

Report to **Policy & Resources Committee**  
Date **26 June 2025**  
By **Mark Winton, Chief Internal Auditor**  
Title of Report **Update on Internal Audit Progress and Implementation of Actions**  
**Note**

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**Recommendation:** **The Committee is recommended to note progress against the Internal Audit Strategy and Annual Plan (2024/25)**

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**1. Introduction**

- 1.1 This report details progress against the Internal Audit Strategy and Annual Plan 2024/25, 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 29<sup>th</sup> February 2024 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 for SDNPA and the Chief Executive. There has been one agreed amendment to the approved Internal Audit Plan, detailed in section 4, below, and approved by Members at the June 2024 Policy and Resources Committee.

**3. Issues for consideration**

Progress against 2024/25 Audit Plan

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

Audit Title	Status	Assurance Level <sup>1</sup>
Asset Management	Final	Reasonable Assurance
Main Accounting and Budget Management	Final	Substantial Assurance

<sup>1</sup> 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 any audits started, for the 2025/26 financial year, but not yet completed can be found in the following table:

Audit Title	Position
Corporate Governance	Fieldwork in progress
Treasury Management	Fieldwork in progress

#### 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 Four medium priority actions have been implemented in the reporting period. Five medium priority and one high priority actions have not yet been fully implemented, delayed in part due to resourcing and implementation of a contract anticipated at the end of June. Three of the actions are reported in Appendix 4 for confidentiality and security reasons.

### **4. Amendment to the 2024/25 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 One amendment to the 2024/25 Internal Audit Plan has been agreed with the Policy & Resources Committee at the June 2024 meeting, to replace Strategic Objectives Review with an Asset Management audit.

4.3 No further amendments to the Internal Audit Plan are considered necessary at this time.

### **5. Other implications**

Implication	Yes*/No
Will further decisions be required by another committee/full authority?	No

<b>Implication</b>	<b>Yes*/No</b>
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 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**

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Appendices:	<ol style="list-style-type: none"><li>1. Assurance Opinions – Definitions</li><li>2. Executive Summary extract reports</li><li>3. Summary of high and medium priority actions.</li><li>4. Summary of high and medium priority actions. (Exempt)</li></ol>
SDNPA Consultees:	Chief Executive; Director of Countryside Policy and Management; Director of Planning; Chief Finance Officer for SDNPA; Monitoring Officer; Legal Services, Head of Governance; Head of Finance and Corporate Services
External Consultees:	None
Background Documents:	Internal Audit Strategy and Plan 2024/25 Individual audit reports

## APPENDIX I

### 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.



## APPENDIX 2

### **Asset Management**

#### **1. Introduction**

- 1.1. At the end of the 2023/24 financial year the South Downs National Park Authority's ('Authority') non-current Asset Register detailed £9.45m in land and buildings, and a further £0.98m gross (£0.24m net) in relation to vehicles, plant, furniture, and equipment. As well as £0.16m in relation to infrastructure assets.
- 1.2. The Authority's Capital Strategy 2024/25 provides an outline of the Capital Programme which has a total capital financing budget of £0.93m for 2024/25, of which £0.76m is from external grants and contributions, and £0.17m is from capital and earmarked reserves. The capital programme requires specific approval by the Authority, in conjunction with the annual revenue budget, outlining the phasing of expenditure and the sources of funding.
- 1.3. The objective of the audit is to provide assurance that controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives. The audit evaluated the effectiveness of the controls in place to manage additions and disposals to the Authority's assets, ensuring that assets are recorded in line with organisational policies and that this information is used to effectively manage the Asset Register.
- 1.4. This review is part of the agreed Internal Audit Plan for 2024/25.
- 1.5. 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 is a funded and approved Capital Strategy.
  - Information to effectively monitor asset management, including additions and disposals, is available, known, and used to effectively manage the asset record.
  - Assets are appropriately insured.
- 2.2. The scope of the audit did not include IT equipment or Seven Sisters Country Park.

#### **3. Audit Opinion**

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

#### **4. Basis of Opinion**

- 4.1. We have provided Reasonable Assurance over the controls operating within the area under review because:
- 4.2. The Authority has a documented Capital Strategy ('Strategy') to help deliver effective asset management. The Strategy was approved at the National Park Authority meeting, and subsequently ratified at the SDNPA meeting in July 2024. It details how the Authority will

finance the capital investment, which includes external grants, contributions capital and earmarked reserves, and direct revenue funding.

- 4.3. The Asset Register maintain by Brighton & Hove City Council (B&HCC) on behalf of the Authority is updated annually and there is a year-end reconciliation between the Ledger and the fixed Asset Register to ensure all additions are captured. This process forms part of the Council's Statement of Accounts and is externally audited.
- 4.4. An external company provides an annual valuation of the Authority's land and buildings, with vehicle valuations being based on historic cost.
- 4.5. We found that assets are appropriately insured. Following a recent insurance claim, the Authority has reviewed its Retention Policy, so that invoices and receipts relating to the purchase of an item covered by insurance can be retained until the item is disposed. The amended Policy is due to be approved by the Operational Management Team by the end of February 2025.
- 4.6. Whilst we found that most controls were in place and operating as expected there were some areas where we identified that further improvements could be made.
- 4.7. As well as the Asset Register maintained on behalf of the Authority by B&HCC, a record is also maintained by the Facilities and Property Manager (SDNPA). There is, however, no reconciliation between the two records to ensure they accurately reflect the other.
- 4.8. There is no documented Additions and Disposals Policy detailing who has the authority to approve disposals, any limitations to their authority, and how the disposal should be documented to ensure these are appropriate and in line with Standard Financial Procedures.

