

Internal Audit Progress Report 2024-25

December 2024

New Forest District Council



**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

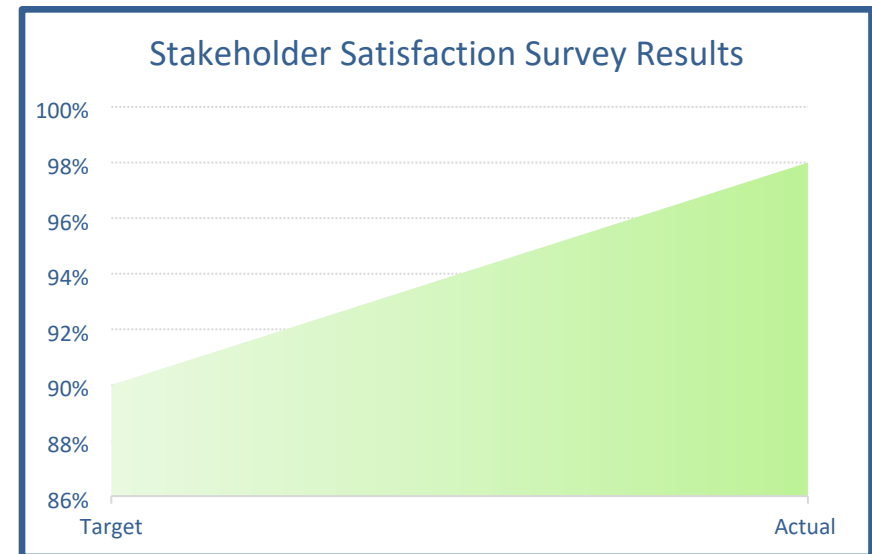
In accordance with proper internal audit practices (Public Sector Internal Audit Standards), and the Internal Audit Charter the Chief Internal Auditor is required to provide a written status report to ‘Senior Management’ and ‘the Board’, summarising:

- 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:

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



Compliance with Public Sector Internal Audit Standards

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

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

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

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

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

4. Analysis of 'Live' audit reviews

Audit Review	Report Date	Audit Sponsor	Assurance Opinion	Total Management Action(s)	Not Yet Due	Complete	Overdue		
							L	M	H
Fleet Management (follow-up phase 2)	May 23	SM (W&T)	Reasonable	9	0	7		2	
Engineering Works	Aug 23	SM (C)	Limited	10	0	7	1	1	1
Commercial Activities – Appletree Holdings	Oct 23	SM (E&V)	Substantial	1	1	0			
NNDR *	Nov 23	SM (CSR&B)	Reasonable	4	0	4			
Open Spaces and Playground Safety Checks	Dec 23	G&SM	Limited	12	0	7		3	2
Housing Asset Management – Electrical Safety Checks	Feb 24	SM (HM)	Reasonable	8	0	6	2		
Business Continuity	Mar 24	SM (E&R)	Reasonable	2	2	0			
Transformation Programme – Governance Arrangements	May 24	ADT	Reasonable	3	0	0		3	
Corporate Governance Framework – Fraud Framework	May 24	SM (CSR&B)	Reasonable	5	0	2	3		
Accounts Payable	Jun 24	FIN	Reasonable	5	1	3		1	
Animal Welfare Licencing	Jun 24	SM (E&R)	Reasonable	6	1	5			
Community Infrastructure Levy - Expenditure Framework *	Jun 24	SM (DM)	Substantial	1	0	1			
Housing Rent Reconciliations	Jul 24	SM (HO)	Reasonable	5	0	0			5
Housing Allocations *	Jul 24	SM (HO)	Reasonable	1	0	1			
Parking and Enforcement	Aug 24	EE&AM	Reasonable	7	1	6			
Health and Safety	Nov 24	SM (HR)	Reasonable	6	3	3			
Contract Management – Leisure Contract	Nov 24	SDCR&T	Substantial	1	1	0			
Budget Planning/Setting	Dec 24	ADFIN	Substantial	3	2	1			
Risk Management	Dec 24	ADFIN	Limited	14	8	6			
HR – Recruitment/Statutory Responsibilities	Dec 24	SM (HR)	Substantial	2	2	0			
Total							6	10	8

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

Update on the overdue actions

Fleet Management – A tender has been completed for fuel cards and integrated reporting for both bunkered fuel and fuel cards will be incorporated as part of the mobilisation. Resourcing continues to be an issue to enable the production of monthly performance dashboards for the Team.

