

Internal Audit Progress Report
January 2020
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 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 organisation’s 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. Assurance opinions are categorised as follows:

Substantial	A sound framework of internal control is in place and operating effectively. No risks to the achievement of system objectives have been identified
Adequate	Basically a sound framework of internal control with opportunities to improve controls and / or compliance with the control framework. No significant risks to the achievement of system objectives have been identified
Limited	Significant weakness identified in the framework of internal control and / or compliance with the control framework which could place the achievement of system objectives at risk
No	Fundamental weaknesses identified in the framework of internal control or the framework is ineffective or absent with significant risk to the achievement of system objectives

3. Performance dashboard



Compliance with Public Sector Internal Audit Standards / Local Government Application Note



An 'External Quality Assessment' of the Southern Internal Audit Partnership was undertaken by the Institute of Internal Auditors (IIA) in September 2015. The report concluded:

*'It is our view that the Southern Internal Audit Partnership 'generally conforms' (top grading) to **all** of the principles contained within the International Professional Practice Framework (IPPF); Public Sector Internal Audit Standards (PSIAS); and the Local Government Application Note (LAGN).*

In accordance with PSIAS, a further self assessment was completed in April 2018 concluding that the Southern Internal Audit Partnership continues to comply with all aspects of the IPPF, PSIAS and LGAN.

4. Status of 'Live' Reports

Audit Review	Report Date	Assurance Opinion	Management Actions ('High Priority')				
			Reported	Not Accepted	Pending	Cleared	Overdue
IT Controls	Oct 17	Reasonable *	7 (0)	0 (0)	0 (0)	4 (0)	3 (0)
Risk Management and Business Continuity **	Jan 18	Reasonable *	4 (0)	0 (0)	0 (0)	4 (0)	0 (0)
General ledger and reconciliation **	Mar 19	Substantial**	2 (0)	0 (0)	0 (0)	2 (0)	0 (0)

* Please see Annex A for the audit assurance opinion definitions in place prior to SIAP

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

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

There are no new reports published concluding a 'Limited' or 'No' assurance opinion.

6. Planning & Resourcing

The internal audit plan for 2019-20 was discussed by the Executive Board on 12 February 2019 and approved by the Resources, Audit and Performance Committee on 04 March 2019.

The audit plan remains fluid to provide a responsive service that reacts to the changing needs of the Authority. Progress against the plan is detailed within section 7.

7. Rolling Work Programme

Audit Review	Scoping	Audit Outline Issued	Fieldwork	Draft Report Issued	Final Report Issued	Assurance Opinion	Tracker (✓ on schedule ✗ Delay)	Comment
General Ledger and Reconciliations	✓	✓					✓	
Accounts Payable	✓	✓					✓	
Treasury Management	✓	✓	✓	✓	✓	Substantial	✓	
Income Collection and Cash Management (including Planning Income)	✓	✓					✓	
Payroll	✓	✓	✓				✓	

Annex A

Audit Assurance Opinion Definitions in place prior to SIAP

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 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.