

## Internal Audit Progress Report 2023-24

September 2023

New Forest District Council



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**Southern Internal  
Audit Partnership**

Assurance through excellence  
and innovation

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## 1. Role of Internal Audit

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

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

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

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

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

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

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

## 2. Purpose of report

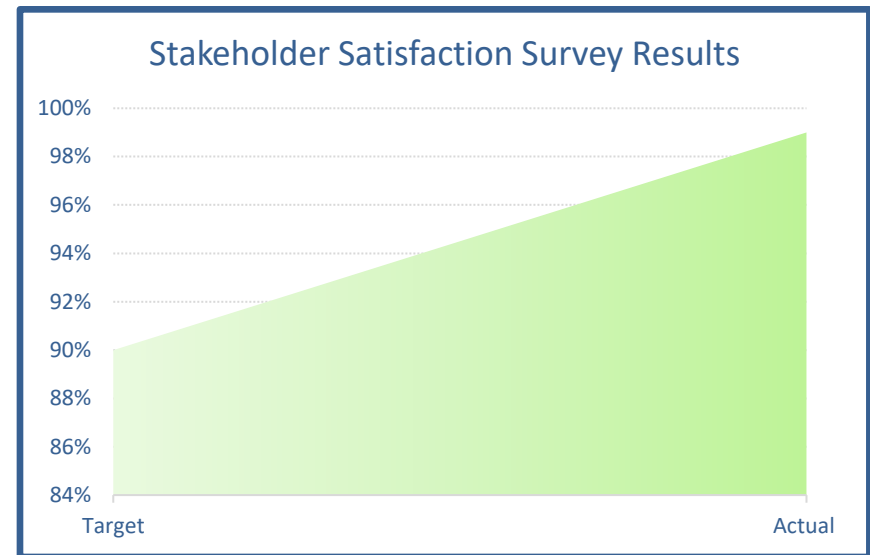
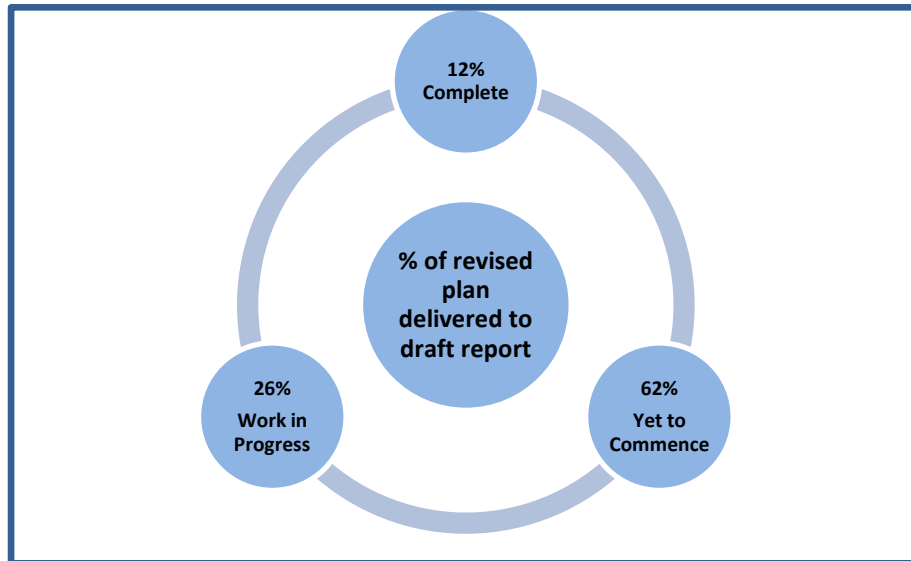
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- The status of ‘live’ internal audit reports;
- an update on progress against the annual audit plan;
- a summary of internal audit performance, planning and resourcing issues; and
- a summary of significant issues that impact on the Chief Internal Auditor’s annual opinion.

