

Internal Audit Strategy and Annual Audit Plan 2026/27



1. Role of Internal Audit

1.1 The full role and scope of the Authority’s Internal Audit Service is set out within the Internal Audit Charter and Terms of Reference, the latest version of which is attached to this Strategy as Annex B.

1.2 The mission of Internal Audit, as defined by the Chartered Institute of Internal Auditors (CIIA), is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. Internal Audit is defined 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.”*

1.3 The organisation’s response to internal audit activity should lead to a strengthening of the control environment, thus contributing to the overall achievement of organisational objectives.

2. Risk Assessment and Audit Planning

2.1 South Downs National Park Authority’s Internal Audit Strategy and Annual Audit Plan is updated annually and is based on a number of factors, especially management’s assessment of risk (including that set out within the strategic risk registers) and our own risk assessment of the Authority’s major systems and other auditable areas. This allows us to prioritise those areas to be included within the audit plan on the basis of risk.

2.2 The creation of the annual plan for 2026/27 has involved consultation with a range of stakeholders, to ensure that their views on risks and current issues. In order to ensure that the most effective use is made of available resources, to avoid duplication and to minimise service disruption, efforts continue to be made to identify, and where possible, rely upon, other sources of assurance available. The following diagram sets out the various sources of information used to inform our audit planning process:



2.3 In order to ensure audit and assurance activity is properly focussed on supporting the delivery of the Authority’s priorities, the audit plan has taken into account the key corporate priorities of the Authority as set out within the Corporate Plan.

2.4 In producing the audit plan (which is set out in Annex A to this report) the following key principle continues to be applied:

- All key financial systems are subject to a cyclical programme of audits covering, as a minimum, compliance against key controls.

2.6 A cyclical programme of audits for key financial systems was previously agreed with Policy & Resources Committee and will continue to be rolled forward over the following years. Our proposal for 2026/27 is to review each key financial system every three years instead of the previously agreed two years, to allow audit work to address a broader range of the Authority’s key risks.

2.7 We reserve the right to change the key financial plan in consultation with SLT and the Policy & Resources Committee, to reflect emerging risks and priorities:

Audit	2026/27	2027/28	2028/29
Key Financial Systems			
Payroll	Yes		
Creditors/ Accounts Payable	Yes		
Income Processing		Yes	
Treasury Management			Yes
Main Accounting and Budget Management		Yes	
Capital Accounting			Yes

2.8 Action tracking arrangements are in place to monitor the implementation by management of all individual high and medium risk recommendations, with the results of this work reported to the Policy & Resources Committee.

3. Key Issues

3.1 In times of significant transformation, organisations must both manage change effectively and ensure that core controls remain in place.

3.2 Internal Audit must therefore be in a position to give an opinion and assurance that covers the control environment in relation to both existing systems and these new developments. It is also essential that this work is undertaken in a flexible and supportive

manner, in conjunction with management, to ensure that both risks and opportunities are properly considered.

3.3 The results of all audit work undertaken will be summarised within progress reports along with any common themes and findings arising from the audit work.

4. Counter Fraud

4.1 Managing the risk of fraud and corruption is the responsibility of management. Internal Audit will, however, be alert in all its work to risks and exposures that could allow fraud or corruption and will investigate allegations of fraud and corruption.

4.2 The Chief Internal Auditor should be informed of all suspected or detected fraud, corruption, or irregularity in order to consider the adequacy of the relevant controls and evaluate the implication for their opinion on the control environment.

4.3 In addition, Internal Audit will promote an anti-fraud and corruption culture within the Authority to aid the prevention and detection of fraud.

5. Matching Audit Needs to Resources

5.1 The overall aim of the Internal Audit Strategy is to allocate available internal audit resources so as to focus on the highest risk areas and to enable an annual opinion to be given on the adequacy and effectiveness of the Authority's governance, risk and control framework.

5.2 Internal audit activities will be delivered under contract by Brighton & Hove City Council. The council has entered into a shared service partnership arrangement, Orbis, with East Sussex and Surrey County Councils (a Joint Committee arrangement) to deliver a number of support service functions including Internal Audit. The service will therefore be provided by a range of staff from across the Orbis Internal Audit Service, maximising the value from a wide range of skills and experience available. In the small number of instances where sufficient expertise is not available from within the team, mainly in highly technical areas, externally provided specialist resources will continue to be utilised.

