

Report to **Policy & Resources Committee**
 Date **18 September 2025**
 By **Mark Winton, Chief Internal Auditor**
 Title of Report **Update on Internal Audit Progress and Implementation of Actions**
Note

Recommendation: The Committee is recommended to:

1. Note progress against the Internal Audit Strategy and Annual Plan (2025/26).

1. Introduction

- 1.1 This report details progress against the Internal Audit Strategy and Annual Plan 2025/26, including reports that have been issued and the implementation of actions.
- 1.2 The delivery and monitoring of this work plan is core to providing a systematic and risk-based approach to the internal audit of the Authority’s systems and services.
- 1.3 Tracking of actions ensures that agreed control improvements are implemented within agreed timescales.
- 1.4 Our audit work has been delivered in compliance with the Global Internal Audit Standards and the Local Government Application Note.

2. Policy Context

- 2.1 The Accounts and Audit Regulations 2015 require that a “relevant authority 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”.
- 2.2 The Internal Audit Strategy and Plan, which was approved by Policy & Resources Committee on 20th February 2025, provides a key mechanism for providing assurance that the Authority’s internal control, risk management and governance arrangements are effective.
- 2.3 Consultations on the Internal Audit Plan continue with the Interim Chief Finance Officer for SDNPA and the Chief Executive.

3. Issues for consideration

Progress against 2025/26 Audit Plan

- 3.1 The following audit reports have been issued since the last progress report to this committee.

Audit Title	Status	Assurance Level ¹
Treasury Management	Final	Substantial Assurance
Corporate Governance	Final	Reasonable Assurance

¹ Assurance levels are defined in **Appendix 1**.

- 3.2 Where reports have been finalised in the period, a copy of the Executive Summary for the audits are attached at **Appendix 2**.
- 3.3 A summary of the position for all audits for the 2025/26 financial year, but not yet completed can be found in the following table:

Audit Title	Position
Capital Accounting	Fieldwork in progress
Impact of Savings Plans (previously named Organisational Resilience)	Commenced July 2025
Income Processing	Commenced August 2025
Cyber Security (Incl Business Readiness) follow-up	Not yet started

EU grant certification work

- 3.4 As previously reported, in addition to the planned audit work, we are on occasion commissioned by SDNPA to undertake EU grant certification work.
- 3.5 No additional claims have been certified in this reporting period.

Action Tracking

- 3.6 **Appendix 3** provides a list of those (High & Medium) agreed management actions from previous audit reports. Details of actions which are considered confidential can be found in Exempt **Appendix 4**.
- 3.7 One high priority and two medium priority actions have been implemented in the reporting period. Three medium priority actions have not yet been fully implemented, delayed in part due to resourcing and implementation of a contract. Three of the actions are reported in Appendix 4 for confidentiality and security reasons.

4. Amendment to the 2025/26 Internal Audit Plan

- 4.1 It is important to keep the agreed audit plan under review throughout the year, to ensure that emerging risks can be reviewed as soon as they are known, in order to provide assurance over the governance arrangements and internal controls in place in order to mitigate these.
- 4.2 There are currently no agreed amendments to the 2025/26 Internal Audit Plan and none are considered necessary at this time.

5. Other implications

Implication	Yes*/No
Will further decisions be required by another committee/full authority?	No
Does the proposal raise any Resource implications?	No. The Internal Audit plan should be delivered within the agreed audit fee.
How does the proposal represent Value for Money?	The Internal Audit Service is provided through a contract with Brighton & Hove City Council which forms part of a wider procurement of financial services.

Implication	Yes*/No
Which PMP Outcomes/ Corporate plan objectives does this deliver against	All PMP outcomes and Corporate Plan objectives are considered as part of the annual audit planning process.
Links to other projects or partner organisations	Audit clients identified as appropriate.
How does this decision contribute to the Authority's climate change objectives	This report doesn't directly contribute to the Authority's climate change objectives.
Are there any Social Value implications arising from the proposal?	No
Have you taken regard of the South Downs National Park Authority's equality duty as contained within the Equality Act 2010?	Yes – there are no equalities issues arising from this update report. Equalities considerations are also taken into individual audit reviews as appropriate.
Are there any Human Rights implications arising from the proposal?	No
Are there any Crime & Disorder implications arising from the proposal?	No, but the service includes the provision of advice and investigation of frauds and irregularities when required.
Are there any Health & Safety implications arising from the proposal?	No, but individual audits consider health and safety risks where appropriate.
Are there any Data Protection implications?	No, but individual audits consider GDPR issues where appropriate.

