Internal Audit Progress Report 2022-23

September 2022

New Forest District Council

New Forest
DISTRICT COUNCIL

Southern Internal Audit Partnership

Assurance through excellence and innovation

Contents:

1. Role of Internal Audit

The requirement for an internal audit function in local government is detailed within the Accounts and Audit (England) Regulations 2015, which states that a relevant body must:

> *'Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'*

The standards for 'proper practices' are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

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

> *'Independent, objective assurance and consulting activity designed to add value and improve an organisations' operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'.*

New Forest District Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal audit plays a vital role in advising the Council that these arrangements are in place and operating effectively.

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

2. Purpose of report

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

- The status of 'live' internal audit reports;

- an update on progress against the annual audit plan;

- a summary of internal audit performance, planning and resourcing issues; and

- a summary of significant issues that impact on the Chief Internal Auditor's annual opinion.

Internal audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives of the service area under review. The assurance opinions are categorised as follows:

Substantial   A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Reasonable   There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Limited   Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

No   Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

3. Performance dashboard

Stakeholder Satisfaction Survey Results
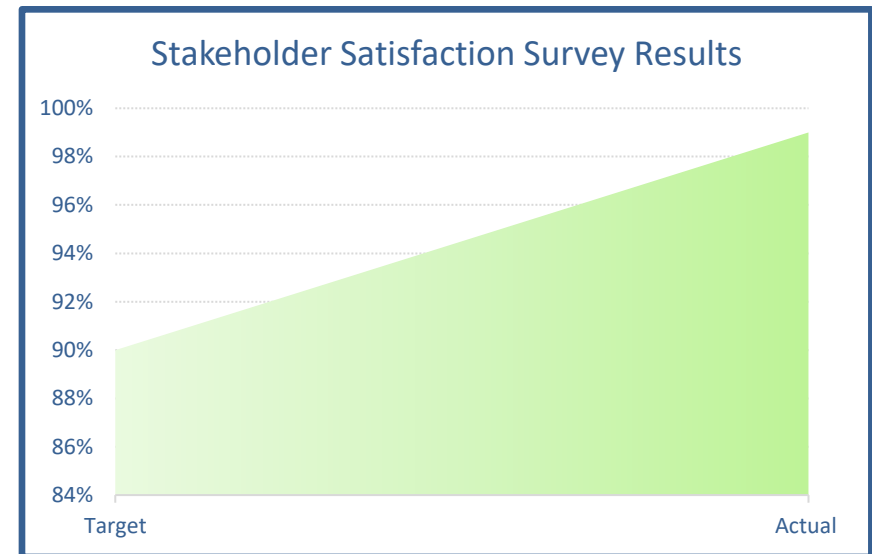
Compliance with Public Sector Internal Audit Standards

An External Quality Assessment of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. The report concluded:

'*The mandatory elements of the International Professional Practices Framework (IPPF) include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards. There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles.*

It is our view that the Southern Internal Audit Partnership conforms to all 64 of these principles.

We have also reviewed SIAP conformance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN).

We are pleased to report that SIAP conform with all relevant, associated elements.'

4. Analysis of 'Live' audit reviews

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Action(s)	Not Yet Due	Complete	Overdue		
							L	M	H
Housing Finance Management – Tenancies *	**Feb 21**	**SM (HO)**	**Reasonable**	7	0	7			
Northgate Application Review *	**Mar 21**	**SM (ICT)**	**Reasonable**	4	0	4			
Accounts Receivable and Debt Management	May 21	SM (R&B)	Reasonable	5	0	4		1	
Income Collection and Banking	Jun 21	SM (R&B)	Reasonable	4	2	2			
Main Accounting and Reconciliations	Jun 21	SM (R&B)	Reasonable	3	0	0	3		
Cyber Security	Jul 21	SM (ICT)	Reasonable	8	0	5		3	
Coastal Management and Protection	Oct 21	SM (C&PF)	Reasonable	4	0	0		4	
IT Disaster Recovery Planning & Business Continuity *	**Nov 21**	**SM (ICT)**	**Limited**	13	0	13			
Financial Stability – Medium Term Financial Planning & Budget Monitoring	Jan 22	EHF&CS	Substantial	2	0	1	1		
HR Performance Management	Feb 22	SM (HR)	Reasonable	6	2	4			
Affordable Housing Development Objectives and Delivery - New Homes Strategy *	**Mar 22**	**EHPR&E**	**Reasonable**	1	0	1			
Payroll *	**Mar 22**	**SM (HR)**	**Substantial**	1	0	1			
Tree management	Apr 22	SM (OS)	Reasonable	19	2	17			
Information Security – Website	Apr 22	SM (ICT)	Reasonable	9	7	0		2	
Risk Management *	**May 22**	**SM (FIN)**	**Limited**	8	0	8			
Building Control	May 22	EHPR&E	Reasonable	9	6	3			
Use of Agency Staff	Jun 22	SM (HR)	Limited	10	1	9			
Lease Income and Charges	Aug 22	SM (EV)	Reasonable	2	2	0			
Statutory Safety Checks - Corporate Estate	Aug 22	SM (EV)	Reasonable	6	3	3			
Community Safety Partnership	Sep 22	SM (EV)	Reasonable	2	2	0			
Total							4	10	0