5.3 The contract between SDNPA and Brighton & Hove City Council (for the provision of corporate financial services) provides for 35 internal audit days per annum.

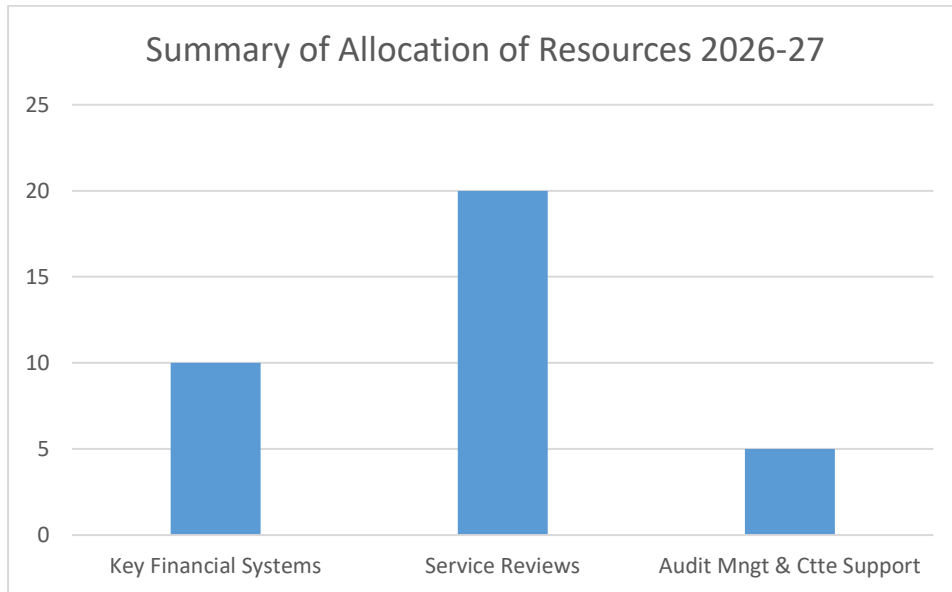
6. Audit Approach

6.1 The approach of Internal Audit is to use risk-based reviews, supplemented in some areas by the use of compliance audits and themed reviews. All audits have regard to management's arrangements for:

- Achievement of the organisation's objectives;
- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programmes;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures, and contracts.

6.2 A summary of the allocation of audit resources (days) across the 2026/27 audit plan is set out in the Table 1. The detailed audit plan is shown as Annex A.

Table 1: Audit days by type



7. Training and Development

7.1 The effectiveness of the Internal Audit Service depends significantly on the quality, training and experience of its staff. Training needs of individual staff members are identified through a formal performance and development process and are delivered and monitored through on-going management supervision.

7.2 The team is also committed to coaching and mentoring its staff, and to providing opportunities for appropriate professional development. This is reflected in the high proportion of staff holding a professional internal audit or accountancy qualification as well as several members of the team continuing on new apprenticeship and professional training.

8. Quality and Performance

8.1 With effect from 1 April 2025 all of the relevant internal audit standard setting bodies, adopted a common set of Global Internal Audit Standards (GIAS). These are based on the Institute of Internal Auditors International Professional Practices Framework and replace the previous Code of Practice for Internal Audit in Local Government.

8.2 Included within the new Standards is the requirement for the organisation to define the terms ‘Board’ and ‘senior management’ in the context of audit activity. This has been set out within the Internal Audit Charter, which confirms the Policy & Resource Committee’s role as the Board.

8.3 The GIAS require each internal audit service to maintain an ongoing quality assurance and improvement programme based on an annual self-assessment against the Standards, supplemented at least every five years by a full independent external assessment. The outcomes from these assessments, including any improvement actions arising, will be reported to Policy & Resources Committee, usually as part of the annual internal audit report. For clarity, the Standards specify that the following core principles underpin an effective internal audit service:

- Demonstrates integrity;

- Demonstrates competence and due professional care;
- Is objective and free from undue influence (independent);
- Aligns with the strategies, objectives, and risks of the organisation;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk-based assurance;
- Is insightful, proactive, and future-focused; and
- Promotes organisational improvement.

