
Southern Internal Audit Partnership

Assurance through excellence
and innovation

RAPC 508/23

Annex 1

NEW FOREST NATIONAL PARK AUTHORITY

Internal Audit Report & Opinion 2022/23

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1. Role of Internal Audit

The New Forest National Park Authority is required by the Accounts and Audit (England) Regulations 2015, to

‘undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.’

In fulfilling this requirement, the Authority should have regard to the Public Sector Internal Audit Standards (PSIAS), as the internal audit standards set for local government. In addition, the Statement on the Role of the Head of Internal Audit in Public Service Organisations issued by CIPFA sets out best practice and should be used to assess arrangements to drive up audit quality and governance arrangements.

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.

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 organisation's 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 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 clients, with the necessity to provide comprehensive, compliant and value adding assurance.

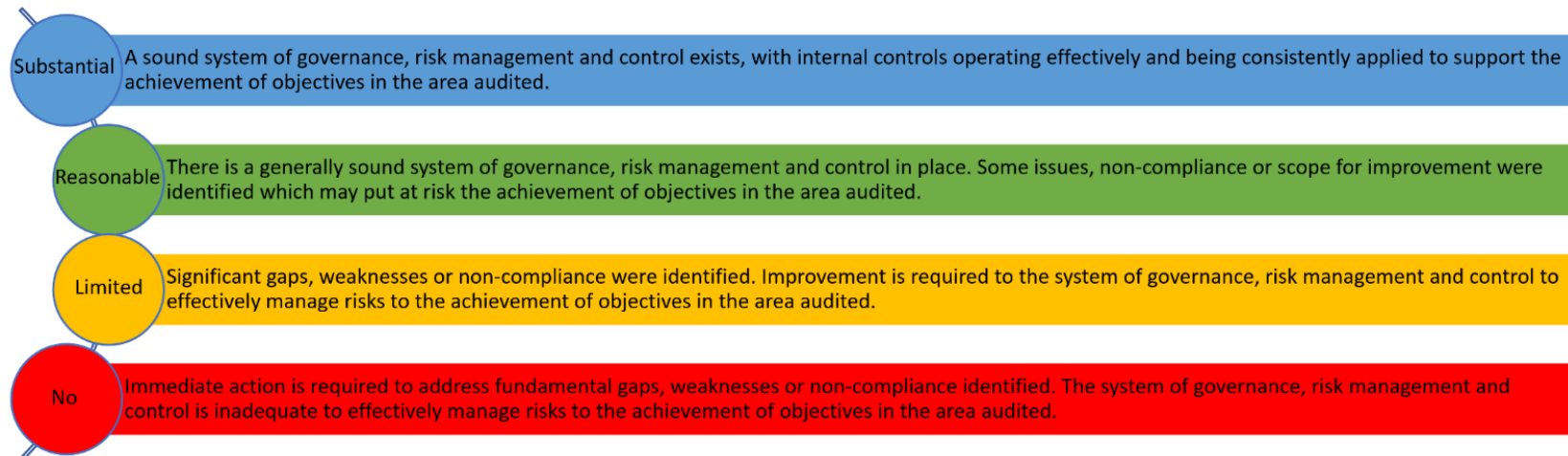
Working practices have been reviewed, modified and agreed with all partners following the impact and lessons learned from the COVID-19 pandemic and as a result we have sought to optimise the use of virtual technologies to communicate with key contacts and in completion of our fieldwork. However, the need for site visits to complete elements of testing continues to be assessed and agreed on a case-by-case basis.

3. Internal Audit Coverage

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 evidence to provide reasonable assurance that the internal control system is operating effectively.

The 2022/23 Internal Audit Plan was considered by the Resources, Audit and Performance Committee in March 2022. It was informed by internal audit's own assessment of risk and materiality in addition to consultation with management to ensure it aligned to 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. Changes made to the plan were agreed with the Executive Board and reported to the Resources, Audit and Performance Committee in the internal audit progress reports.

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. The assurance opinions are categorised as follows:



4. Internal Audit Opinion

As Chief Internal Auditor, I am responsible for the delivery of an annual audit opinion and report that can be used by the Authority to inform their Annual 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.

We enjoy an open and honest working relationship with the Authority. Our planning discussions and risk-based approach to internal audit ensure that the Internal Audit Plan includes areas of significance raised by management to ensure that ongoing organisational improvements can be achieved. I feel that the maturity of this relationship and the Authority'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 2022/23 financial year.

Annual Internal Audit Opinion 2022/23

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 internal control environment.

