

Report to	Standards and Audit Committee
Date	24 September 2013
By	Chief Finance Officer
Title of Report	Internal Audit Progress and Implementation Report
Purpose of Report	To update the Standards and Audit Committee on the work of Internal Audit and progress against the Internal Audit Strategy and Annual Plan (2013/14)

Recommendation: The Committee is recommended to note progress against the Internal Audit Strategy and Annual 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 report provides an update on the internal audit work undertaken in the first 5 months of the 2013/14 financial year.

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 of internal audit of its accounting records and its system of internal control in accordance with proper practice.'
- 2.2 Proper practice is defined by the Public Sector Internal Audit Standards. These standards are issued by CIPFA in collaboration with the Chartered Institute of Internal Auditors.
- 2.3 The Internal Audit Strategy and Annual Plan, approved by the Standards and Audit Committee on 5 March 2013, provides the framework to deliver the service ensuring the most appropriate use of internal audit resources to provide assurance on the Authority's control environment and management of risks.
- 2.4 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 Two reports have been finalised since the beginning of the financial year and one is at draft stage. Details of these reports are below:

Audit Review	Assurance Opinion (*1)	Number of Agreed Recommendations and Priority
Health and Safety	Substantial Assurance	Total: 2 Medium: 2
Main Accounting and Budget Management	Substantial Assurance	Total: 1 Low: 1
Allowances and Expenses (Draft)	Substantial Assurance(*2)	Total: 4 Medium: 4

Notes.

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

*2) Assurance level will be confirmed on report finalisation

- 3.2 The audit report on Health and Safety was finalised in June. The report included two recommendations. The first was regarding improvements to the Corporate Health and Safety Policy. The second was related to the finding that corporately very few accident reporting forms have been submitted. This may be indicative of safe working practices but could also indicate that relevant incidents are not being reported.
- 3.3 The Main Accounting and Budget Management audit included only one low priority recommendation. This related to the maintenance of accounting codes on the main accounting system.
- 3.4 Information on the Allowances and Expenses audit, currently in draft, will be presented to the next meeting.

4. Changes to the Audit Plan

- 4.1 There have been no changes to the plan to date.

5. Rescheduling of Audits

- 5.1 There has been some rescheduling of audits from the original audit plan.
- 5.2 The key changes are:
- Planning (Income) has been rescheduled for Quarter 4
 - The IT Audit has been rescheduled for Quarter 3 or 4.
 - The work on the Facilitation of Risk Management Workshops and Advice scheduled for Quarter 1 has been postponed pending further discussion of need.

6. Implementation of Recommendations

- 6.1 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).
- 6.2 The following table provides an analysis of recommendations from previous audit reports which have not yet been implemented.

Health and Safety		
Status	No. of Recommendations	Comments
Not Implemented	2 x Medium	Implementation deadline not yet reached

Payroll		
Status	No. of Recommendations	Comments
Implemented	3 x Medium 1 x Low	
Not Implemented	1 x Medium	A revised implementation date has been set for October 2013

Planning		
Status	No. of Recommendations	Comments
Implemented	3	
Not Implemented	2	Partially implemented – further actions required

7. Resources

- 7.1 The service is being delivered within the original budget and there are no additional resource implications arising directly from this report.

8. Risk management

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

9. Human Rights, Equalities, Health and Safety

- 9.1 There are no implications arising from this report.

10. Sustainability

- 10.1 There are no immediate sustainability implications relating to this report. Where relevant internal audit reviews consider environmental impact and sustainability and the consideration of governance arrangements is incorporated in many audit reviews. Environmental impact and sustainability are considered in the delivery of the audit service and with investment in skills within the audit team to be able to give proper consideration of this agenda.

11. External Consultees

- 11.1 None

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Appendices Appendix I, Assurance Opinions - Definitions

SDNPA Consultees Director of Corporate Services, Chief Finance Officer, Deputy Chief Finance Officer, Monitoring Officer & Senior Solicitor, Performance and Business Planning Manager

Background Documents Internal Audit Reports

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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.