8.4 In addition, the performance of Orbis Internal Audit continues to be measured against key service targets focussing on service quality, productivity and efficiency, compliance with professional standards, influence, and our staff. These are all underpinned by appropriate key performance indicators as set out in Table 2 below.

8.5 At a detailed level each audit assignment is monitored, and customer feedback sought. There is also ongoing performance appraisals and supervision for all Internal Audit staff during the year to support them in achieving their personal targets.

8.6 In addition to the individual reports to management for each audit assignment, reports on key audit findings, a summary of each final assignment report and the progress against delivery of the audit plan are reported to the Policy & Resources Committee on a quarterly (or more regular) basis. An Annual Internal Audit Opinion is also produced each year summarising all the audit work undertaken in the year.

8.7 Orbis Internal Audit liaises closely with other internal audit services through the Sussex and Surrey audit and counter fraud groups, the Home Counties Chief Internal Auditors’ Group and the Local Authority Chief Auditors’ Network, we are continuing to develop joint working arrangements with other local authority audit teams to help improve resilience and make better use of our collective resources.

Table 2: Performance Indicators

Aspect of Service	Orbis IA Performance Indicators	Target
Quality	<ul style="list-style-type: none"> • Annual Audit Plan agreed by Policy & Resources Committee • Annual Audit Report and Opinion • Satisfaction levels 	By end April To inform Annual Governance Statement (AGS) 90% satisfied
Productivity and Process Efficiency	<ul style="list-style-type: none"> • Audit Plan – completion to draft report stage by 31st March 2024 	90%
Compliance with Professional Standards	<ul style="list-style-type: none"> • Public Sector Internal Audit Standards • Relevant legislation such as the Police and Criminal Evidence Act, Criminal Procedures and Investigations Act 	Conforms Conforms

Outcomes and degree of influence	<ul style="list-style-type: none">• Implementation of management actions agreed in response to audit findings	95% for high priority
Our Staff	<ul style="list-style-type: none">• Professionally Qualified/Accredited	80%

Mark Winton

SDNPA Chief Internal Auditor

Annex A

INTERNAL AUDIT PLAN

2026/27



Review Name*	Outline Objective
Payroll	This audit aims to review the Authority’s controls over the payroll system to ensure payments and deductions are made in accordance with statutory and regulatory guidelines and payments are made in accordance with the authority’s pay policy.
Creditors/Accounts Payable	This audit aims to provide assurance on the control framework for ensuring payments are correctly made to suppliers for goods, works and services properly incurred delivered.
Partnership Working and Partnership Management Plan Delivery	This audit aims to review the partnership working arrangements in place to ensure this is effective and efficient. This audit will review the partnership management delivery plan, to ensure this is delivering the outcomes outlined as part of the partnership arrangement.
Green Finance	The Authority has a new nature recovery scheme for businesses of all size; this is a voluntary scheme for biodiversity gain to the private sector to enable nature recovery. This audit aims to provide assurance over the governance arrangements in place for this scheme to ensure the controls in place are robust and to ensure decision making is transparent and reporting and monitoring arrangements of the scheme are effective.
Equality, Diversity and Inclusion	This audit aims to review the Authority’s arrangements to consider, assess, and monitor it’s duties and responsibilities to ensure equality, diversity and inclusion considerations are met.
Planning Income	This audit aims to review the income processes for planning for the Authority, to ensure all income from these activities are being received in full and in a timely manner to support the Authority’s activities. This review will include all sources of planning income, internal and income collected from districts and boroughs.

Annex B

South Downs National Park Authority

Audit Charter

1. Introduction

This Charter describes for the South Downs National Park Authority (SDNPA) the purpose, authority, and responsibilities of the Internal Audit function in accordance with the Global Internal Audit Standards and the Local Government Application Note.