Engineering works – update to follow although as previously reported, progress continues to be made to address all the issues identified including developing/trialling the job recording and reporting system with longer term developments to be included within the Transformation programme. Revised anticipated implementation dates to 30 June 2025 have been provided.

Open spaces – update to follow although one further medium priority action has been confirmed as complete. Previous updates confirmed that alternative IT Solutions are being investigated/developed (reference Engineering works) to improve inspection scheduling, prioritising actions, information recording and performance information; and that a review has commenced to risk assess/RAG rate all play equipment to inform the methodology/frequency for inspections which will be formalised within new/revised Policies which are under development.

Electrical safety. As previously reported, the Team reviewing of all of the Council's housing suite of strategies and policies in order of priority and have appointed a Housing Policy Officer to support this ongoing work however there continues to be a significant shift in social housing regulations which will have an impact upon the policy updates. Revised anticipated implementation dates to April 2025 have been provided.

Transformation Programme – Governance Arrangements - update to follow although all it has been confirmed that actions will be addressed as part of the mobilisation and implementation plan for the programme with anticipated implementation dates of 31/12/2024.


Fraud Framework – All actions to update the relevant policies have been completed with anticipated approval of the updated policies at the March 2025 Audit Committee.

Accounts Payable – An action to implement a quarterly review of invoices paid without a purchase order has proven to be more complex than initially anticipated and further work is needed to address underlying processes.

Housing Rent Reconciliations. The Team, including the Assistant Director – Housing are actively working with the supplier with addressing the issues identified regarding annual rent uplift calculations / system reconciliations and progress continues to be made although, as previously reported, resolutions are proving more complex than initially anticipated. It is anticipated to have all actions addressed before the end of the financial year.

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

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

Risk Management		
Audit Sponsor	Assurance opinion	Management Actions
Assistant Director - Finance	 Limited	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: green; color: white; padding: 5px; text-align: center;"> Low 0 </div> <div style="background-color: yellow; padding: 5px; text-align: center;"> Medium 10 </div> <div style="background-color: red; color: white; padding: 5px; text-align: center;"> High 4 </div> </div>

Summary of key observations:

Whilst the Council has a current Risk Management Policy which includes the strategic aims of the Policy and details on the risk management framework and its workings, we noted the Policy did not refer to the respective responsibilities for the creation and maintenance of the Service Risk Registers; refer to the Council’s risk tolerance/appetite; did not mention the requirement for inherent and residual risk scores in the Strategic Risk Register; or the process for escalation of significant risks to the Strategic Risk Register outside the normal six-month reporting cycle.

Reporting to the Executive Management Team (EMT) and, separately, to the Audit Committee is taking place at least every six months. The audit found however, that the Risk Management framework was not fully embedded, including integration with the Performance Management Framework and at the time of review, a plan or timetable to assist in the identification and achievement of deliverables to support the framework roll out had not been documented.

Upon identification of new or escalated significant/strategic risks, they are reflected in adjustments to the Strategic Risk Register and we noted one risk that was added to the Strategic Risk Register in the preceding 12 months which had been approved by Cabinet. A review of the Strategic Risk Register found it included a description of each individual risk called “current circumstance” and found them to be an appropriate explanation of the risk details however we found that the wording of some controls could be open to misinterpretation, in particular whether a control is in place or in development.

A timetable exists for meetings with owners of the Service Risk Registers, and we were provided with evidence that the meetings had taken place and that they were documented. We found however that although several Service Risk Registers had been drafted, their format and

content had not been standardised. In addition, at the time of review, only five Service Risk Registers were available from a full population of 28 (although some rationalisation may be planned).

While 'Introduction to Risk Management' training is offered, it did not include certain areas such as: the different types of risk ratings (inherent, residual etc); an explanation of the significance of internal controls; clear articulation of mitigation plans; and the existence of Service Risk Registers. We were advised the only record of the Risk Management training undertaken was in the Outlook calendar of the Insurance and Risk Officer.

Following the audit, to address the issues identified, we have been informed that:

- A summary action plan to address the initial observations, and ensure actions will be completed on an on-going basis in line with the Policy / framework, has been developed;
- The Risk Management Policy and Strategic Risk Register have been updated and will be taken to the January 2025 Audit Committee for consideration;
- Service Risk Registers, aligned to the format of the Strategic Risk Register, are now in place across the Council;
- Risk management training will be updated to reflect the updates to the Policy / Framework and a 'system log' of training provided will be implemented by 31/03/2025.
- To date, six of the 14 actions identified have been confirmed as completed with the remaining actions addressed once the revised Policy has been considered/adopted and log of training implemented by the end of March 2025.

