
Southern Internal Audit Partnership

Assurance through excellence
and innovation

NEW FOREST DISTRICT COUNCIL

Annual Internal Audit Conclusion 2024-2025

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1. 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.

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.

Prior to 1 April 2025 conformance was required with the Public Sector Internal Audit Standards (PSIAS). Consequently, in fulfilling the audit mandate and delivery of internal audit service for the purposes of the 2024-25 annual conclusion the PSIAS remain the relevant Standards.

2. 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 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 organisations' objectives.

3. Internal Audit Approach

To enable effective outcomes, internal audit provides a combination of assurance and advisory activities. Assurance work involves objective assessment of how well systems and processes are designed and working, with advisory activities available to help to improve those systems and processes where necessary whilst not assuming any management responsibilities.

As the Chief Internal Auditor, I review the approach to each audit, considering the following key points:

- Level of assurance required.
- Significance of the objectives under review to the organisations' success.
- Risks inherent in the achievement of objectives.
- Level of confidence required that controls are well designed and operating as intended.

All formal internal audit assignments will result in a published report. The primary purpose of the audit report is to provide an independent and objective opinion to the Council on the framework of internal control, risk management and governance in operation and to stimulate improvement.

A full range of internal audit services is available in forming the annual audit conclusion:



The Southern Internal Audit Partnership maintain an agile approach to audit, seeking to maximise efficiencies and effectiveness in balancing the time and resource commitments of our partners, with the necessity to provide comprehensive, compliant and value adding assurance.

We have sought to optimise the use of virtual technologies to communicate with key contacts and in completion of our fieldwork, however, the need for site visits to complete elements of testing continues to be assessed and agreed on a case-by-case basis.

4. Internal Audit Coverage

The annual internal audit plan is prepared taking account of the characteristics and relative risks and objectives of the Council and to support the preparation of the Annual Governance Statement. Work has been planned and performed to establish if sufficient evidence is available to provide reasonable assurance that the framework of governance, risk management and internal control is operating effectively.

The 2024-25 internal audit plan was considered by the Audit Committee in March 2024. It was informed by internal audit's own assessment of risk and materiality in addition to consultation with management to ensure it aligned to organisational objectives / priorities and the key risks facing the organisation.

The plan has remained fluid throughout the year to maintain an effective focus and ensure that it continues to provide assurance, as required, over new or emerging challenges and risks that management need to consider, manage, and mitigate.

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



5. Resources

The Southern Internal Audit Partnership has a strategy in place to optimise internal audit resource. Ongoing sufficiency of resources (financial, human and technological) are transparently communicated by the chief internal auditor to senior management and the 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 plan and internal audit mandate at risk are reported accordingly through the afore mentioned reports.

There have been no resource implications that have adversely affected the fulfilment of the internal audit mandate or delivery of New Forest District Council's internal audit plan impacting my ability to provide a conclusion on the organisation's framework of governance, risk, and internal control.

6. 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 2024-25 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 by the Southern Internal Audit Partnership related to the scope, performance, or communication of internal audit work during the year in the delivery of the internal audit plan or the fulfilment of the internal audit mandate.

7. Impairments

There have been no impairments to internal audit activity during the year. As chief internal auditor I have ensured that the internal audit function has remained 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.

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.

8. Limitations of Scope

There have been no limitations to the scope of internal audit work during the course of the year.

9. Internal Audit Conclusion

As chief internal auditor, I am responsible for the delivery of an audit conclusion that can be used by the Council to inform their Annual Governance Statement. The annual audit conclusion culminates in an overall opinion on the adequacy and effectiveness of the organisations' framework of governance, risk management and control.

In giving this opinion, assurance can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes reviewed. In assessing the level of assurance to be given, I have based my opinion on:

- written reports on all internal audit work completed during the course of the year (assurance & advisory).
- results of any follow up exercises undertaken in respect of previous years' internal audit work.
- the results of work of other review bodies where appropriate.
- the extent of resources available to deliver the internal audit work.
- the quality and performance of the internal audit service and the extent of compliance with the Standards
- the proportion of the Council's audit need that has been covered within the period.

