit performance, planning and resourcing issues
- results of audit assignments and insights.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of controls in place focusing on those designed to mitigate risks to the achievement of management objectives of the service area under review. 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.

4. Resourcing

As Chief Internal Auditor I maintain responsibility for ensuring 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 (2025-26) and in the fulfilment of the audit mandate and delivery of the internal audit strategy.

- **Human Resource** - the Southern Internal Audit Partnership has access to an appropriate range of knowledge, skills, qualifications and experience required to deliver the internal audit strategy and risk-based audit plan.
- **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.

The Southern Internal Audit Partnership are currently experiencing a higher than average level of attrition resulting in vacancies at auditor, senior auditor and audit manager level.

With the time lapse between an individual leaving the organisation and the recruitment and onboarding of new staff there will be an inevitable impact on capacity over the short-term.

The Southern internal Audit Partnership have contingency arrangements in place to mitigate such eventualities with opportunity to attain additional support through peer Partnerships or established frameworks.

Whilst there will be no financial impact to New Forest District Council, there may be some minor slippage in delivery of the quarter 2 / 3 plan whilst contingency arrangements are put in place.

Recruitment across existing vacancies is well progressed and I remain confident as your chief internal auditor that the 2025-26 internal audit plan will be sufficiently delivered enabling me to provide a timely Annual Conclusion.

5. Independence

As your chief internal auditor, I retain no roles or responsibilities that have the potential to impair my independence, either in fact or appearance. Internal auditors engaged in the delivery of the 2025-26 internal audit plan have had no direct operational responsibility or authority over any of the activities reviewed. I can confirm there has been no interference encountered relating to the scope, performance, or communication of internal audit work during the year to date in the delivery of the internal audit plan or the fulfilment of the internal audit mandate.

6. Impairments

There have been no impairments to internal audit activity during the year. The internal audit function has remained free from all conditions that threaten our ability to carry out responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. The internal audit team have maintained an unbiased mental attitude allowing them to perform engagements objectively enabling them to believe in their work product, with no compromise to quality, and no subordination to their judgment on audit matters, either in fact or appearance.

7. Rolling Work Programme

The internal audit plan for 2025-26 was originally presented to Senior Management and approved by the Audit Committee in March 2025. 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 below.

Audit Review	Sponsor	Scoping Held	ToR Issued	Fieldwork Start	Draft Report	Final Report	Assurance Opinion	Comment
Partnership Working – Town and Parish Councils	ADPO	02.09.24	07.10.24	11.11.24	12.05.25		Limited	Included within 24-25 Annual Conclusion Report therefore excluded from 25-26 performance.
Environmental Enforcement - Clean Streets	SDH&C	30.11.23	16.01.24	03.03.24	20.12.24		Limited	Included within 24-25 Annual Conclusion Report therefore

Audit Review	Sponsor	Scoping Held	ToR Issued	Fieldwork Start	Draft Report	Final Report	Assurance Opinion	Comment
								excluded from 25-26 performance.
Cemeteries	ADPO	15.11.24	05.12.24	07.01.25	28.02.25		Reasonable	Included within 24-25 Annual Conclusion Report therefore excluded from 25-26 performance.
Keyhaven – Income & PCard Expenditure	SDH&C	10.12.24	20.01.25	20.01.25	24.04.25		Reasonable	Included within 24-25 Annual Conclusion Report therefore excluded from 25-26 performance.
Corporate Plan and Performance Management	ADT	08.01.25	09.05.25	19.05.25	11.07.25	30.09.25	Substantial	
Transformation Programme	ADT	30.07.25	03.09.25 (draft)					
Corporate Governance Framework – Complaints	SDCR&T	15.05.25	04.06.25	30.06.25	05.09.25			
Asset Management – Corporate Estate	SDCR&T							Q4
Investment Property Management	SDCR&T	13.08.25	30.09.25 (draft)					
Information Governance	SDCR&T							Q4.
Procurement	ADFIN	11.09.25	29.09.25 (draft)					
Business Continuity	SDH&C							Scoping 06.10.25
Emergency Planning	SDH&C							Scoping 06.10.25
Risk Management	ADT							Q4
HR – Workforce Strategy and Wellbeing	ADT							Scoping 16.10.25
Safeguarding	SDH&C	22.09.25						
Treasury Management	ADFIN	12.12.24	27.01.25	12.05.25	10.09.25			

Audit Review	Sponsor	Scoping Held	ToR Issued	Fieldwork Start	Draft Report	Final Report	Assurance Opinion	Comment
Council Tax	SDCR&T	16.07.25	30.07.25	12.08.25	30.09.25			
Accounts Receivable & Debt Management	ADFIN							Q4
Main Accounting and Reconciliations	ADFIN	16.09.25						
IT – Firewall Management and Monitoring	ADT	23.01.25	24.02.25					Delayed due to SIAP resource availability
Cyber Security Training and Awareness	ADT	13.05.25	23.06.25	14.07.25	22.09.25			
IT Disaster Recovery and Service Continuity	ADT							Scoping 06.10.25
Application Product Management	ADT							Q3
Vulnerability Management	ADT							Q4
Licencing (Temporary Event Notices, Premises and Personal Licenses)	SDH&C	06.02.25	03.04.25	12.05.25	30.07.25	26.08.25	Substantial	
Planning/Development Management	SDPOS	31.07.25	29.09.25					
Building Control	SDPOS							Q4
Engineering works	ADPO	23.06.25	05.08.25	04.09.25				
Taxi Licencing	SDH&C							Q4
Tenant Engagement	ADH	14.05.25	14.07.25	02.09.25				
Housing Asset Management – Analogue to Digital Switchover	ADH							Scoping 22.10.25
Housing Asset Management – Fire Safety	ADH	08.08.25	26.09.25					
Open spaces	ADPO							Scoping 22.10.25