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

|                    |  |
|--------------------|--|
| <b>Substantial</b> | 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.  |
| <b>Reasonable</b>  | 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.                     |
| <b>Limited</b>     | 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.                       |
| <b>No</b>          | 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



#### 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        |
| Income Collection and Banking                         | Jun 21        | SM (R&CS)            | Reasonable        | 4                          | 2           | 2         |          |          |          |
| Cyber Security  | Jul 21        | ICTOM                | Reasonable        | 8                          | 0           | 6         |          | 2        |          |
| Lease Income and Charges                              | Aug 22        | SM (E&V)             | Reasonable        | 2                          | 0           | 1         | 1        |          |          |
| Homelessness – Triage                                 | Apr 23        | SM (HO)              | Reasonable        | 6                          | 2           | 3         | 1        |          |          |
| Fleet Management (follow-up phase 2)                  | May 23        | SM (W&T)             | Reasonable        | 9                          | 9           | 0         |          |          |          |
| Identity Management (ICT)                             | May 23        | ICTOM                | Reasonable        | 6                          | 0           | 4         |          | 2        |          |
| IT Asset Management                                   | May 23        | ICTOM                | Limited           | 11                         | 0           | 8         | 1        | 2        |          |
| <b>Housing Asset Management – Legionella Checks *</b> | <b>Jun 23</b> | <b>SM (HM&amp;C)</b> | <b>Reasonable</b> | <b>14</b>                  | <b>0</b>    | <b>14</b> |          |          |          |
| Risk Management – Follow-up                           | Jun 23        | SDCR&T               | n/a               | 7                          | 0           | 4         |          |          | 3        |
| Engineering Works                                     | Aug 23        | SM (C)               | Limited           | 10                         | 10          | 0         |          |          |          |
| <b>Total</b>  |               |                      |                   |                            |             |           | <b>3</b> | <b>6</b> | <b>3</b> |

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

Progress is being made to address the overdue, high priority Risk Management actions. An action plan to rollout the new framework to each service area, reassess individual service risk registers against the new framework and formalise timetables for on-going review and associated reporting is expected to be in place by the end of October 2023. To date, meetings have been held with seven service areas to review their arrangements. Training will be delivered to Service Managers and Senior Managers on the 7<sup>th</sup> October 2023. These sessions will be recorded and will be used for any new starters and any managers that were unable to attend.

| <b>Audit Sponsor</b>   |           | <b>Audit Sponsor</b>                                  |           |
|--|-----------|---|-----------|
| Strategic Director Housing, Communities & Governance                         | SDHC&G    | ICT Operations Manager                                | ICTOM     |
| Assistant Director Housing   | ADH       | Transformation & Improvement Manager                  | T&IM      |
| Service Manager (Housing Maintenance & Compliance)                           | SM (HM&C) | Performance & Insight Manager                         | P&IM      |
| Service Manager (Housing Options, Rents, Support and Private Sector Housing) | SM (HO)   | Strategic Director Place, Operations & Sustainability | SDPOS     |
| Service Manager (Housing Strategy & Development)                             | SM (HS&D) | Assistant Director Place Operations                   | ADPO      |
| Service Manager (Estate Management & Support)                                | SM (EM&S) | Service Manager (Coastal)                             | SM (C)    |
| Service Manager (Democratic Services)  | SM (DS)   | Service Manager (Waste & Transport)                   | SM (W&T)  |
| Service Manager (Legal Services)   | SM (LS)   | Environment Enforcement & Amenities Manager           | EE&AM     |
| Service Manager (Environmental & Regulation)                                 | SM (E&R)  | Grounds & Streetscene Manager                         | G&SM      |
| Information Governance & Complaints Manager                                  | IG&CM     | Assistant Director Place Development                  | ADPD      |
| Strategic Support Manager  | SSM       | Service Manager (Development Management)              | SM (DM)   |
| Strategic Director Corporate Resource & Transformation                       | SDCR&T    | Service Manager (Planning Policy and Infrastructure)  | SM (PP&I) |
| Assistant Director Transformation  | ADT       | Economic Development Manager                          | EDM       |
| Service Manager (Revenues & Customer Services)                               | SM (R&CS) | Building Control Team Leader                          | BCTL      |
| Service Manager (Human Resources)  | SM (HR)   |   |           |
| Service Manager (Estates & Valuation)  | SM (E&V)  |   |           |
| Service Manager (Finance)  | SM (FIN)  |   |           |
| Service Manager (Elections & Business Improvement)                           | SM (E&BI) |   |           |
| Data Development & Delivery Manager  | DDDM      |   |           |

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

No audits have concluded with a ‘Limited’ or ‘No’ Assurance Opinion.

