Internal Audit Progress Report 2024-25

February 2025

New Forest District Council

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

60% Complete

% of revised plan delivered to draft report

40% Work in Progress

0% Yet to Commence

Stakeholder Satisfaction Survey Results

100%
98%
96%
94%
92%
90%
88%
86%

Target   Actual

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 Actions to be re-evaluated.		
Engineering Works	Aug 23	SM (C)	Limited	10	0	7	3 Actions to be re-evaluated.		
Commercial Activities – Appletree Holdings	Oct 23	SM (E&V)	Substantial	1	0	0	1 Action to be re-evaluated.		
Open Spaces and Playground Safety Checks	Dec 23	G&SM	Limited	12	0	7	5 Actions to be re-evaluated.		
Housing Asset Management – Electrical Safety Checks	Feb 24	SM (HM)	Reasonable	8	0	6	2 low priority actions progressing.		
Business Continuity	Mar 24	SM (E&R)	Reasonable	2	0	0	2 Actions to be re-evaluated.		
Transformation Programme – Governance Arrangements	May 24	ADT	Reasonable	3	0	0	3 Actions to be re-evaluated.		
Corporate Governance Framework – Fraud Framework	May 24	SM (CSR&B)	Reasonable	5	0	5	3 further actions completed (pending Audit Committee Approval)*		
Accounts Payable	Jun 24	FIN	Reasonable	5	1	3	1 Action to be re-evaluated.		
Animal Welfare Licencing	Jun 24	SM (E&R)	Reasonable	6	1	5			
Housing Rent Reconciliations	Jul 24	SM (HO)	Reasonable	5	0	3	3 actions completed. 2 high priority actions progressing.		
Parking and Enforcement *	**Aug 24**	**EE&AM**	**Reasonable**	**7**	**0**	**7**	1 further action completed.		
Health and Safety	Nov 24	SM (HR)	Reasonable	6	3	3			

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

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

Update on the overdue actions

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

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

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

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

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

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

6. Planning & Resourcing

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

7. Rolling Work Programme

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

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

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

Annex 1 - Adjustments to the plan

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

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

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

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

**** Proposed March 2025