In my opinion frameworks of governance, risk management and management 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.

5. Internal Audit Coverage – Overview and Key Observations

A summary of audits, assurance opinions and key observations for 2022/23 is outlined below.

Main Accounting and Reconciliations – Substantial Assurance.

There is a sound governance framework to ensure the integrity and security of information entered to the main accounting system, including the accuracy of opening balances brought forward from the previous financial year; a monthly reconciliation of the bank account to the general ledger; and appropriate controls to manage system accesses; with no issues identified.

Information Governance – Records Management and Information Requests – Reasonable Assurance.

The audit found that requests for information, including Freedom of Information and Environmental Information Regulations are dealt with promptly, appropriately and in line with legislation, with regular performance reporting to the senior management team and Members. There is a generally sound framework to manage the Authority's records in line with retention schedules with opportunities to review, update (if required) & approve policies; and document some operational processes.

IT Policies and Procedures – Limited Assurance. (Previously reported within the February 2023 progress report).

Whilst in place and approved, the current ICT Policy was published in 2017 and a review was due in 2019, although we acknowledge the Policy is currently under a complete review with the aim to make it more readable, digestible and useful for staff. A review of data breaches to identify where the ICT Policy may have been broken found no examples where action under the policy was required.

There is an ICT Induction Checklist which includes the ICT Policy and other IT security guidance, but evidence of completion of the induction is not retained so we cannot give assurance that all staff had completed it. Training for staff on how to spot and avoid phishing attacks has been purchased and made available to staff but the training is not mandatory and, at the time of the audit, approximately 25% of staff had not completed it. A fake phishing exercise had been run but there is no mandatory process to provide training, advice and guidance to staff who failed the test and would have compromised systems if it was a real attack.

IT Procedures are in place to ensure IT staff follow defined procedures consistently, however we did not find evidence of regular review to ensure they are up to date and accurate. Business Continuity Planning documents have a review cycle defined but we could not evidence compliance with the review cycle. A comparison of the policies and procedures in place for the organisation to ITIL 4 practices identified potential benefit with introducing policies and procedures around Continual Service Improvement and IT Risk Management.

To address the issues identified, the new IT Policy will continue to be updated with a target date for approval in September 2023. Procedures for the IT team will be updated, new procedures will be written to cover the new planning system, and Business Continuity / Disaster Recovery Plans will be reviewed and updated, with particular regard to updated ways of working post Covid-19. A full review of ICT training needs will be undertaken, including an assessment of mandatory/non-mandatory training and the method of delivery and Cyber Incident Response Plan training has been scheduled.

We are pleased to report, no reviews concluded with a 'No Assurance' audit opinion. We found officers to be well aware of the importance of effective control frameworks and compliance, and also open to our suggestion for improvements or enhancements where needed.

We enjoy an open and honest working relationship with the Authority and our planning discussions and risk-based approach to internal audit ensure that the internal audit plan includes areas of significance raised by management to ensure that ongoing organisational improvements can be achieved. It is therefore expected that, on occasion, areas of challenge will be identified or confirmed through our work. Where our work identified risks that we considered fell outside the parameters acceptable to the Authority, we agreed appropriate corrective actions and a timescale for improvement with the responsible officers. Progress with implementing agreed actions will continue to be reported to the Committee through regular internal audit progress reports.

The original plan included a review of the new planning system however due to delayed implementation, we agreed with officers and Members in February to defer the review to 2023/24 to enable the system to become embedded. We therefore proposed to bring forward two planned reviews of Treasury Management, Income Collection & Banking; and Information Governance - Records Management and Information Requests. Unfortunately, at the time of writing, the audit of Treasury Management, Income Collection & Banking has not sufficiently progressed to be included within this report and will therefore contribute towards the 2023/24 Internal Audit Report and Opinion.

6. 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 the Standards and the Local Government Application Note (LGAN) for conformance.

The QAIP must include provision for 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.'

7. 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.

8. Quality Control

Our aim is to provide a service that remains responsive to the needs of the Authority and maintains consistently high standards. Complementing the QAIP this was achieved in 2022/23 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 the External Auditors 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 IPPF, PSIAS & LGAN.

9. Internal Audit Performance

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

Performance Indicator	Target	Actual
Percentage of internal audit plan delivered (to draft report)	95%	75%
Positive customer survey response		
● New Forest National Park Authority	90%	100%
● SIAP – all Partners	90%	99%
Public Sector Internal Audit Standards	Compliant	Compliant

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 2023).

10. 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 2023