Audit Sponsor		Audit Sponsor	
Chief Executive	CX	Strategic Director Place, Operations & Sustainability	SDPOS
Assistant Director Strategy and Engagement (Monitoring Officer)	ADS&E	Assistant Director Place Operations	ADPO
Strategic Director Corporate Resources & Transformation (S151)	SDCR&T	Assistant Director Place Development	ADPD
Assistant Director Finance	ADFIN	Strategic Director Housing & Communities	SDH&C
Assistant Director Transformation	ADT	Assistant Director Housing	ADH

8. Adjustment to the Internal Audit Plan 2025-26

Internal Audit focus continues to be proportionate and appropriately aligned. The plan remains fluid and subject to on-going review and amendment, in consultation with the relevant audit sponsors, Senior Management, and the Audit Committee, to ensure internal audit are able to react to new and emerging risks and the changing needs of the Council.

Such amendments to the 2025-26 internal audit plan are detailed below with explanations for the proposed amendments.

Additions	Audit Review	Reason for inclusion in the plan
	Not applicable	Not applicable
Withdrawals	Audit Review	Reason for removal from the plan
	Not applicable	Not applicable

9. Acceptance of Risk

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 are considered by internal audit to fall outside of the Council's risk tolerance, these will be escalated to Senior Management and the Audit Committee as deemed necessary.

There are no such instances to report from our delivery of the 2025–26 internal audit plan to date.

10. Executive Summaries of reports published concluding a 'Limited' or 'No' assurance opinion

There have been no 2025-26 reviews which have concluded with a 'Limited' or 'No' assurance opinion.

11. Analysis of 'Live Audit Reviews'

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Management Actions											
				Agreed			Pending			Complete			Overdue		
				L	M	H	L	M	H	L	M	H	L	M	H
Fleet Management (follow-up phase 2)	22.05.23	ADPO	Reasonable	2	3	4	-	-	-	2	2	4	-	1	-
Open Spaces and Playground Safety Checks	07.12.23	ADPO	Limited	3	7	2	-	-	-	3	4	-	-	3	2
Housing Asset Management – Electrical Safety Checks	07.02.24	ADH	Reasonable	2	4	2	-	-	-	-	4	2	2	-	-
Accounts Payable	13.06.25	ADFIN	Reasonable	2	3	-	-	-	-	2	2	-	-	1	-
Health and Safety	15.11.24	ADT	Reasonable	-	2	4	-	1	-	-	-	3	-	1	1
Budget Planning/Setting	11.12.24	ADFIN	Substantial	2	1	-	1	1	-	1	-	-	-	-	-
HR – Recruitment/Statutory Responsibilities	16.12.24	ADT	Substantial	-	2	-	-	1	-	-	1	-	-	-	-
Housing Enforcement	02.04.25	ADH	Reasonable	1	3	-	-	-	-	-	3	-	1	-	-
Information Governance – Data Retention/Records Management	16.04.25	SDCR&T	Reasonable	6	-	-	6	-	-	-	-	-	-	-	-
Environmental Health - Local Air Pollution Prevention and Control (LAPPC)	03.06.25	SDH&C	Reasonable	3	3	-	3	-	-	-	3	-	-	-	-
Housing Asset Management – Gas Safety	21.08.25	ADH	Reasonable	-	2	5	-	-	1	-	2	4	-	-	-
ICT Project Delivery	04.09.25	ADT	Limited	1	9	3	-	5	-	1	4	3	-	-	-
Corporate Plan and Performance Management	30.09.25	ADT	Substantial	5	4	4	2	2	2	3	2	2	-	-	-
Total				27	43	24	12	10	3	12	27	18	3	6	3

The management team have provided confirmation that all actions have been completed in respect of seven previous audit review areas and are therefore no longer included within the table above. The respective review areas and report dates are:- Animal Welfare – Licencing (Jun 24), Housing Rent Reconciliations (July 24); Contract Management – Leisure (Nov 24), Payroll & Expenses (Feb 25), Corporate Governance Framework (Mar 25), Housing Asset Management – Lift Inspections (April 25), and Housing Management - Right to Buy (May 25).

Overdue 'High Priority' Management Action

Open Spaces – Playground Safety Checks

Observation: Guidance, policies and operational procedures

There are no current detailed procedure notes or guidance outlining the process and requirements within the Open Spaces Team, for example the criteria and timescales/frequency for maintenance checks. The Public Open Spaces Inspection Criteria Flowchart, which was last updated in Dec 2018, provides details of open spaces equipment to be checked and timescales however it does not appear that the flowchart has been revisited since its inception and there may be scope to reduce visits/inspection to certain sites based on guidance/legislation.

