

Agenda Item 10
Report PR20/21-01

Report to	Policy & Resources Committee
Date	16 July 2020
By	Chief Internal Auditor
Title of Report (Note)	Internal Audit – Annual Report and Opinion

The Committee is recommended to:

- 1. Note the content of the Annual Audit Report (2019/20) and the Audit Opinion (2019/20); and**
- 2. Taking into account the content of the Annual Audit Report, to conclude that the Committee is satisfied with the effectiveness of Internal Audit during 2019/20.**

1. Introduction

- 1.1 This report presents the Internal Audit Annual Report and Opinion for 2019/20 and includes:
 - The annual opinion on the adequacy and effectiveness of SDNPA's internal control environment;
 - A summary of audit coverage and outcomes for 2019/20, and
 - Performance against key indicators.
- 1.2 This opinion contributes to the annual review of governance arrangements and the production of the Annual Governance Statement.

2. Policy Context

- 2.1 The Accounts and Audit Regulations 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 Committee's Terms of Reference requires the Committee to "*meet the requirements of the Accounts and Audits regulations 2015 in respect of; conducting an annual review of the effectiveness of internal audit*". The Committee is presented with information within the annual report that outlines how we comply with the Public Sector Internal Audit Standards (PSIAS) in the following areas:
 - Purpose, authority and responsibility;
 - Independence and objectivity;
 - Proficiency and due professional care;
 - Quality assurance and improvement programme;

- Managing the internal audit activity;
- Nature of work;
- Engagement planning;
- Performing the engagement;
- Communicating results;
- Monitoring progress; and
- Communicating the acceptance of risks.

3. Issues for consideration

- 3.1 The 2019/20 Internal Audit plan was approved by this Committee at its meeting in April 2019. All audits were completed by the year end, with the exception of the audit of Procurement and Contract Management which was suspended to allow the Authority to respond to the emerging COVID-19 pandemic.
- 3.2 We were additionally commissioned by SDNPA to undertake EU grant certification work.
- 3.3 The comments in this report are based on a review of the control environment before the national response to COVID-19. Any assurance given does not extend to interim measures or changes to management arrangements implemented due to COVID-19.
- 3.4 Our Annual Report is attached at **Appendix I**.
- 3.5 Based upon the internal audit work undertaken, our overall opinion is that **Substantial Assurance** can be provided and that an effective system of internal control is in place at SDNPA for the year ended 31 March 2020.

4. 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 formed part of a wider procurement of financial services.
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?	Any such considerations are taken into account within 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.
Are there any Sustainability implications based on the 5 principles set out in the SDNPA Sustainability Strategy:	No, but individual audits consider these principles where relevant, particularly around the Principle 4, "Promoting good governance"

5. Risks Associated with the Proposed Decision

- 5.1 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 review and testing of controls are orientated towards these risks plus the operational controls within individual systems and services.

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for South Downs National Park Authority

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Appendices	I. Annual Audit Report and Opinion 2019/20
SDNPA Consultees	Chief Executive; Director of Countryside Policy and Management; Director of Planning; Chief Finance Officer; Monitoring Officer; Legal Services, Head of Governance; Business Service Manager
External Consultees	None
Background Documents	Internal Audit Strategy and Plan 2019/20 Individual audit reports.