

# Annual Internal Audit Report & Opinion

2021-22

New Forest National Park Authority

## Southern Internal Audit Partnership



Assurance through excellence  
and innovation

## Contents

Section	Page
1. Role of Internal Audit	3
2. Internal Audit Approach	4
3. Internal Audit Opinion	5
4. Internal Audit Coverage, Output and Key Observations	6-7
5. Quality Assurance and Improvement	8
6. Disclosure of Non-Conformance	8
7. Quality control	9
8. Internal Audit Performance	9
9. Acknowledgement	10

## 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 organisation’s 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. Internal Audit Approach

To enable effective outcomes, internal audit provides a combination of assurance and consulting activities. Assurance work involves assessing how well the systems and processes are designed and working, with consulting activities available to help to improve those systems and processes where necessary. A full range of internal audit services is provided in forming the annual opinion.

The approach to each review is determined by the Deputy Head of the Southern Internal Audit Partnership and will depend on the:

- Level of assurance required;
- Significance of the objectives under review to the organisation's success;
- Risks inherent in the achievement of objectives; and
- 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 Authority on the framework of internal control, risk management and governance in operation and to stimulate improvement.

The Southern Internal Audit Partnership (SIAP) 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. Where possible, work contributing to my 2021-22 annual opinion has been undertaken virtually, optimising technology and virtual platforms to share, monitor and observe operations to substantiate our findings.



### 3. Internal Audit Opinion

The Deputy Head of the Southern Internal Audit Partnership 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 during the course of the year (assurance & consultancy);
- 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; and
- the proportion of the Authority's audit need that has been covered within the period.

#### *Annual Internal Audit Opinion 2021-22*

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

#### 4. Internal Audit coverage, output and key observations

The 2021-22 Internal audit plan, approved by the Resources, Audit and Performance Committee in March 2021, was informed by internal audits own assessment of risk and materiality in addition to consultation with management to ensure it aligned to key risks facing the organisation. The annual internal audit plan was prepared to take account of the characteristics and relative risks of the Authority's activities and to support the preparation of the Annual Governance Statement.

Work has been planned and performed to obtain sufficient information and explanation considered necessary in order to provide evidence to give reasonable assurance that the internal control system is operating effectively. In delivering the internal audit opinion internal audit have undertaken four reviews relating to the year ending 31 March 2022, the results of which are summarised below. The opinion assigned to each internal audit review is:-

- Payroll – **Substantial Assurance**
- Corporate Governance Framework for Members - **Reasonable Assurance**
- Business Continuity / Disaster Recovery – Covid-19 Response - **Reasonable Assurance**
- Cyber Security Incident Remediation - **Reasonable Assurance**

We are pleased to report that there were no audits that concluded with a 'Limited Assurance or 'No Assurance' opinion, and no significant issues were identified arising from the work completed during 2021-22. Where weaknesses have been identified, we have worked with management to agree appropriate corrective actions and a timescale for improvement.

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.

## 5. Quality Assurance and Improvement

The Quality Assurance and Improvement Programme (QAIP) is a requirement within ‘the Standards’.

The Standards require the Head of the Southern Internal Audit Partnership to develop and maintain a QAIP to enable the internal audit service to be assessed against the Standards and the Local Government Application Note (LGAN) for conformance.

The QAIP must include both internal and external assessments: internal assessments are both on-going and periodical and external assessment must be undertaken at least once every five years. In addition to evaluating compliance with the 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.’*

## 6. Disclosure of Non-Conformance

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’*

There are no disclosures of Non-Conformance to report.



## 7. Quality control

Our aim is to provide a service that remains responsive to the needs of the Authority and maintains consistently high standards. In complementing the QAIP this was achieved in 2021-22 through the following internal processes:

- On-going liaison with management to ascertain the risk management, control and governance arrangements, key to corporate success;
- 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; and
- An independent external quality assessment against the IPPF, PSIAS & LGAN.

## 8. Internal Audit Performance

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

Performance Indicators	Target	Actual
Percentage of the revised internal audit plan delivered (to draft report)	95%	100%
Positive customer survey response (NFNPA)	90%	100%
Positive customer survey response (all SIAP Partners)	90%	99%
Public Sector Internal Audit Standards	Compliant	Compliant

*Customer satisfaction is gauged through 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 Spring 2022).*

## 9. Acknowledgement

I would like to take this opportunity to thank all those staff throughout the Authority 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  
May 2022