Risk: Hazards will not be identified and eliminated, which could lead to accidents and injuries.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
1.1 Critically review assets and inspection timescales based on 'Risk and Likelihood' and formalise site and play equipment inspection schedule. (to be appended to policy, as set out in Action 1.2)	31.03.24	30.10.25 04.02.26	A new Playground Policy, including a review of assets and inspection timescales, has been created and is being further developed following input from Transformation and Housing colleagues. The policy will be considered by Place Overview and Scrutiny Panel on 15 January 26, followed by Cabinet on 04 February 26.
1.2 Open Spaces to draft a Playgrounds and Play Equipment Policy covering the sites and equipment where compliance responsibility rests with Open Spaces. The policy will set out the purpose, legal requirements, responsibilities, methodology, arrangements, and process, set out a review period frequency and append a schedule of sites and equipment. The policy is to be presented to EMT and consulted through safety panels.	31.03.24	30.10.25 04.02.26	The Playgrounds and Play Equipment Policy will be considered by EMT alongside the Playground Policy before progressing to the safety panels. Extended internal consultation, change in personnel and further development work has resulted in a delay to scheduled timeline. NB There are also three medium priority overdue actions in relation to this audit which should be completed by 04 February 26.

Health & Safety

Observation: Contractor Health and Safety

The Health and Safety policy states that The Council's corporate Control of Contractors Policy identifies the key services who undertake construction and maintenance projects. The corporate policy requires these services to complete their own specific arrangements for the management of construction projects and the control of contractors. These arrangements must include roles and responsibilities, procedures, training requirements, procurement requirements and template documents.

Testing confirmed that a Control of Contractors policy is in place which includes detail on Health and Safety requirements for contractors, however this was last updated in 2021. The policy requires relevant areas of the Council to produce Standard Operating Procedures (SOPs) to enable compliance with regulations in this area. Testing found that the Operations Service had not yet produced a SOP as required.

Risk: Contractor Health and Safety may not be being addressed appropriately.

Management Action	Original Due Date	Revised Due Date	Latest Service Update
2.1 Review the 2021 Corporate Control of Contractors Policy and communicate throughout the organisation (High priority).	n/a	n/a	This high priority action was completed at the time of the audit.
2.2 Ensure all control of contractors standard operating procedures are reviewed and submitted to the Control of Contractors Working Group for approve. Once approved communicate to all relevant employees (High priority).	01.04.25	TBC	September 2025 update re the high and medium priority actions: Standard Operating Procedures (SOPs) for Corporate Resources and Transformation are complete, held on SharePoint and have been communicated. Training was provided to all relevant employees in September. SOPs for Housing and Communities have been drafted and are with relevant officers for consultation. SOPs for Place, Operations and Sustainability have been drafted and consultation has been undertaken with relevant services. Additional
2.3 Provide additional training on the reviewed standard operating procedures for each directorate (Medium priority).	01.08.25	TBC	

			<p>detail is required in relation to working with other services in the Council such as Housing.</p> <p>The provision of training is dependent upon completion of 2.2.</p>
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Annexe 2

Overdue 'Low & Medium Priority' Management Actions

Audit Review	Report Date	Opinion	Priority		Due Date	Revised Due Date
			Low	Medium		
Fleet Management (follow-up phase 2)	22.05.23	Reasonable		1	31.03.24	30.11.25
Open Spaces and Playground Safety Checks	07.12.23	Limited		1	31.03.24	30.10.25 04.02.26
				2	31.05.24	30.10.25 04.02.26
Housing Asset Management – Electrical Safety Checks	07.02.24	Reasonable	2		30.04.24	01.10.25 Update requested
Accounts Payable	13.06.24	Reasonable		1	31.03.25	31.03.26
Health and Safety	15.11.24	Reasonable		1	01.08.25	Requested
Housing Enforcement	02.04.25	Reasonable	1		29.08.25	Requested
Total			3	6		

Southern Internal Audit Partnership - Performance Measures

Performance Measure	Regularity	Target	Actual 25-26	Status	Direction of Travel
1. Percentage of the agreed audit plan completed (issue of draft / final report)	Ongoing	90%	20%		n/a
2. Audits delivered within agreed timescales (% year to date)					
○ To issue of draft report	Ongoing	80%	17%		n/a
○ To issue of final report	Ongoing	80%	50%		n/a
3. Conformance with the Global Internal Audit Standards in the UK Public Sector	Annual	Conforms	Conforms*		
4. Audits conducted optimising the effective use of data analytics (% year to date)	Ongoing	60%	50%		n/a
5. Stakeholder satisfaction (annual survey)					
○ Audit Committee	Annual	90%	100%		
○ Senior Management		90%	94%		
○ Key Contacts		90%	99%		
6. Internal audit effectively communicates with key stakeholders					
○ Audit Committee	Annual	90%	100%		n/a
○ Senior Management		90%	100%		n/a
○ Key Contacts		90%	99%		n/a
7. Sufficiency of input to and discussion of the internal audit plan					
○ Audit Committee	Annual	90%	100%		n/a
○ Senior Management		90%	100%		n/a
8. Appropriate focus on key risks					
○ Audit Committee	Annual	90%	100%		n/a
○ Senior Management		90%	100%		n/a
○ Key Contacts		90%	100%		n/a

* 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.

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Audit Committee – 31 October 2025

Internal Audit Charter 2025-26 (September 25 Revision)

Purpose	For information
Classification	Public
Executive Summary	The purpose of this paper is to provide an update on revisions to the Internal Audit Charter 2025-26 for New Forest District Council.
Recommendation(s)	The Audit Committee are requested to: 1. review and approve the revisions to the Internal Audit Charter 2025-26.
Reasons for recommendation(s)	The Audit Committee have a responsibility to review and approve the Internal Audit Charter in accordance with the Global Internal Audit Standards in the UK Public Sector.
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 are referred to as the Global Internal Audit Standards in the UK Public Sector (the Standards).
3. 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'.
4. The Internal Audit Charter for 2025–26 was originally approved by the Audit Committee on 25 March 2025.
5. Within the internal audit charter there is a requirement for ongoing review 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.
6. Opportunity has been taken to update the roles and responsibilities of Senior Management (Executive Management Team – EMT) and the Audit Committee to reflect the expectations of the Standards and good practice guidance in the governance of internal audit reports during the year (Appendix 1 – page 17). The changes in each case, shown as tracked changes for ease of reference, reflect the requirement to note certain internal audit reports and documentation rather than to approve.

