

Report to **Audit Committee**
Date **17 April 2012**
By **Chief Finance Officer**
Title of Report **Internal Audit Progress and Implementation Report**
Purpose of Report **To update the Audit Committee on the work of Internal Audit and progress against the Internal Audit Plan (2011/12)**

Recommendation: The Committee is recommended to note progress against the Internal Audit Plan and the implementation of recommendations previously made

1. Introduction

- 1.1 This report details progress against this plan, reports issued and the implementation of recommendations previously made. The main focus of this report is the residual audits from the 2011/12 Audit Plan and the implementation of recommendations from these reviews.

2. Background

- 2.1 The Accounts and Audit (England) Regulations 2011 require the South Downs National Park Authority (SDNPA) to 'maintain an adequate and effective system for internal control in accordance with proper practices.' Proper practice is defined by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government 2006. Under the Code, the SDNPA is required to prepare an Internal Audit Strategy and Audit Plan for each financial year. The aim is to provide independent and objective assurance on the control environment consisting of internal control, risk management and corporate governance.
- 2.2 The Internal Audit Strategy and Plan provides the framework to deliver this service ensuring the most appropriate use of internal audit resources to provide assurance on the Authority's control environment and management of risks.
- 2.3 The Audit Plan sets out an annual schedule of those systems, services and functions to be covered. These include the audit of core financial systems to meet the expectations of the SDNPA's external auditors and best professional practice.

3. Progress Against the Audit Plan

- 3.1 Four reports have been finalised since the last report to the Audit Committee. Details of this report are below.

Audit Review	Assurance Opinion*	Number of Agreed Recommendations and Priority
Planning Service – Review of Implementation Arrangements	Reasonable Assurance	Total: 10 Medium: 6 Low: 4
Health and Safety	Reasonable Assurance	Total: 5 Medium: 4 Low: 1

Payroll	Reasonable Assurance	Total: 5 Medium: 4 Low: 1
Treasury Management	Substantial Assurance	Total: 1 Medium: 1

Note.* A definition of the Assurance Opinions given is provided in **Appendix 1**.

- 3.2 The Planning Service review concluded reasonable assurance. Areas where recommendations for improvement were made include:-
- The process for the management of quarterly returns from Local Planning Authorities.
 - Cut off control for income collected prior to the 1st April 2011.
 - Information management for S106 monies.
- 3.3 The review of Health and Safety concluded reasonable assurance and included 6 recommendations for improvement. These relate to the following:-
- Additional clarification of Health and Safety responsibilities
 - Recording Health and Safety training
 - Improvements to accident reporting information
 - Development of Health and Safety monitoring arrangements
- 3.4 The Payroll review also concluded reasonable assurance. Key issues identified were:-
- Delegation of authority for approving new starters;
 - Controls over permanent changes to pay.
- 3.5 Our review of Treasury Management concluded substantial assurance. Only one recommendation was made which has been agreed and implemented.
- 4. Audits started in Quarter 4 (January to March 2012) not yet complete**
- 4.1 None
- 5. Changes to the Audit Plan**
- 5.1 None for this period.
- 6. Unplanned Audit Reviews**
- 6.1 None for this period.
- 7. Implementation of Recommendations**
- 7.1 A protocol for monitoring the implementation of Internal Audit recommendations is in place between the SDNPA and the service provider (Audit and Business Risk at Brighton & Hove City Council).
- 7.2 The following table provides an analysis of recommendations from previous audit reports which have not yet been implemented. For completeness the table below shows the number of recommendations implemented for each review as well as the number outstanding. Audits are deleted from this list once all recommendations have been addressed.

Planning Service – Review of Implementation Arrangements		
Status	No. of Recommendations	Comments
Implemented	4 x Medium Implemented 4 x Low Implemented	
Not Implemented	2 x Medium	Deadline for Implementation not yet reached

Health And Safety		
Status	No. of Recommendations	Comments
Implemented	1 x Medium Priority	
Not Implemented	3 x Medium 1 x Low	Deadline for implementation not yet reached

Payroll		
Status	No. of Recommendations	Comments
Implemented	2 x Medium	
Not Implemented	2 x Medium 1 x Low	Deadline for implementation not yet reached

8. Resources

8.1 There are no additional resource implications arising directly from this report.

9. Risk management

9.1 Internal Audit has an important role to play in relation to effective risk management for the organisation.

10. Human Rights, Equalities, Health and Safety

10.1 There are no implications arising from this report.

11. External Consultees

11.1 None

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Appendices Appendix 1, Assurance Opinions - Definitions

SDNPA Consultees Director of Corporate Services, Chief Finance Officer, Deputy Chief Finance Officer, Monitoring Officer & Senior Solicitor

Background Documents Internal Audit Reports

Assurance Opinions - Definitions

Categories of Assurance	Assessment
Full	There is an effective system of control designed to ensure the delivery of system and service objectives. Compliance with the controls is considered to be good. All major risks have been identified and are managed effectively.
Substantial	Whilst there is an effective system of control (i.e. key controls), there are weaknesses, which put some of the system/service objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk and result in possible loss or material error. Opportunities to strengthen control still exist.
Reasonable	Controls are in place and to varying degrees are complied with but there are gaps in the control process, which weaken the system. There is therefore a need to introduce additional controls and/or improve compliance with existing controls to reduce the risk to the Authority.
Limited	Weaknesses in the system of control and/or the level of compliance are such as to put the system objectives at risk. Controls are considered to be insufficient with the absence of at least one critical or key control. Failure to improve control or compliance lead to an increased risk of loss to the Authority. Not all major risks are identified and/or being managed effectively.
No	Control is generally weak or non-existent, leaving the system open to significant error or abuse and high risk to the Authority. A high number of key risks remain unidentified and/or unmanaged.