

**Annual Internal Audit Report & Opinion**  
**2017 - 18**  
**New Forest National Park Authority**

**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’.***

The New Forest National Park Authority (the Authority) 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 Authority that these arrangements are in place and operating effectively.

The Authority’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. Internal Audit Opinion

Provision for the delivery of internal audit is included within the Service Level Agreement (SLA) with New Forest District Council (NFDC). In accordance with the SLA, the 2017-18 internal audit plan was delivered by NFDC's in-house team. With effect from 01 April 2018, NFDC transferred responsibility for internal audit to the Southern Internal Audit Partnership (SIAP), and in so doing, The Head of SIAP is responsible for the delivery of an annual audit opinion and report that can be used by the Authority to inform its' governance statement.

The annual opinion concludes on the overall adequacy and effectiveness of the organisation's 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 by the NFDC team during the course of the year;
- results of any follow up exercises undertaken in respect of previous years' internal audit work;
- the extent of resources available to deliver the internal audit work;
- the proportion of the New Forest National Park Authority's audit need that has been covered within the period.

### Audit Opinion

I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of The New Forest National Park Authority's internal control environment.

In my opinion, New Forest National Park Authority's framework of governance, risk management and control is 'Reasonable' and audit testing has demonstrated controls to be working in practice.

Where weaknesses were identified through internal audit review, the NFDC team worked with management to agree appropriate corrective actions and a timescale for improvement.

### 3. Internal Audit Coverage and Output

The 2017-18 internal audit plan was approved by the Resources, Audit and Performance Committee 06 March 2017. A summary of the internal audit activity and Audit Opinion for each review is provided in the following table:

Audit Area	Status	Audit Opinion
<b>Core Audit Work</b>		
General Ledger including Budgetary Control and Bank Reconciliations	Final Report	Substantial Assurance
Accounts Payable	Final Report	Substantial Assurance
Treasury Management	Final Report	Substantial Assurance
Income and Cash Management (including Planning Income)	Final Report	Substantial Assurance
<b>Other Management / Operational Systems</b>		
Risk Management and Business Continuity	Final Report	Reasonable Assurance
IT Controls (including Cyber Security)	Final Report	Reasonable Assurance
Follow up of previous recommendations	Complete	
Internal Audit Report and Opinion	Complete	
Internal audit plan, preparation, monitoring and reporting	Complete	
Payroll (Undertaken under Payroll SLA)	<i>In progress</i>	

The New Forest District Council's Internal Audit Team used the following audit opinion definitions:

- Substantial - A strong system of internal controls, designed and operating effectively.
- Reasonable - 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.
- Limited - Some weakness was identified in the overall system of controls, or the level of compliance resulted in risk to the achievement of system objectives.
- No - 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.

All final reports were copied to the Chief Finance Officer and the Chief Executive Officer as well as the relevant service officers and those who were responsible for any remedial actions arising from the work undertaken. All audit recommendations made were agreed by management. Implementation of all recommendations against their target date is monitored and there are no concerns to report.

#### **4. Significant Issues Arising**

There were no 'No Assurance' or 'Limited Assurance' opinions issued during the year.

In general internal audit work found there to be sound control frameworks in place across the majority of review areas, underpinned by relevant policies and procedures. Where weaknesses were identified through internal audit review, the NFDC team worked with management to agree appropriate corrective actions and a timescale for improvement.

#### **5. Anti Fraud and Corruption**

There were no Anti Fraud and Corruption Investigations undertaken by Internal Audit during 2017/18.

## 6. Acknowledgement

I would like to take this opportunity to thank all those staff throughout the Authority for their assistance and co-operation with the audit work throughout the year.

Neil Pitman  
Head of Southern Internal Audit Partnership  
April 2018