## 6. Planning & Resourcing

The Internal Audit Plan for 2023-24 was agreed by EMT and approved by the Audit Committee in March 2023. The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Council. Progress against the plan is detailed within section 7.

## 7. Rolling Work Programme

| Audit Review  | Sponsor      | Scoping | Terms of reference | Fieldwork | Draft Report | Final Report | Assurance Opinion | Comment                             |
|---|--------------|---------|--------------------|-----------|--------------|--------------|-------------------|-------------------------------------|
| <b>2022-23 Audits (included within the annual report and opinion)</b> |              |         |                    |           |              |              |                   |                                     |
| Open Spaces – Safety Checks   | G&SM         | ✓       | ✓                  | ✓         | Dec 22       |              | Limited           |                                     |
| Engineering Works   | SM (C)       | ✓       | ✓                  | ✓         | Sep 22       | Aug 23       | Limited           |                                     |
| <b>2023-24 Audits</b>   |              |         |                    |           |              |              |                   |                                     |
| <b>Corporate / Governance Framework</b>                               |              |         |                    |           |              |              |                   |                                     |
| Performance Management Framework                                      | ADT          |         |                    |           |              |              |                   | Q3                                  |
| Transformation Programme – Governance Arrangements                    | ADT          | ✓       | ✓                  | ✓         |              |              |                   | Draft report target<br>December 23  |
| Corporate Governance Framework – Fraud Framework                      | SM<br>(R&CS) |         |                    |           |              |              |                   | Q3                                  |
| Programme and Project Management                                      | SDCR&T       |         |                    |           |              |              |                   | Q4                                  |
| Commercial Activities – Appletree Holdings                            | SM (E&V)     | ✓       | ✓                  | ✓         | Sep 23       |              |                   | Final report target<br>October 23   |
| Business Continuity   | SM (E&R)     | ✓       | ✓                  | ✓         | Jul 23       |              |                   | Final report target<br>September 23 |



| <b>Audit Review</b>  | <b>Sponsor</b> | <b>Scoping</b> | <b>Terms of reference</b> | <b>Fieldwork</b> | <b>Draft Report</b> | <b>Final Report</b> | <b>Assurance Opinion</b> | <b>Comment</b>                  |
|--|----------------|----------------|---------------------------|------------------|---------------------|---------------------|--------------------------|---------------------------------|
| Information Governance – Data Retention/Records Management | IG&CM          |                |                           |                  |                     |                     |                          | Q4                              |
| Procurement  | SDCR&T         | ✓              | ✓                         |                  |                     |                     |                          | Draft report target December 23 |
| Contract Management – Leisure Contract                     | SDCR&T         |                |                           |                  |                     |                     |                          | Q4                              |
| Health and Safety  | SM (E&R)       |                |                           |                  |                     |                     |                          | Q3                              |
| Emergency Planning   | SM (E&R)       | ✓              | ✓                         |                  |                     |                     |                          | Draft report target December 23 |
| Risk Management  | SM (FIN)       |                |                           |                  |                     |                     |                          | Q4                              |
| <b>Human Resources</b>                                     |                |                |                           |                  |                     |                     |                          |                                 |
| Employee Benefits/Salary Sacrifice Scheme                  | SM (HR)        | ✓              | ✓                         | ✓                | Sep 23              |                     |                          | Final report target October 23  |
| <b>Core Financial Systems</b>                              |                |                |                           |                  |                     |                     |                          |                                 |
| Council Tax – Debt Management & Resident Support           | SM (R&CS)      | ✓              | ✓                         | ✓                |                     |                     |                          | Draft report target October 23  |
| NNDR   | SM (R&CS)      | ✓              | ✓                         | ✓                |                     |                     |                          | Draft report target October 23  |
| Accounts Payable   | SM (FIN)       |                |                           |                  |                     |                     |                          | Q3                              |
| Income Collection and Banking                              | SM (FIN)       | ✓              | ✓                         | ✓                |                     |                     |                          | Draft report target November 23 |
| <b>Information Technology</b>                              |                |                |                           |                  |                     |                     |                          |                                 |
| IT – Contract Management                                   | ICTOM          |                |                           |                  |                     |                     |                          | Q3-4                            |
| IT – Asset Management Follow-up                            | ICTOM          |                |                           |                  |                     |                     |                          | Q3-4                            |
| <b>Portfolio Themes</b>                                    |                |                |                           |                  |                     |                     |                          |                                 |
| Homelessness – Prevention and Relief                       | SM (HO)        | ✓              | ✓                         | ✓                |                     |                     |                          | Draft report target November 23 |
| Housing Allocations  | SM (HO)        |                |                           |                  |                     |                     |                          | Q3                              |
| Housing Management System                                  | SM (HO)        |                |                           |                  |                     |                     |                          | Q3                              |