6. Planning & Resourcing

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

7. Rolling Work Programme

Audit Review	Sponsor	Scoping	Terms of reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
2023-24 Audits (included within the annual report and opinion)								
Procurement	SPM	✓	✓	✓	May 24	Jun 24	Reasonable	
Accounts Payable	FIN	✓	✓	✓	May 24	Jun 24	Reasonable	
Homelessness – Prevention and Relief	SM (HO)	✓	✓	✓	Mar 24	May 24	Reasonable	
Animal Welfare Licencing	SM (E&R)	✓	✓	✓	May 24	Jun 24	Reasonable	
2024-25 Audits								
Corporate / Governance Framework								
Corporate Plan / Performance Management	ADT	✓						Q4 – Initial scoping booked
Transformation Programme	ADT							Q4
Corporate Governance Framework – Fraud Framework	SM (CSR&B)	✓	✓	✓	May 24	May 24	Reasonable	
Corporate Governance Framework	ADG&MO	✓	✓	✓				
Budget Planning/Setting	ADFIN	✓	✓	✓	Nov 24	Dec 24	Substantial	
Partnership Working – Town and Parish Councils	ADPO	✓	✓	✓				
Information Governance – Data Retention/Records Management	IG&CM	✓	✓	✓				Fieldwork Complete. Close meeting held.
Emergency Planning	SM (E&R)	✓						Q4 – Initial scoping booked
Contract Management – Leisure Contract	SDCR&T	✓	✓	✓	Oct 24	Nov 24	Substantial	
Health and Safety	SM (HR)	✓	✓	✓	Aug 24	Nov 24	Reasonable	
Risk Management	ADFIN	✓	✓	✓	Jun 24	Dec 24	Limited	
Human Resources								
HR – Recruitment/Statutory Responsibilities	SM (HR)	✓	✓	✓	Dec 24	Dec 24	Substantial	

Audit Review	Sponsor	Scoping	Terms of reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Core Financial Systems								
Housing Benefits	SM (CSR&B)	✓	✓	✓				
Payroll and Expenses	SM (HR)	✓	✓	✓				
Treasury Management	ADFIN	✓	✓					
Information Technology								
IT – Contract Management	ICTOM	✓	✓	✓	Jul 24	Jul 24	Substantial	
IT – Application Lifecycle Management	ICTOM							Q4
IT – Project Delivery	ICTOM	✓	✓	✓				
IT – Firewall Management and Monitoring	ICTOM							Q4
Portfolio Themes								
Housing Management – Right to Buy	SM (HO)	✓	✓	✓				
Housing Allocations	SM (HO)	✓	✓	✓	Jun 24	Jul 24	Reasonable	
Housing Rent Reconciliations	SM (HO)	✓	✓	✓	Jun 24	Jul 24	Reasonable	
Housing Asset Management – Lift Inspections	SM (HM)	✓	✓	✓				
Housing Asset Management – Gas Safety	SM (HM)							Q4
Housing Asset Management – Asbestos	SM (HM)	✓	✓	✓				
Housing Enforcement	SM (HO)	✓	✓	✓				
Community Infrastructure Levy Expenditure Framework	SM (DM)	✓	✓	✓	May 24	Jun 24	Substantial	
Planning/Development Management	SM (DM)	✓						Q4. Scoping booked
Environmental Health - Local Air Pollution Prevention and Control (LAPPC)	SM (E&R)	✓	✓	✓				
Licencing	SM (E&R)	✓						Q4. Scoping booked
Parking and Enforcement	EE&AM	✓	✓	✓	Jul 24	Aug 24	Reasonable	

Audit Review	Sponsor	Scoping	Terms of reference	Fieldwork	Draft Report	Final Report	Assurance Opinion	Comment
Environmental Enforcement - Clean Streets	EE&AM	✓	✓	✓	Dec 24			
Cemeteries	G&SM	✓	✓	✓				
Keyhaven – Income & PCard Expenditure	SM (C)	✓						Initially scoped.

Annex 1 - Adjustments to the plan

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

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

Asset Management (Corporate Estate) ***	The Council commissioned Mace to review the current operating model and approach to strategic asset management within the Estates, Valuations & Facilities Management Team and have recommended a roadmap for implementation over the next 12 months therefore it is proposed to defer the audit whilst the Service action the recommendations.
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* Agreed July 2024

** Agreed October 2024

*** Proposed January 2025