7. Whilst revisions are minimal in volume it is important they are captured and accurately reflected within the Council's Internal Audit Charter.

Corporate plan priorities

8. 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

9. No alternative options have been considered as the Internal Audit Charter is a requirement under relevant legislation and standards.

Consultation undertaken

10. This report has been discussed with the Executive Management Team (EMT) on 23 September 2025. EMT:-
 - Reviewed and noted the revisions to the Internal Audit Charter 2025-26; and
 - Recommended the revised Internal Audit Charter 2025-26 to the Audit Committee for approval.

Financial and resource implications

11. 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

12. The statutory requirement for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015. Internal audit functions within the UK Public Sector must conform with The Global Internal Audit Standards in the UK Public Sector (the Standards). The Standards require all internal audit providers to implement and maintain an 'Internal Audit Charter'. This report provides the Audit Committee with a revised Internal Audit Charter 2025-26, which has been updated to reflect the expectations of the Standards and good practice guidance in the governance of internal audit reports during the year.

Risk assessment

13. Failure to implement and maintain an internal audit charter would lead to an audit service which does not comply with the Standards.

Environmental / Climate and nature implications

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

Equalities implications

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

Crime and disorder implications

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

Data protection / Information governance / ICT implications

17. There are no additional implications arising from this report

Appendices:

Appendix 1 – Internal Audit Charter
2025-26 (September 2025 Revision)
– tracked changes

Background Papers:

Implementation of the Global
Internal Audit Standards
Internal Audit Charter and Plan
2025-26



**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

(Revised) September 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, Antony Harvey (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 note the internal audit mandate and charter (minimum annually).
- input, review, and note the internal audit strategy.
- input and note 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 note 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.

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 note 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.
- consider 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.
- 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.

Audit Committee – 31 October 2025

Internal Audit Strategy 2025-2028

Purpose	For information
Classification	Public
Executive Summary	The purpose of this paper is to provide the Internal Audit Strategy 2025-2028.
Recommendation(s)	The Audit Committee are requested to: 1. review and note the Internal Audit Strategy 2025-2028.
Reasons for recommendation(s)	The Audit Committee have a responsibility to review and note the Internal Audit Strategy in accordance with the Global Internal Audit Standards in the UK Public Sector.
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 are referred to as the Global Internal Audit Standards in the UK Public Sector (the Standards).
3. The Standards (9.2) require all internal audit providers to develop and maintain an 'Internal Audit Strategy'. The internal audit strategy is defined as 'a plan of action designed to achieve a long-term or overall objective. The internal audit strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit function. An internal audit strategy helps guide the internal audit function towards the fulfilment of the internal audit mandate'.

Developing the Internal Audit Strategy

4. Engagement with the Audit Committee and senior management has been imperative in developing the internal audit strategy, to ensure the Southern Internal Audit Partnership's strategic objectives align with stakeholder expectations.
5. It is not practical for the Southern Internal Audit Partnership to maintain more than 30 separate and potentially competing internal audit strategies specific to each of our partners. Consequently, in considering potential objectives, the Southern Internal Audit Partnership undertook a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis to focus on potential areas for development to further enhance our internal audit offering and to remain sustainable, innovative and future focused. The outcome of our analysis assisted in forming seven potential objectives for inclusion in the internal audit strategy.

6. A survey was then issued to all Audit Committee members (or equivalent) and senior officers across the wider Partnership to seek their views and prioritisation of the seven objectives to optimise internal audit provision over the medium term (3 to 5 years).
7. Feedback from the survey (Appendix B) was analysed with the top three objectives forming the basis of the internal audit strategy.

Internal Audit Strategy 2025-2028

8. The internal audit strategy is presented to the Audit Committee for review and noting. The strategy will be periodically reviewed with ongoing updates to the Audit Committee on the achievement and delivery of objectives as part of our regular progress reports.

Corporate plan priorities

9. 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

10. There are no other options to consider as an internal audit strategy is a requirement of the Global Internal Audit Standards against which all internal audit providers must conform.

Consultation undertaken

11. This report has been discussed with the Executive Management Team (EMT) on 23 September 2025. EMT:-
 - Reviewed and noted the Internal Audit Strategy 2025-2028; and
 - Recommended the Internal Audit Strategy 2025-2028 to the Audit Committee for review and noting.

Financial and resource implications

12. 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

13. The statutory requirement for internal audit in local government is specified within the Accounts and Audit [England] Regulations 2015. Internal audit functions within the UK Public Sector must conform with The Global Internal Audit Standards in the UK Public Sector (the Standards). The Standards require the Chief Internal Auditor to develop and maintain an internal audit strategy. This report provides the Audit Committee with the Internal Audit Strategy 2025-2028.

Risk assessment

14. Failure to develop and maintain an internal audit strategy would lead to an audit service which does not comply with the Standards and could result in missed opportunities to further enhance the audit services provided to the Council.

