

Report to **Policy & Resources Committee**  
 Date **23 February 2023**  
 By **Chief Internal Auditor**  
 Title of Report **Internal Audit Progress and Implementation**  
**Note**

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

- 1) **Note progress against the Internal Audit Strategy and Annual Plan (2022/23)**
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**1. Introduction**

- 1.1 This report details progress against the Internal Audit Strategy and Annual Plan 2022/23, 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.

**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 17 February 2022 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 Chief Finance Officer and the Chief Executive, there has been one deviation from the approved Internal Audit Plan approved by Members at the February Policy and Resources committee. With the ICT Contract Arrangements replacing the Awarding of Grants audit.

**3. Issues for consideration**

Progress against Audit Plan for 2022/23

- 3.1 There have been no reports issued since the last progress report to this committee.

<b>Audit Title</b>	<b>Status</b>	<b>Assurance Level <sup>1</sup></b>
N/A		

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

- 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 We have completed five of the seven planned audits to date.
- 3.4 A summary of the position for any audits not yet completed can be found in the following table:

<b>Audit Title</b>	<b>Position</b>
Seven Sisters ICT Arrangements	Terms of Reference agreed, site visit booked Feb 2023.
Creditors/Accounts Payable	Fieldwork in progress.

#### EU grant certification work

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

#### Action Tracking

- 3.7 **Appendix 3** provides a list of those (High & Medium) agreed management actions from previous audit reports.
- 3.8 Two medium priority actions have been implemented, there are no other High & Medium, actions yet due or overdue for implementation.

#### **4. Other implications**

<b>Implication</b>	<b>Yes*/No</b>
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.
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	Yes, there are no equalities issues arising from this update report. Equalities considerations are also taken into individual audit reviews as appropriate.

<b>Implication</b>	<b>Yes*/No</b>
contained within the Equality Act 2010?	
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 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: Mark Winton, Audit Manager (ICT) and SDNPA Chief Internal Auditor

Tel: 07740517282

Email: mark.winton@eastsussex.gov.uk

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; Head of Finance and Corporate Services

External Consultees None

Background Documents Internal Audit Strategy and Plan 2022/23  
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.



**Executive Summary**

No reports finalised in the reporting period.





**Actions implemented (since the previous report)**

Audit	Agreed Actions (with priority)	Due	Officer Responsible / Update
Main Accounting and Budget Management (2022/23)	Although detailed information is provided to members via annual Budget Workshops, we will include more detailed analysis in both the annual Budget Report and Budget Monitoring reports. This will include a 'Subjective Analysis' of both expenditure and income budgets. (Medium)	2023/24 Budget and from Q2 Budget Monitoring (1 December 2022)	Principal Accountant (BHCC)  Improvements made to the reporting as seen by members at the last meeting. Budget setting reporting will include the subjective analysis and anything else that is required coming out of the budget workshops for 2023/24.
Main Accounting and Budget Management (2022/23)	<p>We will undertake a risk-based review of budgets with management to ensure a higher level of engagement and training for budget managers with more complex budgets.</p> <p>We will also review with budget holders and management the budget profiling of income and expenditure budgets to ensure that variances are more accurate, enabling more timely review and/or action to address underlying reasons and/or recovery of the position.</p> <p>Budget Monitoring reports will be kept under constant review, to address the Authorities emerging needs, including actions agreed with Internal Audit and by reviewing best practice. We will work with SMT to consider further potential improvements. (Medium)</p>	Q2 reporting (1 Dec 2022)	Principal Accountant (BHCC)  This is effectively constantly happening as the SDNPA Senior Management Team (SMT) review all budget monitoring reports and amendments or changes are actioned as requested. The latest financial training for budget holders is booked in for March 2023. The December 2022 (month 9) public domain budget monitoring report will be available shortly (currently about to be reviewed by SMT).

**Actions overdue for implementation**

Audit	Agreed Actions (with priority)	Due	Officer Responsible / Update
	None at this time		

**Actions not yet due**

Audit	Agreed Actions (with priority)	Due	Officer Responsible / Update
Main Accounting and Budget Management (2022/23)	Reserves and reserve movements are reported through every Budget Monitoring report to management and members. We will explore with management the development of an interim P12 report (i.e. 'pre-outturn' report) to ensure that ongoing focus on expenditure and income trends is maintained while the closure of accounts process is underway. This will also inform management in identifying prepayments and accruals required. The report will be for management consideration only as a P12 interim report can only present an incomplete position that is not appropriate for member or public consumption. (Medium)	Q4 2022/23 (1 April 2023)	Principal Accountant (BHCC)