We enjoy an open and honest working relationship with the Council. Our planning discussions and risk-based approach to internal audit ensure that the internal audit plan includes areas of significance raised by the Audit Committee and senior management to ensure that ongoing organisational improvements can be achieved. I feel that the maturity of this relationship and the Council's effective use of internal audit has assisted in identifying and putting in place action to mitigate weaknesses impacting on organisational governance, risk, and control over the 2024-25 financial year.

Annual Internal Audit Conclusion 2024-25

I am satisfied that sufficient assurance and advisory work has been carried out to allow me to form a conclusion on the adequacy and effectiveness of the internal control environment. In my opinion the framework of governance, risk management and control are '**reasonable**', and audit testing has demonstrated controls to be working in practice.

Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

10. Governance, Risk Management & Control – Overview, Key Observations & Themes

Assurance opinions for 2024-25

Significant findings from our reviews have been reported to senior management and the Audit Committee throughout the year and a summary of the assurance opinions is outlined below.



Governance

Governance arrangements are considered during the planning and scoping of each review and in most cases, the scope of our work includes overview of:

- the governance structure in place, including respective roles, responsibilities, and reporting arrangements.
- relevant policies and procedures to ensure that they are in line with requirements, regularly reviewed, approved, and appropriately publicised and accessible to officers and staff.

In addition, during 2024-25 we undertook a review of the Council's Corporate Governance Framework including the implementation of the new Committee Report template. This review sought assurance that there is an appropriate framework, processes and records for declarations of conflicts of interest; there are robust processes to inform the Council's Annual Governance Statement and track identified actions through to completion; and the consistent use of the new Committee report template to help ensure informed, effective and transparent decision making. Our review concluded in a substantial assurance opinion.

We also conducted a review of the Council's Fraud Framework which sought assurance that there is a robust framework in place to prevent, detect and investigate fraud and irregularities with effective reporting arrangements, both internally and externally, for anti-fraud and fraud activity. Our review concluded with a reasonable assurance opinion.

The audit of Information Governance – Data Retention sought assurance that the Council have an appropriate framework to apply and comply with the Council's Data Retention and Destruction Policy & Schedule. Our review concluded with a reasonable assurance opinion.

Based on the work completed during the year and observations through our attendance at a variety of management and Audit Committee meetings, in our opinion the governance frameworks in place across the Council are generally robust, fit for purpose and subject to regular review. There is also appropriate reporting to the Audit Committee to provide the opportunity for independent consideration and challenge of the Annual Governance Statement and key Governance Polices.

Risk management

During the year we completed a review of risk management which concluded with a limited assurance opinion. The risk management framework in place had been developed, including regular reporting to EMT and the Audit Committee, following a previous limited assurance assessment in 2021-22 and subsequent follow-up audit in 2022-23. We found, however, a number of omissions within the Risk Management Policy, the framework was not fully embedded and there was no plan or timetable to support the implementation and rollout of the framework. At the time of review, only 5/28 Service Risk Registers had been drafted, and their format and content had not been standardised. Following completion of the audit, we have received confirmation that all agreed actions have implemented bar two that are no longer applicable due to the implementation of the new Principal Risk Register and revised Risk Management Policy.

In accordance with the constitution, the Audit Committee play a key role *'monitor the effective development and operation of risk management and governance in the council'*. It is therefore imperative the Audit Committee continue to receive regular reports and updates in order to provide the opportunity for independent consideration and challenge in this area.

The risk register is a key document that is considered during the development of our risk based internal audit plan. Additionally, information from the risk register is taken into account when scoping each review in detail to ensure that our work is appropriately aligned.

Control

In general, internal audit work found there to be a sound control environment in place across the majority of review areas included in the 2024-25 plan that were working effectively to support the delivery of corporate objectives. We generally found officers and staff to be aware of the importance of effective control frameworks, and open to our suggestion for improvements or enhancements where needed.

The key areas of challenge identified through our work are outlined below:

Environmental Enforcement – Clean Streets – Limited Assurance (draft report).