Environmental / Climate and nature implications

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

Equalities implications

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

Crime and disorder implications

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

Data protection / Information governance / ICT implications

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

Appendices:

Appendix 1 – Internal Audit Strategy 2025-2028
Appendix 2 – Feedback and Prioritisation of Objectives

Background Papers:

Implementation of the Global Internal Audit Standards
Internal Audit Charter and Plan 2025-26



**Southern Internal
Audit Partnership**

Assurance through excellence
and innovation

**SOUTHERN INTERNAL
AUDIT PARTNERSHIP**

Internal Audit Strategy
2025 - 28

Prepared By: Neil Pitman, Head of Southern Internal Audit Partnership

April 2025

1. Introduction

The Global Internal Audit Standards in the UK Public Sector [Standard 9.2] requires the internal audit function to develop and maintain an internal audit strategy. This is contextualised within the Standards as:

‘a plan of action designed to achieve a long-term or overall objective. The internal audit strategy must include a vision, strategic objectives, and supporting initiatives for the internal audit function. An internal audit strategy helps guide the internal audit function toward the fulfilment of the internal audit mandate.’

The Strategy aims to support the achievement of the organisations corporate priorities and align with the expectations of its key stakeholders.

2. Internal Audit Purpose and Role

Internal audit strengthens the organisation’s ability to create, protect, and sustain value by providing independent, risk-based, and objective assurance, advice, insight, and foresight.

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.’

3. Vision

Our vision reflects the Southern Internal Audit Partnership’s aspiration to deliver a quality internal audit service to our stakeholders and inspire our auditors and the service(s) we deliver to continuously improve.

‘A collaborative Partnership delivering an innovative, customer focused, and value adding audit and advisory service aligned to organisational objectives and improved outcomes.’

4. Strategic objectives and supporting initiatives

Our vision will be realised through delivery of key objectives that will help shape service provision and futureproof the Southern Internal Audit Partnership through continued learning & development.

Following a process of engagement with the Partnership’s key stakeholders, three objectives have been prioritised to help attain our vision over the medium-term (2025 - 2028).

These objectives are underpinned by a suite of supporting initiatives outlining the key steps to drive delivery.

The supporting initiatives provide opportunity for our auditors to develop their competencies, enhance the optimisation of technology, and provide continuous improvement to the Southern Internal Audit Partnerships internal audit offering.

They are premised on **engaging** with all appropriate stakeholders, **equipping** them to facilitate delivery, **empowering** them to deliver required outcomes, and **embedding** good practice into the fabric of the Partnership and the wider organisation.

Strategic Objective 1 – Agile Auditing: Innovate to explore a more agile approach to the audit process, building efficiencies and producing more timely feedback to the organisation.

Supporting Initiatives:

- **Engage** with internal audit staff and the organisation to understand expectations and importance of timely audit feedback & reporting.
- **Equip** internal auditors to deliver high quality internal audit services through a lean, efficient and effective operating model.
- **Empower** internal auditors to operate in an agile manner.
- **Embed** behaviours that support an agile methodology.

Strategic Objective 2 – Optimisation of Standards: Embrace and prioritise conformance and embedding of the Global Internal Audit Standards in the UK Public Sector and maximising their potential to benefit the organisation and the internal audit function.

Supporting Initiatives:

- **Engage** internal audit staff and key stakeholders to ensure a full knowledge and understanding of the GIAS in the UK Public Sector.
- **Equip** internal audit staff and key stakeholders with the tools and information to discharge their respective responsibilities within the GIAS in the UK Public Sector.
- **Empower** internal audit staff and key stakeholders to act on their respective responsibilities and accountabilities within the GIAS in the UK Public Sector.
- **Embed** the mandatory requirement of the GIAS in the UK Public Sector into all relevant policy, process and procedure.

Strategic Objective 3 – Data Analytics by Default: Further engage with the organisation to enhance and optimise the full potential of data analytics in the internal audit process.

Supporting Initiatives:













- **Engage** with internal audit staff and the organisation’s management to relay the benefits offered through use of data analytics.
- **Equip** auditors to undertake data analytics with the appropriate technology and support.
- **Empower** internal auditors to use data analytics through dedicated training and support.
- **Embed** data analytics into the fabric of the Partnership, championed from the top and provide a clear articulation of intent.

5. Review

The internal audit strategy will be periodically reviewed and as a minimum in response to significant organisational change, including but not limited to corporate objectives, key stakeholders, Chief Internal Auditor, or resultant of the outcomes of internal or external quality assessments.

Strategy Overview

Vision: 'A collaborative Partnership delivering an innovative, customer focused, and value adding audit and advisory service aligned to organisational objectives and improved outcomes.'

