

## NFNPA RAPC 309/16

### NEW FOREST NATIONAL PARK AUTHORITY

### RESOURCES, AUDIT AND PERFORMANCE COMMITTEE – 21 NOVEMBER 2016

## INTERNAL AUDIT PLAN PROGRESS REPORT – 2016/17

**Report by:** Glenda Chambers. Principal Auditor

### 1 Introduction

- 1.1 New Forest District Council Internal Audit team were appointed the Internal Auditor for the Authority for 2016/17.
- 1.2 The internal audit plan for 2016/17 was approved by the Resources, Audit and Performance Committee on 7 March 2016.
- 1.3 The purpose of this report is to inform the Resources, Audit and Performance Committee of progress made against the agreed internal audit plan for 2016/17 and to bring to their attention any significant audit issues uncovered during the course of our work.

### 2 Internal Audit Plan Progress

- 2.1 Annex 1 has been updated to reflect progress made (as at 27.10.16) against the agreed 18 audit days. The plan is on target to be completed within the financial year.
- 2.2 Annex 1 also contains details of audit recommendations made for completed audits and a definition of the level of assurance that will be given for each audit.
- 2.3 There are no significant audit issues or overdue high priority recommendations to bring to your attention.

### 3 Additional Information

- 3.1 Final internal audit reports are received by the Chief Finance Officer, the Chief Executive Officer, the Business Services Manager and other relevant Officers to ensure agreed actions are fulfilled.
- 3.2 Recommendations made are assigned to a responsible Officer with an agreed target date for completion. Internal Audit will follow up recommendations to ensure they are implemented satisfactorily in accordance with the agreed Internal Audit Working Protocol.
- 3.3 External Audit is also provided with copies of any audit paperwork to enable them to undertake their work.

#### 4 Recommendation

**It is recommended that the Committee note the report.**

**Papers:**

NFNPA/RAPC 309/16 Internal Audit Plan Progress Report  
NFNPA/RAPC 309/16 Annex 1 Internal Audit Plan for 2016/17

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**Equality and Diversity Implications:**

There are no specific equality or diversity implications arising out of this report

**Internal Audit Plan for 2016/17**

Annex 1

<b>Audit Area</b>	<b>Estimated Audit Review Date</b>	<b>Estimated Days</b>	<b>Progress made as at 26/10/15</b>	<b>Actual Days to date</b>	<b>Additional Comments</b>
<b>Core Audit Work</b>					
General Ledger including budgetary control and Bank Reconciliations	Quarter 3	4	Not due		
Accounts Payable	Quarter 4	2	Not due		
Treasury Management	Quarter 3	1	Not due		
Income and Cash Management (including planning income)	Quarter 4	3.5	Not due		
<b>Other Management/ Operational Systems</b>					
Affordable Housing (Rental & Maintenance agreements)	Quarter 3	0.5	Not due		
Our past Our future (Funding arrangements and compliance)	Quarter 1	2	Completed Final Report	2	Level of Assurance - <b>Reasonable</b> Recommendations can be found below.
IT Controls	Quarter 2	2	Draft report	2	Action plan to be agreed
Follow up of previous recommendations	Ongoing throughout the year	1		1	Presented to RAPC, 6th June 2016
Internal Audit report / assurance statement	Quarter 1	1	N/A	1	Presented to RAPC, 6th June 2016
Internal audit plan, preparation, monitoring and reporting	Quarter 4	1	N/A		
<b>Audit Days</b>		<b>18</b>		<b>6</b>	
<b>Other Auditable systems</b>					
Payroll		N/A		N/A	Planned for Quarter 4.

## Audit Recommendations 2016/17

### Our Past Our Future (Funding arrangements and compliance)

**FINDING:** Whilst some areas have been identified as considerations for income generation, there are currently no target dates to secure funding; this is due to be reviewed at mid-point of the scheme. It would be prudent to have a more detailed plan of sourcing income, especially as it is hoped the target of £97,947 will be exceeded to bring back in some elements of the scheme which were cut between the phase 1 and phase 2 bids. It would be better to secure much of this as soon as possible, noting that grant applications can be time consuming and there can be significant delays between applications and award.

**RECOMMENDATION:** That targets and timescales are agreed for finding additional funding for the OPOF scheme.

**FINDING:** Changes to the scheme since approval of the HLF grant were reviewed to ensure they had been adequately approved. One of the changes identified, resulted in an increase in the overall budget costs of £2,122. When this change was reported to HLF it stated that *'this will be budget neutral'* and did not detail the increase in budget of £2,122, and therefore this budget increase has not been approved by HLF.

**RECOMMENDATION:** To update the HLF changes document to show a budget change of £2,122 for the amendment detailed above, to ensure that HLF have been fully notified of budget implications, and approval has been obtained where necessary.

**FINDING:** The Our Past, Our Future Landscape Partnership Scheme Board Terms of Reference state that:

*'3.12 – Amendments of the budget of up to £1,000 are hereby delegated to the Delivery Manager and amendments of over £1,000 and up to a maximum of 10% of the budget are hereby delegated to the Delivery Manager with approval by the Chair. Larger changes will require sign off from the Board (either in a meeting or by email)'*

Therefore the change identified above requires approval from the Delivery Manager and Chair. This change should be approved as soon as practicable in order to comply with the terms of reference of the Landscape Partnership Scheme Board. If internal NPA budgets are to be used Budget Responsible Officer approval should be obtained.

**RECOMMENDATION:** To ensure amendments of the budget are approved in line with the terms of reference of the Our Past, Our Future Landscape Partnership Scheme Board, and that retrospective approval is obtained for the change identified above.

A comparison was made between budgeted and actual expenditure thus far; four potential overspends were identified and investigated, findings are detailed in the table below:

Code	Budget	Actual Spend	Variance	Comment
S256 100401	£2,500.00	£3,230.08	£730.08	Bulk purchase coded to one scheme, but should have been shared across three.
S259 100418	£400.00	£427.00	£27.00	There have been underspends elsewhere so this can be adjusted in due course
S313 100419	£0.00	£526.80	£526.80	Misallocated, should be to S310

Amendments should be made as soon as misallocations have been identified to ensure accurate coding in Agresso and to allow for effective budget monitoring/management.

**RECOMMENDATION: To correct the misallocation of expenditure identified above and ensure there are adequate procedures in place to ensure that misallocations are identified and corrected in a timely manner, to allow for effective budget monitoring/management.**

### Assurance Level Definitions

Assurance Level	Definition
<b>Substantial Assurance</b>	A strong system of internal controls, designed and operating effectively.
<b>Reasonable Assurance</b>	A sound system of internal controls, but one where minor weaknesses were found in the system design, or a lack of compliance to the design.
<b>Limited Assurance</b>	Some weakness was identified in the overall system of controls, or the level of compliance resulted in risk to the achievement of system objectives.
<b>No Assurance</b>	Fundamental weakness was identified within one or more key controls, or controls were not operating effectively which may put at risk the achievement of the corporate control objective.