This audit focussed on the areas of abandoned vehicles (ABVs), and Fixed Penalty Notices (FPNs) in relation to littering and fly-tipping (including the improper disposal of business waste). The assurance rating for this review was primarily based on the absence of a formally approved policy for this area. The Team is taking a 'pragmatic and proportionate approach' with Environmental Enforcement which they

believe is expected by the Council, however in the absence of a policy, the Team are exposed as there could be a mismatch between their current understanding / approach to the actual expectations of elected Members. In addition, in the absence of a policy, there is not a formal framework to assess the Team against. There are no documented procedures in place for the provision and processing of ABVs and waste FPNs, including guidance for the cancellation of FPNs, which again, leaves the Team exposed in terms of whether the cancellation was appropriate, undertaken by the correct officer and is in line with expectations. Documented procedures, aligned to an approved policy, would provide a framework for the Team to work within, be assessed against and provide more resilience should there be staffing changes.

Partnership Working – Town and Parish Councils – Limited Assurance (draft report).

We sought to provide assurance over governance frameworks around shared delivery arrangements with Town and Parish Councils focussing on the Operational Service areas, mainly the Grounds and Streetscene Service. Although Service Level Agreements (SLAs) are in place for some bin emptying, grass cutting and tree inspections services, detailed and defined SLA are not in place for every Town and Parish Council arrangement. There is no central or local register, listing and tracking the services and functions provided to or shared with Town and Parish Councils. Although prices are increased annually in line with the inflation, supporting calculations to confirm the actual costs of service provision could not be obtained.

ICT Project Delivery – Limited Assurance (draft final report).

The audit sought to provide assurance over the arrangements to deliver medium and major sized ICT projects within budget, time and quality requirements, based on three projects completed during 2024 and one project which is currently in-progress. The audit identified areas of good practice within the individual projects however it also highlighted inconsistent approaches, varying utilisation (or non-availability) of key project management documentation, reports and approvals. It is noted that two of the projects completed during 2024 were led by a project manager who has left the Council. The audit found improvements in documentation, procedures, the control framework and compliance within the on-going project, which has been managed under the current project team and delivery framework and overseen Lead ICT Project Manager appointed in March 2024.

Risk Management – Limited Assurance (please see above).

Other Sources of Assurance

During the year internal audit have remained cognisant of other sources of assurance from which the Council benefit. Due to legal and regularity nature of some public sector assurance providers internal audit do not have engagement with or insight into the scope and timing of their work.

Where appropriate internal audit does coordinate with and place reliance on the outcomes of other assurance providers to minimise duplication and highlight potential gaps in assurance needs. Additionally, as chief internal auditor I liaise with the external auditors on matters of mutual interest and to seek opportunities for cooperation in the conduct of audit work.

During the year, the LGA Corporate Peer Challenge Feedback Report has been considered and contributed to my annual conclusion.

Management actions

Where our work identified risks that we considered fell outside the parameters acceptable to the Council, we agreed appropriate corrective actions and a timescale for improvement with the responsible managers.

Progress is periodically reported during the year to the Audit Committee through our quarterly internal audit progress reports. The Audit Committee's continuing challenge to Council officers with the progress with implementing actions that have arisen from previous audit reviews has ensured a continued focus in this area.

Acceptance of Risk

From the work carried out by the Southern Internal Audit Partnership during the year, I am not aware of any instances where management have accepted a level of risk that we feel exceeds the organisations risk appetite or risk tolerance.

11. Themes

The findings and conclusions of multiple engagements, when viewed holistically, can reveal patterns or trends, such as root causes. Analysis of assurance work undertaken across the organisation's framework of governance, risk management and control processes has highlighted many areas where operational processes have not been documented, or policies and procedures are out of date. In an uncertain climate where staff retention is increasingly challenging, this poses an increased risk of losing operational knowledge and resilience issues.

12. Anti-Fraud and anti-corruption

The Council is committed to the highest possible standards of openness, probity and accountability and recognises that the electorate need to have confidence in those that are responsible for the delivery of services. A fraudulent or corrupt act can impact on public confidence in the Council and damage both its reputation and image.

The Council maintains a suite of strategies and policies to support the effective management of the prevention, detection and investigation of fraud and corruption (Anti-Fraud, Bribery & Corruption Strategy; Whistleblowing Policy; Council Tax Support Penalty and Prosecution Policy). These policies were reviewed and updated during 2024 and approved by the Audit Committee in March 2025.

