

**Agenda Item 16**  
**Report PR20/21-26**

Report to	<b>Policy &amp; Resources Committee</b>
Date	<b>26 November 2020</b>
By	<b>Chief Internal Auditor</b>
Title of Report (Note)	<b>Internal Audit – Progress Report</b>

**Recommendation: The Committee is recommended to note:**

- 1. Progress against the Internal Audit Strategy and Annual Plan (2020/21) and**
- 2. The implementation of audit actions previously agreed by management.**

**1. Introduction**

- 1.1 This report details progress against the Internal Audit Strategy and Annual Plan 2020/21, including reports that have been issued and the implementation of actions. It also provides an update on the one remaining audit from the 2019/20 Annual Plan.
- 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.

**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 Internal Audit Strategy and Plan, which was approved by Policy & Resources Committee on 16th July 2020 provides a key mechanism for providing assurance that the Authority's internal control, risk management and governance arrangements are effective.
- 2.3 In order to support the Authority in providing a response to the Covid-19 pandemic, to ensure Internal Audit resources are focused appropriately, the committee proposed and agreed to:
  - *Delegate authority to the Chief Finance Officer in consultation with the Chair of the Committee to amend the Audit Plan 2020/21 as he considers appropriate to support the Authority as it enters the Covid-19 pandemic recovery phase.*
- 2.4 Consultations on the Internal Audit Plan continue with the Chief Finance Officer and the Chief Executive, however, no deviations from the approved Internal Audit Plan have yet been considered necessary.

**3. Issues for consideration**

Progress against Audit Plan for 2019/20

- 3.1 The committee will be aware that the Procurement and Contract Management audit was not completed in 2019/20, this was agreed with the Chief Finance Officer and Chief Executive to allow the Authority to respond to the emerging COVID-19 pandemic. This

audit is now in progress and will be completed shortly.

Progress against Audit Plan for 2020/21

3.2 There has been one report issued since the last progress report to this committee.

Audit Title	Status	Assurance Level <sup>1</sup>
General Data Protection Regulation (GDPR) Compliance	Final Report	Reasonable

<sup>1</sup> Assurance levels are defined in **Appendix 1**.

3.3 A copy of the Executive Summary for each finalised audit is attached at **Appendix 2**.

EU grant certification work

3.4 Whilst there have been no changes made to the 2020/21 Internal Audit Plan, we have additionally been commissioned by SDNPA to undertake EU grant certification work.

3.5 Claim 5 of the Channel Payment for Ecosystem Services ERDF grant for 3,439 Euros, has been certified. This project estimated to cost 70,000 Euros aims to improve the water quality across the SDNPA. Most of the grant claim was for staff costs and external expertise and services. This project runs for 4 years from July 2017 with the last claim expected to be made in April 2021.

Action Tracking

3.6 **Appendix 3** provides a list of those (High & Medium) agreed management actions from previous audit reports which have not yet been implemented. There is one overdue action requiring attention although these are all partly complete. We have agreed to extend the implementation date for these actions as response to these have been disrupted due to the Authority response to the COVID 19 pandemic.

3.7 There is one action not yet due for implementation.

**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?	There are no issues raised by this report. Equalities implications are taken into account within individual audit reviews
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 &	No, but individual audits consider health and safety risks where

Safety implications arising from the proposal?	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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Appendices

1. Assurance Opinions – Definitions
2. Executive Summary extract reports
3. List of actions that have not yet been implemented.

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.

**Assurance Level Opinions - Definitions**

<b>Categories of Assurance</b>	<b>Assessment</b>
<b>Substantial Assurance</b>	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
<b>Reasonable Assurance</b>	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
<b>Partial Assurance</b>	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.
<b>Minimal Assurance</b>	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.