The GIAS require that the Charter must be reviewed periodically and presented to “the board” for approval. In addition, senior management have a key role in providing input to the board and the Chief Internal Auditor. For the purposes of this charter “senior management” will be the SDNPA Senior Leadership Team (SLT) and the board will be the SDNPA Policy & Resources Committee (described generically in this Charter as the Audit Committee).

The Charter shall be reviewed annually and approved by SLT and the Audit Committee. The Chief Internal Auditor is responsible for applying this Charter and keeping it up to date.

2. Internal Audit Purpose

The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight.

The purpose statement included in the GIAS states “Internal auditing strengthens the organisation’s ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Internal auditing enhances the organisation’s:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Internal auditing is most effective when:

- It is performed by competent professionals in conformance with the Global Internal Audit Standards, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the board.
- Internal auditors are free from undue influence and committed to making objective assessments.”

Internal Audit supports the whole Authority to deliver economic, efficient and effective services and achieve the Authorities vision, priorities and values.

3. Statutory Requirement

Internal Audit is a statutory service in the context of the Accounts and Audit Regulations 2015, which require every local authority to maintain an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account GIAS or guidance.

These regulations require any officer or Member of the Authority to:

- make available such documents and records; and
- supply such information and explanations; as are considered necessary by those conducting the audit.

This statutory role is recognised and endorsed within the SDNPA Constitution.

In addition, the SDNPA's S151 Officer has a statutory duty under Section 151 of the Local Government Act 1972 to establish a clear framework for the proper administration of the authority's financial affairs. To perform that duty the Section 151 Officer relies, amongst other things, upon the work of Internal Audit in reviewing the operation of systems of internal control and financial management.

4. Internal Audit Mandate

Annually the Chief Internal Auditor is required to provide to the Audit Committee an overall opinion on the Authority's internal control environment, risk management arrangements and governance framework to support the Annual Governance Statement.

Internal Audit is not responsible for control systems. Responsibility for effective internal control and risk management rests with the management of the Authority.

Internal Audit activity must be free from interference in determining the scope of activity, performing work, and communicating results.

The scope of Internal Audit includes the entire control environment and therefore all of the Authority's operations, resources, services and responsibilities in relation to other bodies. In order to identify audit coverage, activities are prioritised based on risk, using a combination of Internal Audit and management risk assessment (as set out within Authority risk registers). Extensive consultation also takes place with key stakeholders and horizon scanning is undertaken to ensure audit activity is proactive and future focussed.

Internal audit activity will include an evaluation of the effectiveness of the organisation's risk management arrangements and risk exposures relating to:

- Achievement of the organisation's strategic objectives;
- Reliability and integrity of financial and operational information;
- Efficiency and effectiveness of operations and activities;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures, and contracts

5. Independence

Internal Audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a way that allows them to make impartial and effective professional judgements and recommendations. Internal auditors should have no operational responsibilities.

Internal auditors will not review specific areas of the Authority's operation in which they have previously worked, until a period of at least 12 months has elapsed.

Internal Audit is involved in the determination of its priorities in consultation with those charged with governance. The Chief Internal Auditor has direct access to, and freedom to report in their own name and without fear of favour to, all officers and Members and particularly those charged with governance. This independence is further safeguarded by ensuring that the Chief Internal Auditor's formal appraisal/performance review is not inappropriately influenced by those subject to audit.

All Internal Audit staff are required to make an annual declaration of interest to ensure that objectivity is not impaired and that any potential conflicts of interest are appropriately managed.

6. Appointment and Removal of the Chief Internal Auditor

The role of Chief Internal Auditor for the South Downs National Park Authority is provided by the Orbis Internal Audit Manager (ICT), employed by Brighton & Hove City Council. The Internal Audit Manager (ICT) reports directly to the Orbis Chief Internal Auditor.

In order to ensure organisational independence is achieved, all decisions regarding the appointment and removal of the Orbis Chief Internal Auditor will be made following appropriate consultation with the Audit Committee.

7. Reporting Lines

The Chief Internal Auditor reports to the Chief Finance Officer (S151 Officer) although regardless of line management arrangements, the Chief Internal Auditor has free and unfettered access to report to the Monitoring Officer; the Chief Executive; SLT; the Audit Committee Chair; the Leader of the Authority and the Authority's External Auditor.