The Council employs a Corporate Fraud and Compliance Officer who supports the Revenues, Benefits and Housing Teams with investigations. An annual report is presented to the Audit Committee summarising the activities and outcomes relating to the prevention and detection of fraud.

In accordance with the Council's internal audit charter *'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'*. We have not been notified of any instances of fraud in relation to this requirement.

13. Quality Assurance and Improvement

The Standards require the Head of the Southern Internal Audit Partnership to develop and maintain a Quality Assurance and Improvement Programme (QAIP) to enable the internal audit service to be assessed against industry Standards for conformance.

The QAIP must include provision for both internal and external assessments: internal self-assessments are required annually, and an external assessment must be undertaken at least once every five years. In addition to evaluating compliance with the relevant Standards, the QAIP also assesses the efficiency and effectiveness of the internal audit activity, identifying areas for improvement.

An 'External Quality Assessment' of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2020. In considering all sources of evidence the external assessment team concluded:

'The mandatory elements of the 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.'

Despite the change in the Standards 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.

14. Disclosure of Non-Conformance

There are no disclosures of Non-Conformance to report. In accordance with Public Sector Internal Audit Standard 1312 [External Assessments], I can confirm through endorsement from the Institute of Internal Auditors that:

'the Southern Internal Audit Partnership conforms to the Definition of Internal Auditing; the Code of Ethics; and the Standards'.

15. Quality Control

Our aim is to provide a service that remains responsive to the needs of the Council and maintains consistently high standards. In complementing the QAIP this was achieved in 2024-25 through the following internal processes:

- 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 control documentation.
- Review and quality control of all internal audit work by professional qualified senior staff members.
- An internal quality assessment against the industry Standards.

16. Internal Audit Performance

The following performance indicators are maintained to monitor effective service delivery:

Performance Measure	Target	Actual (2024-25)
Percentage of internal audit plan delivered (to draft report)	95%	87%
Positive customer survey response:		
SIAP – all Partners	90%	98%
New Forest District Council	90%	99%
Conformance with the Public Sector Internal Audit Standards	Conforms	Conforms

Customer satisfaction is an assessment of responses to questionnaires issued to a wide range of stakeholders including members, senior officers and key contacts involved in the audit process (survey date April 2025).

17. Acknowledgement

I would like to take this opportunity to thank all those staff throughout the Council with whom we have made contact in the year. Our relationship has been positive, and management were responsive to the comments we made both informally and through our formal reporting.

Antony Harvey
Deputy Head of Southern Internal Audit Partnership

Summary of Assurance Reviews Completed 2024-25

Annex 1

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.

- Corporate Governance Framework
- HR – Recruitment/Statutory Responsibilities
- IT Contract Management
- Community Infrastructure Levy Expenditure Framework
- Budget Planning/Setting
- Housing Benefits
- Housing Asset Management – Lift Inspections
- Contract Management – Leisure Contract
- Payroll and Expenses
- Housing Asset Management –Asbestos Governance Framework & Health and Safety

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.

- Health and Safety
- Housing Rent Reconciliations
- Corporate Governance – Fraud Framework
- Parking and Enforcement
- Keyhaven – Income and PCard Expenditure (Draft Report)
- Housing Management – Right to Buy
- Housing Asset Management – Gas Safety (Draft Report)
- Information Governance – Data Retention/Records Management
- Housing Allocations
- Housing Enforcement
- Environmental Health – Local Air Pollution Prevention and Control (LAPPC)
- Cemeteries (Draft Final Report)

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.

- Risk Management
- Environmental Enforcement – Clean Streets (Draft Report)
- Partnership Working – Town and Parish Councils (Draft Report)
- IT Project Delivery (Draft Final Report)

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.

Not applicable

*Four reviews (Corporate Plan/Performance Management, Treasury Management, IT – Firewall Management and Monitoring, and Licencing) remain work in progress and will be reported as part of our regular progress reports to the Audit Committee upon completion. The status of these reviews has not inhibited my ability to provide an overall opinion on the Council's framework of governance, risk and control.