| Audit Review   | Sponsor   | Scoping | Terms of reference | Fieldwork | Draft Report | Final Report | Assurance Opinion | Comment                         |
|--|-----------|---------|--------------------|-----------|--------------|--------------|-------------------|---------------------------------|
| Housing Asset Management - Voids                       | SM (HM&C) |         |                    |           |              |              |                   | Q3                              |
| Housing Asset Management – Electrical Safety Checks    | SM (HM&C) | ✓       | ✓                  | ✓         |              |              |                   | Draft report target October 23  |
| Disabled Facilities Grants                             | ADH       |         |                    |           |              |              |                   | Q4                              |
| Planning / Development Management – End to end process | SM (DM)   |         |                    |           |              |              |                   | Q4                              |
| CIL/S106/Developer Obligations                         | SM (DM)   |         |                    |           |              |              |                   | Q4                              |
| Environmental Services – Garden Waste Collection       | ADPO      | ✓       | ✓                  | ✓         |              |              |                   | Draft report target December 23 |
| Licencing  | SM (E&R)  |         |                    |           |              |              |                   | Q4                              |
| Parking and Enforcement                                | EE&AM     |         |                    |           |              |              |                   | Q3                              |
| Clean Streets – Enforcement                            | EE&AM     |         |                    |           |              |              |                   | Q3                              |
| Keyhaven – Inspection/Enforcement                      | SM (C)    |         |                    |           |              |              |                   | Q4                              |
| Telecare   | SM (EM&S) |         |                    |           |              |              |                   | Q4                              |
| Changing Places Grant **                               | SDCR&T    | ✓       | n/a                | ✓         | n/a          | Sep 23       | n/a               | Grant certified                 |

**Annex 1 - Adjustments to the plan**

| <b>Audit reviews added to the plan (included in rolling work programme above)</b> | <b>Comment</b>   |
|---|--|
| Business Continuity *   | Carried forward from 2022-23 plan as work in progress at the time of the Annual Internal Audit Report and Opinion. |
| Housing Asset Management – Electrical Safety Checks *                             | Carried forward from 2022-23 plan as work in progress at the time of the Annual Internal Audit Report and Opinion. |
| Changing Places Grant **  | DLUHC changing places grant requiring certification that usage is in line with the grant conditions.               |

| <b>Audit reviews removed from the plan (excluded from rolling work programme)</b> | <b>Comment</b>  |
|---|---|
| HR - Performance Management Reviews **  | Defer the review to 2024-25 to align with the approval of the new/refreshed Corporate Plan and subsequent development / cascade of performance measures to individual performance management reviews. |

\* Agreed July 2023

\*\* Proposed October 2023