Strategic Objective	Supporting Initiative	Action(s)	Priority	Implementation Date
1. Innovate to explore a more agile approach to the audit process, building efficiencies and producing more timely feedback to the organisation.	<p>Engage with internal audit staff and the organisation to understand expectations and importance of timely audit feedback & reporting.</p> <p>Equip internal auditors to deliver high quality internal audit services through a lean, efficient and effective operating model.</p> <p>Empower internal auditors to operate in an agile manner.</p> <p>Embed behaviours that support an agile methodology.</p>	<ul style="list-style-type: none"> Confirm expectations of Partners regarding desired reporting timelines and methodology. 	 HIGH	December 2025
		<ul style="list-style-type: none"> Complete a detailed analysis of bottle necks in SIAP and external to the internal audit function. 	 HIGH	April 2026
		<ul style="list-style-type: none"> Benchmark with peer audit services and explore opportunities to make the process 'leaner' through auditor working group. 	 MEDIUM	December 2026
		<ul style="list-style-type: none"> Optimise the use of technology (including audit management software) to deliver efficiencies. 	 HIGH	December 2027
2. Embrace and prioritise conformance and embedding of the Global Internal Audit Standards in UK Local Government and maximising their potential to benefit the organisation and the internal audit function.	<p>Engage internal audit staff and key stakeholders in a full knowledge and understanding of the GIAS in UK PS.</p> <p>Equip internal audit staff and key stakeholders with the tools to discharge their respective responsibilities within the GIAS in UK PS.</p> <p>Empower internal audit staff and key stakeholders to act on their respective responsibilities and accountabilities within the GIAS in UK PS.</p> <p>Embed the mandatory requirement of the GIAS in UK PS into all relevant policy, process and procedure.</p>	<ul style="list-style-type: none"> Stakeholder, staff training & awareness and alignment of policies, procedures, practice and software to the GIAS in UK PS. 	 HIGH	July 2025
		<ul style="list-style-type: none"> Undertake a self-assessment of compliance with the GIAS in the UK PS 	 HIGH	July 2025
		<ul style="list-style-type: none"> Commission an early External Quality Assessment to assess compliance with the GIAS in UK PS. 	 HIGH	December 2025
		<ul style="list-style-type: none"> Explore supplemental elements of the GIAS in UK PS Standards to fully assess value add. 	 MEDIUM	April 2026
3. Further engage with the organisation to enhance and optimise the full potential of data analytics in the internal audit process	<p>Engage with internal audit staff and the organisation to relay the benefits offered through the use of data analytics</p> <p>Empower internal auditors to use data analytics through dedicated training and support</p> <p>Equip internal auditors to undertake data analytics with the right tools and support</p> <p>Embed data analytics into the fabric of the Partnership, championed from the top and provide a clear articulation of intent.</p>	<ul style="list-style-type: none"> Implement a programme of training and awareness. Additional support through Data Analytic Champions 	 HIGH	July 2025
		<ul style="list-style-type: none"> Acquire software to support the effective use of data analytics. 	 HIGH	September 2025
		<ul style="list-style-type: none"> Refresh the existing data analytics strategy and promote a culture of data by default. 	 HIGH	April 2026
		<ul style="list-style-type: none"> Be assessed as 'data analytics enabled'. 	 MEDIUM	April 2028

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Feedback & Prioritisation of Objectives

Appendix 2

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Rank	Objective	Prioritisation	Respondents' choice						
		First choice ● ● ● ● Last choice	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th
1	Embrace and prioritise conformance and embedding of the Global Internal Audit Standards in the UK Local Government and maximising their potential to benefit the organisation and the internal audit function.		30	8	8	8	7	9	6
2	Innovate to explore a more agile approach to the audit process, building efficiencies and producing more timely feedback to the organisation.		14	19	14	11	14	3	1
3	Further engage with the organisation to enhance and optimise the full potential of data analytics in the internal audit process.		5	16	21	16	13	5	-
4	To bridge the nationally recognised talent gap in the internal audit profession through effective recruitment, retention and development of a workforce strategy.		11	13	6	7	12	12	15
5	Increase communication and awareness of internal audit within the organisation and the services it offers including the enhancement of a web presence on both internet and intranet platforms.		9	10	9	12	9	13	14
6	Optimise the use of internal audit software to further automate the internal audit process creating efficiencies and the real time management information available to stakeholders.		6	5	14	13	8	21	9
7	Optimise the potential of Artificial Intelligence in the delivery of the internal audit service to maximise efficiency, capacity and capability.		1	5	4	9	13	13	31

Our survey received 76 responses from a total of 343 recipients (22% response rate)

Audit Committee – 31 October 2025

Risk Management Process

Purpose	For Decision
Classification	Public
Executive Summary	This report updates the Audit Committee on the council’s risk management processes, including the use of detailed service risk registers and a high-level principal risk register.
Recommendations	That Audit Committee note the contents of this report and provides feedback as necessary.
Reasons for recommendation(s)	To meet the requirements of the Council’s Risk Management Policy and to ensure that the Council complies with the corporate governance requirements relating to risk management.
Ward(s)	All
Portfolio Holder(s)	Councillor Jill Cleary – Leader / All
Strategic Director(s)	Alan Bethune – Strategic Director Corporate Resources and Transformation (Section 151 Officer)
Officer Contact	<p>Paul Whittles Assistant Director - Finance 02380 285766 Paul.Whittles@nfdc.gov.uk</p> <p>Karen Webber Insurance and Risk Manager 02380 285119 Karen.Webber@nfdc.gov.uk</p>

Background

1. The Council approved the latest Risk Management Policy in February 2025. It sets out how New Forest District Council manages its risks in order to provide the right environment to operate within, whilst making the most of opportunities as they arise.

2. Risk management is integral to all policy and project planning and operational management throughout the Council and integrates with our corporate governance and performance management.
3. Audit Committee play an important role in overseeing the development and implementation of risk management policies within the Council.