This includes periodic administrative reporting arrangements to an individual in the organisation who can support the internal audit function's pursuit of the internal audit mandate.

There is a functional reporting relationship between the Chief Internal Auditor and the Audit Committee, who will receive reports on a periodic basis – as agreed with the Chair of the Audit Committee – on the results of audit activity and details of Internal Audit performance, including progress on delivering the audit plan. If deemed necessary by either party, the Audit Committee and Chief Internal Auditor may meet together privately, without management present.

These reporting arrangements feed into and support the maintenance of the independence of the function.

8. Fraud & Corruption

Managing the risk of fraud and corruption is the responsibility of management. Internal Audit will however be alert in all its work to risks and exposures that could allow fraud or corruption and will investigate allegations of fraud and corruption in line with the Authority's Counter Fraud and Corruption Strategy and Framework.

The Chief Internal Auditor should be informed of all suspected or detected fraud, corruption, or irregularity in order to consider the adequacy of the relevant controls and evaluate the implication for their opinion on the control environment.

Internal Audit will promote an anti-fraud and corruption culture within the Authority to aid the prevention and detection of fraud.

9. Consultancy Work

Internal Audit may also provide consultancy services, generally advisory in nature, at the request of the organisation. In such circumstances, appropriate arrangements will be put in place to safeguard the independence of Internal Audit and, where this work is not already

included within the approved audit plan and may affect the level of assurance work undertaken, this will be reported to the Audit Committee.

To help services to develop greater understanding of audit work and have a point of contact in relation to any support they may need, Internal Audit will periodically with management discuss emerging risks and key developments within services that may impact on its work.

10. Resources

The work of Internal Audit is driven by the annual Internal Audit, which is approved each year by the Audit Committee. The Chief Internal Auditor is responsible for ensuring that Internal Audit resources are sufficient to meet its responsibilities and achieve its objectives.

Internal Audit must be appropriately staffed in terms of numbers, grades, qualifications and experience, having regard to its objectives and to professional standards. Internal Auditors need to be properly trained to fulfil their responsibilities and should maintain their professional competence through an appropriate ongoing development programme.

The Chief Internal Auditor is responsible for appointing Internal Audit staff and will ensure that appointments are made in order to achieve the appropriate mix of qualifications, experience and audit skills. The Chief Internal Auditor may engage the use of external resources where it is considered appropriate, including the use of specialist providers.

11. Due Professional Care

The work of Internal Audit will be performed with due professional care and in accordance with the GIAS, the Local Government Application Note, the Accounts and Audit Regulations (2015) and with any other relevant statutory obligations and regulations.

In carrying out their work, Internal Auditors must exercise due professional care by considering:

- (i) The extent of work needed to achieve the required objectives;
- (ii) The relative complexity, materiality or significance of matters to which assurance procedures should be applied; and
- (iii) The adequacy and effectiveness of governance, risk management and control processes;
- (iv) The probability of significant errors, fraud or non-compliance; and
- (v) The cost of assurance in proportion to the potential benefits.

Internal Auditors will also have due regard to the Seven Principles of Public Life – Selflessness; Integrity, Objectivity; Accountability; Openness; Honesty; and Leadership as well as the GIAS' Ethics and Professionalism domain and the principles underpinning this of: integrity, objectivity, competency, due professional care and confidentiality.

12. Quality Assurance

The Chief Internal Auditor will control the work of Internal Audit at each level of operation to ensure that a continuously effective level of performance – compliant with the GIAS and Local Government Application Note, is maintained.

A Quality Assurance Improvement Programme (QAIP) is being put in place which is designed to provide reasonable assurance to its key stakeholders that Internal Audit:

- Performs its work in accordance with its charter;
- Operates in an effective and efficient manner; and,
- Is adding value and continually improving the service that it provides.

The QAIP requires an annual review of the effectiveness of the system of Internal Audit to be conducted. Instances of non-conformance with the GIAS, including the impact of any such

non-conformance, must be disclosed to the Audit Committee. Any significant deviations must be considered for inclusion in the Authority's Annual Governance Statement.

December 2025