6. Risks Associated with the Proposed Decision

- 6.1 Internal Audit has an important role to play in relation to effective risk management for the organisation. The SDNPA risk register is considered when developing the Internal Audit Strategy and Plan and the planning of individual audit reviews. Audit reviews and testing of controls are orientated towards these risks plus the operational controls within individual systems and services.

Mark Winton

CHIEF INTERNAL AUDITOR

South Downs National Park Authority

Contact Officer: Amanda Craig, Principal Auditor

Tel: 07795 335686

Email: amanda.craig@brighton-hove.gov.uk

Appendices:

1. Assurance Opinions – Definitions
2. Executive Summary extract reports
3. Summary of high and medium priority actions
4. Summary of high and medium priority actions (Exempt)

This appendix is not for publication as it contains exempt information within paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, being information relating to the financial and business affairs of a particular person including the Authority and that in all the circumstances of the case, the public interest in maintaining the exempt information outweighs the public interest in disclosing the information.

SDNPA Consultees:

Chief Executive; Director of Landscape and Strategy; Director of Planning; Chief Finance Officer; Head of Governance & Monitoring Officer; Legal Services; Head of Finance and Corporate Services.

External Consultees:

None

Background Documents:

Internal Audit Strategy and Plan 2025/26

Individual audit reports

Assurance Level Opinions - Definitions

Categories of Assurance	Assessment
Substantial Assurance	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Reasonable Assurance	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
Partial Assurance	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
Minimal Assurance	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.

Treasury Management

1. Introduction

- 1.1. South Downs National Park Authority's (SDNPA) Treasury Management Strategy, including the Annual Investment Strategy and Borrowing Strategy were approved by the Policy and Resources Committee on 20 February 2025 and ratified by the National Park Authority on 27 March 2025.
- 1.2. The Chartered Institute of Public Finance & Accountancy's (CIPFA) 2021 Code of Practice defines treasury management activities as 'the management of the organisation's borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks'.
- 1.3. The Treasury Management function is undertaken by Brighton and Hove City Council on behalf of SDNPA through its contract for the provision of financial services.
- 1.4. The Authority's treasury management activities are regulated by professional codes, statutes and guidance. SDNPA has adopted the above mentioned CIPFA Code of Practice for Treasury Management in the Public Sector.
- 1.5. This review is part of the agreed Internal Audit Plan for 2025/26.
- 1.6. This report has been issued on an exception basis whereby only weaknesses in the control environment have been highlighted within the detailed findings section of the report.

1. Scope

- 2.1. The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:
 - The Authority has established an appropriate Treasury Management Policy & Investment Strategy.
 - All borrowing decisions are based on robust cash flow forecasting over the short, medium and long term.
 - Investments are made with approved counterparties within approved limits, are correctly paid, authorised and are repaid by counterparties with the correct amount of interest.
 - Borrowings are made only from approved organisations, are correctly authorised and repaid to counterparties with the correct amount of interest.
 - There is regular and independent reconciliation between the Treasury Management record, the Bank Account and the General Ledger.
 - Decision-making is effective in maximising income, whilst safeguarding the Authority's assets.

3. Audit Opinion

- 3.1. **Substantial Assurance is provided in respect of the Treasury Management system.** This opinion means that controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.

Appendix A provides a summary of the opinions and what they mean and sets out management responsibilities.

4. Basis of Opinion

- 4.1. We have provided Substantial Assurance over the controls operating within the area under review because:
- 4.2. South Downs National Park Authority (SDNPA) has a Treasury Management Strategy, which comprises the Treasury Management Statement, Practices, Borrowing Statement, Prudential and

Treasury Indicators, Minimum Revenue Provision Policy Statement, and Annual Investment Strategy. These are regularly reviewed to ensure compliance with the 'Code of Practice for Treasury Management in the Public Services' issued by the Chartered Institute of Public Finance & Accountancy (CIPFA), and also with investment guidance issued by the Secretary of State. The 2025/26 Treasury Management Strategy was approved by the members of the National Park Authority in March 2025.