Risk Management

4. All services maintain a service risk register. The aim is to identify the risks that may impact on the service achieving its objectives. Each risk is evaluated with regard to the likelihood of the risk occurring and the impact caused should the risk materialise. Using a risk matrix an overall risk score is determined. These scores allow comparisons to be easily made and helps risk owners prioritise resources to help mitigate them.
5. Additionally, whilst not mandatory, some projects maintain a specific programme risk log that informs the relevant service risk registers.
6. The service risk registers include:
 - a. Risk owner
 - b. Specific service risks
 - c. Likelihood/probability and impact scores providing the inherent risk score/rating
 - d. Mitigation actions
 - e. A revised likelihood/probability and impact scores with a mitigated risk score/rating
 - f. A flag, where appropriate, to indicate a service risk is also a principal risk
7. An example of a service risk register is provided at Appendix 1.
8. Whilst these are live documents and may be updated at any point, to ensure regular consideration is given and in line with the Council's Business Planning Framework, they are all reviewed quarterly by service leads. An update of significant changes following this quarterly review is provided to the Council's Executive Management Team (EMT).
9. Consequently, as part of the EMT review, consideration is given to which risks should be added to or removed from the Council's

Principal Risk Register as well as any amendments to the existing suite of principal risks.

10. The Principal Risk Register was introduced to focus on the most significant risks encountered by the Council. The risks are strategic, and their management will assist the Council achieve the priorities set out in the Corporate Plan.
11. The Principal Risk Registers include:
 - a. Risk title
 - b. Corporate Plan Theme
 - c. Risk Owner
 - d. Risk Rating (Inherent and Residual)
 - e. Risk Event
 - f. Overview and Mitigation comments
12. In line with the Council's Business Planning Framework the Council's Principal Risk Register is considered by Audit Committee every 6 months. Reporting all service risks for consideration by Audit Committee and Cabinet would be unmanageable, as there are over 30 service risk registers resulting in hundreds of risks being identified and managed.
13. The latest Principal Risk Register update was provided at the last committee meeting in June 2025, and a further update shall be presented at the January 2026 committee meeting.

Corporate plan priorities

14. The recommendations aim to improve the effective execution of all corporate plan priorities by presenting risk mitigation strategies that tackle the overarching vulnerabilities faced by the Council.

Options appraisal

15. An options appraisal is not applicable for this report.

Consultation undertaken

16. Consultation has been undertaken with Senior/Service Managers with responsibility for a Service Risk Register.

Financial and resource implications

17. There are none arising directly from this report, although strong risk management and a solid understanding of risk helps to support robust financial management.

Legal implications

18. If the legal principal risks are not managed this does bring risk to the council.

Environmental / Climate and nature implications

19. If the climate principal risks are not managed this does bring risk to the council.

Equalities implications

20. There are no direct equality implications from this report.

Crime and disorder implications

21. There are no direct crime and disorder implications from this report.

Data protection / Information governance / ICT implications

22. There are no direct data protection / information governance / ICT implications from this report.

Appendices:

Appendix 1 – Waste and Transport Service Risk Register

Background Papers:

Audit Committee - 24 January 2025:
[Principal Risk and Risk Management Policy Update](#)

Audit Committee - 27 June 2025:
[Principal Risk Register Review](#)