## **1. Introduction**

- 1.1. As part of the agreed Internal Audit Plan for 2020/21 we have undertaken an audit of South Downs National Park Authority's key controls and processes to support compliance with the General Data Protection Regulation (GDPR). In doing so adherence to the provisions of the existing Data Protection Act 2018 (DPA) were also assessed.
- 1.2. The independent regulatory body overseeing the DPA is the Information Commissioner's Office (ICO). This is a non-departmental public body, which reports directly to Parliament.
- 1.3. In April 2016 the European Union introduced the GDPR. This Regulation is intended to strengthen data protection rights for individuals within the EU and came into effect on 25th May 2018.
- 1.4. This Regulation also applies to organisations outside the EU that offer goods or services to individuals within the EU. The UK government has confirmed that the UK's decision to leave the EU will not affect compliancy with the GDPR regulation.
- 1.5. Failure to comply with the GDPR could result in reputational damage and substantial fines by the Information Commissioner's Office of up to 4% of annual global revenue or 20 million Euros, whichever is the greater.
- 1.6. Testing was based upon the Information Commissioner's Office Data Protection Self-Assessment tool. Testing has included discussions with, and evidence provided by, the Head of Governance Services who is also the Authority's Data Protection Officer (DPO).
- 1.7. This report has been issued on an exception basis whereby only weaknesses in the control environment have been highlighted within the main body 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:
  - Data is processed lawfully, fairly and transparently;
  - Requirements around individuals' rights are adhered to;
  - Appropriate governance arrangements are in place, and the Authority demonstrates accountability in relation to the protection of data it processes;
  - Data is held and processed securely, and any breaches are identified and reported as required.

**3. Audit Opinion**

3.1. **Reasonable Assurance is provided in respect of GDPR Compliance (2020/21).**  
 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**

We are able to provide this opinion for the following reasons:

- 4.1. Appropriate lawful bases for data processing activities are identified and documented.
- 4.2. Mandatory data protection training is in place for all staff, with a high completion rate.
- 4.3. Data breaches reporting arrangements are in place and all breaches are recorded on a central log, with remedial action taken and recorded, referral to the Information Commissioner's Office considered where appropriate.
- 4.4. A comprehensive general Privacy Statement is in place, including information as to individuals' rights and how these can be exercised. However, it was noted that forms did not always include a link to appropriate data protection information, and in one instance a specific privacy policy provided inaccurate contact details for obtaining further information.
- 4.5. Some additional opportunities for good practice in relation to data protection were also identified, including inclusion of all ICO recommended fields on the Information Asset Register (IAR), formal application of the "three-part test" when conducting data processing under legitimate interests, and undertaking of a Data Processing Impact Assessment (DPIA) whenever a new processing activity involving personal or sensitive information is introduced.

**5. Action Summary**

5.1. The table below summarises the actions that have been agreed together with the risk:

Risk	Definition	No	Ref
<b>High</b>	This is a major control weakness requiring attention.	0	N/A
<b>Medium</b>	Existing procedures have a negative impact on internal control or the efficient use of resources.	1	3
<b>Low</b>	This represents good practice, implementation is not fundamental to internal control.	4	1, 2, 4 & 5
<b>Total number of agreed actions</b>		<b>5</b>	

**Actions overdue for implementation**

Audit	Agreed Actions (with priority)	Due	Officer Responsible / Update
Asset Management	<p>Where an annual check is undertaken then evidence should be retained and accessible. For example a copy of the spreadsheet could be used and a tab added to include what was checked, discrepancies in the register (if any), when the check was undertaken and by whom. This could then be retained in the online folder (with restricted access where the asset spreadsheet is held. This the record may be useful in the event of an insurance claim.</p> <p>With regards to ICT equipment, an annual report should be produced identifying which assets have not been seen within the last 12 months and verifying that they should still be on the register.</p> <p>Ideally annual checks should not be undertaken by the officer that maintains the asset spreadsheet.</p> <p>(Medium)</p>	<p>Original - 31/3/2020</p> <p>Extended – 30/11/2020</p>	<p>Facilities &amp; Property Officer</p> <p>The implementation due date for this action has been extended to allow the Facilities &amp; Property Officer to respond to additional work priorities arising from the COVID-19 pandemic.</p>

**Actions not yet due**

Audit	Agreed Actions (with priority)	Due	Officer Responsible / Update
GDPR Compliance	<p>All forms will be reviewed to ensure where data is collected an appropriate privacy notices available.</p> <p>(Medium)</p>	31/12/2020	Head of Governance and Support Services.