- 4.3. A live list of approved counterparties is in place, investments are made within the authorised approval limits and timescales, and treasury management transactions are accurately recorded. There is also a system in place to ensure any changes in creditworthiness of the counterparty are promptly reviewed to identify whether action should be taken.
- 4.4. Adequate separation of duties is in place between the deals being raised and checked, and also between CHAPS (the same-day system used to settle time-critical payments) being input and authorised.
- 4.5. There is a mechanism in place for regular reporting to Senior Officers and Members which enables them to be responsive to treasury management performance and make informed decisions.
- 4.6. There is a process in place to ensure that investment income due is reconciled to income received. We further found that reconciliations of the treasury management record to the general ledger and the bank account are scheduled to take place quarterly, albeit the reconciliations for Q2 and Q3 2024/25 were both dated 10/02/2025. The reconciliations are reviewed by a Principal Accountant who has sufficient expertise to review this activity, and is also independent of the reconciliation, thereby providing a separation of duties. However, the reconciliations are not recorded as certified by a second officer to confirm that the reconciliation is accurate.
- 4.7. Whilst training for Members is planned for 2025/26 and it is referenced in the Treasury Management Strategy documents (relating to both 2024/25 and 2025/26), we found that training was last provided before the pandemic, thereby potentially leaving the organisation without the required skills in relation to decision making and the scrutiny of decisions.
- 4.8. It should be noted that the authority has not undertaken any borrowing during the 2024/25 financial year; therefore, these controls were not tested.

5. Action Summary

- 5.1. The table below summarises the actions that have been agreed together with the risk rating in the context of the area under review:

Risk	Definition	No	Ref
High	This is a major control weakness requiring attention.	0	N/A
Medium	Existing procedures have a negative impact on internal control or the efficient use of resources.	0	N/A
Low	This represents good practice; implementation is not fundamental to internal control.	2	2
Total number of agreed actions		2	

Corporate Governance

1. Introduction

- 1.1. Governance is the combination of processes and structures put in place by an organisation to inform, direct and monitor activities, in order to achieve its objectives.
- 1.2. Both governance and internal control arrangements must be kept under review to ensure that they continue to operate effectively, meet legislative needs and reflect best practice.
- 1.3. The South Downs National Park Authority (SDNPA) is responsible for implementing arrangements for their governance. The Authority has approved and adopted a Local Code of Corporate Governance, which sets out seven core principles and the corporate policies, procedures and strategies that underpin them.
- 1.4. This audit has reviewed the key policies and procedures which contribute to the Authority's overall governance arrangements to determine whether these are in place and sufficient, subject to regular review, and made available to all employees and members.
- 1.5. This review is part of the agreed Internal Audit Plan for 2025/26 and has been delivered in compliance with the Global Internal Audit Standards and the Local Government Application Note.
- 1.6. This report has been issued on an exception basis whereby only weaknesses in the control environment have been highlighted within the detailed findings section of the report.

2. Scope

- 2.1. The purpose of the audit was to provide assurance that controls are in place to meet the following objectives.
 - There are processes in place to ensure that the authority's governance framework is kept under review to ensure ongoing compliance with relevant changes in legislation, regulations, codes and guidance;
 - The annual governance statement provides clarity and evaluation over the governance arrangements and sufficiency of the framework in place; and
 - Key policy documents are known by all employees to ensure compliance.

3. Audit Opinion

- 3.1. **Reasonable Assurance is provided in respect of Corporate Governance Arrangements.** This opinion means that most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.

Appendix A provides a summary of the opinions and what they mean and sets out management responsibilities.

4. Basis of Opinion

- 4.1 Based on the testing undertaken, we have been able to provide an opinion of Reasonable Assurance because:
- 4.2 The Authority has adopted the CIPFA/SOLACE Good Governance Framework (2016) and has put in place a Local Code of Corporate Governance which sets out how the Authority will act to comply with core principles of that guidance, as well as how this will be evidenced

through committee oversight and scrutiny, policies and strategies and operational procedures.