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

Audit Sponsor		Audit Sponsor	
Executive Head of Financial and Corporate Services (S151 Officer)	EHF&CS	Executive Head of Governance and Housing	EHG&H
Service Manager (Revenues & Benefits)	SM (R&B)	Service Manager (Housing Maintenance)	SM (HM)
Service Manager (Human Resources)	SM (HR)	Service Manager (Housing Options, Rents, Support and Private Sector Housing)	SM (HO)
Service Manager (Estates & Valuation)	SM (E&V)	Service Manager (Housing Strategy & Development)	SM (HS&D)
Service Manager (ICT)	SM (ICT)	Service Manager (Housing Compliance & Asset Management)	SM (HC&AM)
Senior Manager (Finance)	SM (FIN)	Service Manager (Elections & Business Improvement)	SM (E&BI)
Executive Head for Planning, Regeneration and the Economy	EHPR&E	Service Manager (Democratic Services)	SM (DS)
Service Manager (Policy and Strategy)	SM (P&S)	Service Manager (Estate Management & Support Services)	SM (EM&SS)
Service Manager (Development Management)	SM (DM)	Service Manager (Legal)	SM (L)
Service Manager (Coastal)	SM (C)		
Executive Head of Partnership and Operations	EHP&O		
Service Manager (Environment & Regulation)	SM (E&R)		
Service Manager (Waste & Transport)	SM (W&T)		
Service Manager (Open Spaces)	SM (OS)		

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

No new audits have concluded with a 'Limited' or 'No' Assurance Opinion since the July 2022 progress report.

6. Planning & Resourcing

The Internal Audit Plan for 2022-23 was agreed by EMT and approved by the Audit Committee in March 2022. The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Progress against the plan is detailed within section 7.

A significant records management project is underway to review retention schedules and ensure that documents are held in line with the schedules following the migration of all records from the Council's legacy document management system (Meridio) to Microsoft SharePoint. Records Management has been identified as area for future audit coverage, either within the planned Q4 Information Governance review or in 2023-24 depending upon the progress with the project.

7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Terms of reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Corporate / Governance Framework								
Performance Management Framework	SM (E&BI)	✓	✓					
Climate Emergency / Green Agenda	EHPR&E							Q3
Programme & Project Management	EHF&CS							Q4
Lease Income and Charges	SM (EV)	✓	✓	✓	Jul 22	Aug 22	Reasonable	
Community Safety Partnership	SM (EM&SS)	✓	✓	✓	Aug 22	Sep 22	Reasonable	
Statutory Safety Checks - Corporate Estate	SM (EV)	✓	✓	✓	Aug 22	Aug 22	Reasonable	
Information Governance	ENG&H							Q4
Fraud Framework	SM (R&B)	n/a	n/a	✓				On-going

Audit Review	Sponsor	Scoping	Terms of reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Business Continuity	SM (E&R)							Q4
Emergency Planning	SM (E&R)							Q4
Risk Management	SM (FIN)							Q4
Human Resources								
HR – Use of Agency Staff	SM (HR)	✓	✓	✓	Jun 22	Jun 22	Limited	
HR Strategy and Monitoring Frameworks	SM (HR)							Q3
Core Financial Systems								
NNDR	SM (R&B)							Q4
Accounts Receivable and Debt Management	SM (R&B)	✓	✓	✓	Sep 22			
Main Accounting and Reconciliations	SM (R&B)	✓						
Grant Certifications								
Test and Trace Payment Scheme	SM (R&B)	n/a	n/a	✓	n/a	Jun 22	n/a	6 Grants Certified
Contain Outbreak Management Fund	SM (E&R)	n/a	n/a	✓	n/a	Jul 22	n/a	Grant Certified
Information Technology								
Identity Management	SM (ICT)	✓	✓	✓				
IT Governance – Service Management (Theme TBC)	SM (ICT)							Q4
IT Disaster Recovery and Business Continuity Planning (follow-up)	SM (ICT)	✓	✓	✓				
PCI DSS Advice	EHF&CS	n/a	n/a					
Portfolio Themes								
Homelessness	SM (HO)	✓						
Housing Management (new system)	SM (HO)							Q4
Housing Asset Management – Electrical Safety Checks	SM (HC&AM)							Q4

Audit Review	Sponsor	Scoping	Terms of reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Housing Asset Management – Legionella Checks	SM (HC&AM)	✓						
Open Spaces – Safety Checks	SM (OS)	✓	✓	✓				
Leisure Contract Management	EHP&O	✓	✓	✓				
Fleet Management (follow-up phase 2)	SM (W&T)	✓	✓	✓	Jun 22			
Environmental Health – Food Hygiene Inspections	SM (E&R)							Q3
Boundary Commission Changes	SM (E&BI)							Q4
Engineering Works	EHPR&E	✓	✓	✓	Sep 22			
Keyhaven	EHPR&E	✓	✓	✓	Jul 22			

Annex 1 - Adjustments to the plan

Audit reviews added to the plan (included in rolling work programme above)	Comment
HR – Use of Agency Staff *	Carried forward from 2021-22 plan as work in progress at the time of the Annual Internal Audit Report and Opinion.
Fleet Management (follow-up phase 2) *	Carried forward from 2021-22 plan as work in progress at the time of the Annual Internal Audit Report and Opinion.
Test and Trace Payment Scheme *	Government funding requiring formal certification that expenditure has been in accordance with the grant conditions.
Contain Outbreak Management Fund *	Government funding requiring formal certification that expenditure has been in accordance with the grant conditions.

*Agreed June 2022

Audit reviews removed from the plan (excluded from rolling work programme)	Comment
None	