Waste and Transport

Risks

Date of last update: 6th Oct 25

Service Manager: Liz Mockridge

Service Risks - Amendments in red

Num.	Risk Area	Prob	Impact	Rating	Mitigation Actions	Prob	Impact	Rating
1	Staff recruitment and retention - unable to attract staff as lowest pay bands and need for specialist skills	3	3	9	Training and upskilling, working with HR colleagues on new/effective recruitment methods, use of agency staff where needed. 06/10/25 - Market supplement introduced for HGV drivers.	2	3	6
2	Business Continuity - e.g. resulting from weather, IT outage of corporate systems, loss of depot, strike action etc - affecting frontline services	2	3	6	Effective and up to date business continuity plans with mitigations and priorities detailed within	2	3	6
3	Changes in government policy and direction - clarification missing on service design requirements ahead of deadlines, funding dependent on compliance	2	3	6	Engagement with DEFRA and industry bodies, best practice at service design considered	2	3	6
4	Specialist vehicles reducing recruitment opportunities	3	2	6	Change to vehicle design at next opportunity (eg 10T delivery vehicle to Luton that can be driven on a normal B category licence)	2	2	4
5	Bin lift retrofitting (no lift for sack collections, lift required for bins). Vehicles need retrofit ahead of service change but if changed early require change in working procedures which is a significantly slower operation - crews unhappy and working to rule	3	3	9	Delay to retrofitting of lifts until nearer service change but some already changed. 29/04/25 - shortage of bin lifts after market growth in France. Not yet committed to retrofit programme to supply sufficient lifts post Phase 1 06/10/25 - Programme agreed to recommence Dec for phase 3	3	3	9
6	Ageing workforce - risk from reduced retention, grandfather rights licence holders for specialist vehicles (see risk 4)	2	3	6	Case by case management of staff where required. Forward fleet planning to ensure reduction in specialist vehicles	1	3	3
7	Waste supervisor stress - supervisors critical to both normal operations and service change	4	4	16	Funding identified from cost savings for early staff supervisor but high staff numbers remain and will grow. HR support increased to support with staff management 06/10/25 - Waste Board agreed further additional supervisor post	3	3	9
8	Working practice change - risk to service delivery through staff departure, stress, risk of strikes	3	4	12	Early consultation, corporate support, early union engagement, carefully managed communications 29/04/25 - Contracts signed. Risk remains from stress related to changes.	2	3	6
9	Transport capacity - risk of failure to support operational services (failure of services), risk of non-compliance with legislation, risk of service failure to partner services (eg taxi servicing)	3	3	9	Vacant post filled to return to normal capacity. Taxi capacity expanded. Small fleet service external servicing investigated. Expanded vehicle fleet expected still. 06/10/25 - Current vacancy recruited to, following resignation.	3	3	9
10	Hardley relocation delay - impact on bin storage capacity, potential financial penalties and disruption to bin deliveries	4	3	12	Alternative sites for container storage identified for a limited volume of containers, accommodating short term delays	3	3	9
11	Lack of clarity in customer and workflow management - lack of clarity on ownership and influence	2	3	6	Clarification being sought through mapping and agreement of processes	2	2	4
12	Operators licence - changes to operators licence to include Hardley. Objections risk not being able to use Hardley as a depot	2	4	8	Early application made for early result. Engagement with new neighbours. Tacho use adoption as part of working practices change 06/10/25 - Further extension to the O Licence requested to accommodate perambulation properties.	1	4	4
13	Staff incidents or accidents	4	2	8	Effective inductions, risk assessments, safe systems of work, training and use of Operations Safety Panel, vehicle CCTV	3	2	6
14	Supply chain issues - vehicles, equipment etc - which could affect service delivery	2	2	4	Effective contract management and engagement with suppliers 29/04/25 - Risk from international supply issues with lifts. Delay to vehicle deliveries.	3	3	9
15	Injury to public using our sites/facilities (eg bring sites)	2	3	6	Regular inspection regimes, via either operational staff on day-to-day basis, or more formally through asset inspections.	1	3	3
16	Income retention	2	3	6	Advertising of garden waste services, ready supply of containers for new signups, review of commercial waste service to ensure compliance and good business offer	1	3	3
17	Depot design unfit for purpose - impact on staff retention and safety (eg lack of welfare facilities, lorry parking spaces too short and blocking walkways)	2	3	6	Issues identified, concerns remain	2	3	6
18	ICT outage - incab systems	2	3	6	In cab system is remotely hosted, needing updates every 2 days though defaults to more often. Wi-Fi and mobile sim cards provide redundancy. Paper routes and relevant route risk assessments are held on file.	1	3	3
19	Bin lift incident - heavy items operated on machinery at height and lifting equipment operating immediately next to the crew offer opportunity for risk to life (from dropped bins, clothing caught on machinery, limbs caught in lifting equipment etc)	3	4	12	Safe Safety of Work (SSOW) require crews to only operate machinery while standing in safe areas. Lifting equipment and bins are compatibility checked. Crews must use service bins if sacks being collected. Supervisors make regular checks on crews adherence to SSOW	2	4	8
20	HCC waste disposal outlets do not comply with legislative requirements - implications include a lower recycling rate, higher rejection rate and failure to comply with 'efficient and effective' collections which reduces income received	4	2	8	Ongoing communications with HCC to work with Veolia to provide facilities complying with the legal minimum to ensure compliance and guarantee income.	4	2	8

Waste and Transport

Risks

Date of last update: 6th Oct 25

Service Manager: Liz Mockeridge

Service Risks - Amendments in red

Num.	Risk Area	Prob	Impact	Rating	Mitigation Actions	Prob	Impact	Rating
21	Operational impact from the late delivery of new waste collection fleet	4	4	16	Early engagement and clear communication on timelines with suppliers for the remaining 10 vehicles. Clear contract KPI's and close monitoring. 29 APR 25 - Vehicle deliveries running late, hire vehicles being planned for.	4	4	16
22	Ringwood becomes unusable for new service waste operations (HCC have suggested that they will decline the lighting, meaning the expansion is unsafe for use).	3	4	12	Engagement with HCC	3	4	12
23	Unable to recruit sufficient staff members to deliver collections after service change	2	4	8	Partnership working with HR to deliver new ways of working, using new tools. Early recruitment to identify issues. 29 APR 25 - Partnership working with agencies adopted after initial failures.	3	4	12
24	Crew welfare issues develop after a prolonged period of change and stress	2	3	6	Early stage training and supervisor change management training delivered. Welfare checks to be delivered with wider Leadership team support during periods of change. Additional HR support available through periods of intense change to support in dealing with impacts. 14/07/25 - Phase one implementation review completed and changed measures to be implemented in phase two	2	3	6
25	Service change messaging to crews	2	3	6	Crew posters being produced, tool box talks delivered to raise profile of policy changes	1	3	3
26	Operators licence - service disruption demands the use of additional vehicles above the capacity of the O Licence.	4	4	16	Further application being made to the Transport Commissioner to achieve necessary licence Second Transport Manager CPC holder recruited as Transport Technical Officer	4	4	16
27	Incorrectly resourced and imbalanced rounds drawing demand on supervisors and chargehands for a prolonged period	3	4	12	Rounds stood down to create capacity. Additional agency drivers utilised wherever possible. Additional management support bought in from across Place Operations 06/10/25 - Early recruitment of phase 3 staff to provide additional capacity for support. Additional support authorised to accommodate changes in perambulation areas.	3	4	12
28	Vehicle CCTV failed upgrade to comply with new software	4	2	8	ICT working with service to fix issues. Service working together to address sim card upgrade, this will then allow CCTV equipment to be upgraded and in turn resume access to CCTV footage	4	2	8

AUDIT COMMITTEE
WORK PROGRAMME 2026

ITEM	METHOD	LEAD OFFICER
23 JANUARY 2026		
Playground Audit	Written Report	Roxanne King
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 Matt Wisdom
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 Bouflower (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 2026

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