- 4.3 The Authority has a robust process in place to ensure that contents of the Annual Governance Statement (AGS) contain sufficient detail to comply with mandatory requirements. The document details the scope of responsibility, sets out the purpose of the governance framework and summarises the systems and processes that comprise the Authority’s governance arrangements. Furthermore, we found there is consistency between identified and executed actions to ensure any areas for improvement are suitably addressed.
- 4.4 The Governance Framework includes key governance policies, which are version controlled, have defined review schedules, and named officers or service areas (custodians) responsible for their upkeep.
- 4.5 Current versions of key governance documents are made available to officers and Members through the Authority’s intranet and external website, with acknowledgement of specified policies forming part of the induction process.
- 4.6 However, we did identify some opportunities to enhance the control environment. These are summarised below.
- 4.7 Whilst we identified a small number of key policies that had fallen outside of their ordinary review cycle, we found that updates were either scheduled, or in progress. Of note, we observed that the Authority’s Financial Procedures were last reviewed in November 2023, therefore, this document is outside of its annual review cycle. There is awareness that the document has exceeded its expected review date, and this is currently being addressed; however, given this is a key governance document, a lack of regular review could mean that contents are outdated.
- 4.8 It is responsibility of custodians to ensure that policies are regularly reviewed and updated, so that documents continue to meet legislative and regulatory requirements and reflect other organisational changes. The authority keeps a review schedule to facilitate this, which would benefit from regular update. In addition, greater detail contained in the version control summary would aid the review process.

5. Action Summary

- 1.1. The table below summarises the actions that have been agreed together with the risk rating in the context of the area under review:

Risk	Definition	No	Ref
High	This is a major control weakness requiring attention.	0	N/A
Medium	Existing procedures have a negative impact on internal control or the efficient use of resources.	1	1
Low	This represents good practice; implementation is not fundamental to internal control.	2	2-3
Total number of agreed actions		3	

High and Medium Risk Actions implemented (since the previous report)

Audit	Agreed Actions (with risk level)	Due	Officer Responsible / Update
Health and Safety	<p><u>Management of Contractors</u></p> <p>We will develop an overarching procedure document which sets out how we will manage health and safety risks associated with contractors on site. (Medium)</p>	30 June 2025	<p>Facilities & Property Manager</p> <p>An induction checklist / process for contractors has been drafted and implemented.</p>

High and Medium Actions overdue for implementation

Audit	Agreed Actions (with priority)	Due	Officer Responsible / Update
Seven Sisters Country Park – Operational Activities	<p><u>Cash Handling Policy and Procedure</u></p> <p>We will work with BHCC finance to revise the cash/income handling policy, the revision will include the extra pay points which are planned to be added later in the year. (Medium)</p>	30 July 2024	<p>Commercial and Strategic Manager – Seven Sisters</p> <p>A new policy is being drafted and will be forwarded to Brighton Finance for their input.</p>
Asset Management	<p><u>Reconciliation of Asset Records:</u></p> <p>The Facilities and Property Manager (SDNPA) will meet annually with the Senior Finance Officer (B&HCC) to reconcile the SDNPA and B&HCC asset records. (Medium)</p>	31 March 2025	<p>Head of Finance and Corporate Services</p> <p>We are progressing this action, however, this has not been fully implemented. There have been delays due capacity and vacancies within the team.</p>

Audit	Agreed Actions (with priority)	Due	Officer Responsible / Update
Asset Management	<p><u>Additions and Disposal Policy:</u></p> <p>The Facilities and Property Manager (SDNPA) will obtain the B&HCC Additions and Disposal Policy. If suitable, the Policy will then be adapted for use by SDNPA. (Medium)</p>	30 April 2025	<p>Head of Finance and Corporate Services</p> <p>We are progressing this action, however, this has not been fully implemented. There have been delays due capacity and vacancies within the team.</p>

High and Medium Actions not yet due

Audit	Agreed Actions (with priority)	Due	Officer Responsible / Update
Corporate Governance	<p><u>Polices Due for Review</u></p> <p>The Whistleblowing Policy has been approved.</p> <p>The Officer Code of Conduct has been approved.</p> <p>The Anti-Fraud and Corruption Policy will be reviewed with a target completion of 31 December 2025.</p> <p>The Financial Procedures will be progressed for review with a target completion of 31 March 2026.</p> <p>The policy review schedule, will also help to support the timely review of key governance documents going forward. (Medium)</p>	31 March 2026	<p>Head of Governance & Monitoring Officer and Head of Finance and Corporate Services.</p>