## 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.	2	1, 2
Low	This represents good practice; implementation is not fundamental to internal control.	0	N/A
Total number of agreed actions		2	



## **Main Accounting and Budget Management**

### **1. Introduction**

- 1.1. The corporate computer accounting system (Civica Financials) hosted by Brighton & Hove City Council (B&HCC) is the Authority's main source of financial information and provides the platform for both budget management and the production of its statutory accounts. The system should therefore be robust, flexible and capable of meeting the different reporting needs of budget holders, senior management as well as external users and its statutory reporting requirements.
- 1.2. The budget management process is of fundamental importance in ensuring effective financial management within the Authority. The processes ensure that the Authority has efficient mechanisms to align financial resources to its priorities and the timely identification of actual and potential overspends.
- 1.3. The objective of the audit was to review the control framework operating for main accounting and budget management.
- 1.4. This audit forms part of the agreed Internal Audit Plan for 2024/25.
- 1.5. 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:
  - Effective processes are in place for the co-ordination and appropriate approval of budgets.
  - Timely and "fit for purpose" budget monitoring reports are provided to senior management and elected members.
  - Controls are in place to ensure that all transactions from feeder systems are recorded accurately and completely within the Main Accounting System.
- 2.2. There is effective control over accounting journals, virements and suspense accounts.

### **3. Audit Opinion**

- 3.1. **Substantial Assurance** is provided in respect of **Main Accounting and Budget Management**. 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.

### **4. Basis of Opinion**

- 4.1. We are able to provide a Substantial Assurance opinion, for the following reasons:
- 4.2. A review of the South Down National Park Authority (SDNPA) budget setting and approval process was conducted, this was found to adhere to expected procedures detailed in the financial regulations, this included appropriate approval in accordance with the scheme of delegation. The authority reports the outturn against the agreed budget to the Policy &

Resources Committee on a quarterly basis. The reported outturn position for 2024/25 in December 2024 was a projected underspend of £159k.

- 4.3. The SDNPA ledger is managed through the CIVICA Financial Information System (FIS), hosted by Brighton & Hove City Council (B&HCC). A review of reconciliations undertaken for key business functions provided assurance that controls are in place and are operating as expected to ensure data accuracy.
- 4.4. A review of the SDNPA Budget monitoring process was undertaken, budgets were found to have been reviewed in accordance with the agreed budget monitoring timetable. The Authority's finances are managed through monthly budget monitoring reports, produced on behalf of SDNPA by the B&HCC Finance Team. Budget holders are responsible for reviewing and updating projections, with support available to assist them in managing their budgets, however, this is not frequently taken-up by my management.
- 4.5. A review of budget monitoring reports at both service and organisational level confirmed that financial monitoring and reporting are being conducted in compliance with SDNPA financial regulations.
- 4.6. There are robust and effective controls over accounting journals, virements and suspense accounts. Adjustment of budgets during the financial year are administered via the budget virement process which have appropriate authorisation in place. A review of suspense account balances confirmed that they are regularly reviewed and effectively managed.
- 4.7. Checks undertaken on the management and reporting of SDNPA reserves confirmed compliance with financial regulations.
- 4.8. As part of this review, we did not perform checks on the administration or expenditure of the DEFRA grant.

## 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.	1	1
Total number of agreed actions		1	

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

<b>Audit</b>	<b>Agreed Actions (with risk level)</b>	<b>Due</b>	<b>Officer Responsible / Update</b>
Financial Management of Project Budgets	<u>Reporting of Projections:</u> We will meet with B&HCC Finance colleagues to ensure budget forecasting information is reflected within and embedded in budget monitoring reports for both officers and members consistently.  We will specify budget monitoring report which will allow us to effectively management project forecasting project budget monitoring consistently over the entire project lifecycle. (Medium)	31 March 2025	Head of Finance and Corporate Services  We have met to discuss a new logging system to ensure Budget Managers review their information on a monthly basis. Our Finance Officer at SDNPA has a proforma which is being populated to take into account historic transactions of multi-year projects.  Drafted a report format and agreed with the SDNPA Chief Finance Officer.
Financial Management of Project Budgets	<u>Monitoring of Project Finances:</u> We will implement actions as per Reporting of Projections actions, which will allow us to reduce the number of local monitoring spreadsheets in place.  We will ensure that SDNPA Officers are reminded of the need to complete forecast information requested by B&HCC Officers. (Medium)	31 March 2025	Head of Finance and Corporate Services  Our Finance Officer at SDNPA will meet regularly with Budget Managers to review project finances.

**High and Medium Actions overdue for implementation**

<b>Audit</b>	<b>Agreed Actions (with priority)</b>	<b>Due</b>	<b>Officer Responsible / Update</b>
Seven Sisters Country Park –	<u>Cash Handling Policy and Procedure</u> We will work with BHCC finance to revise the cash/income handling policy, the revision will include	30 July 2024	Commercial and Strategic Manager – Seven Sisters  This action remains in progress, the South Downs Commercial Operations (SDCO) accounts are in place,

<b>Audit</b>	<b>Agreed Actions (with priority)</b>	<b>Due</b>	<b>Officer Responsible / Update</b>
Operational Activities	the extra pay points which are planned to be added later in the year. (Medium)		however, we have not had the resources or capacity to progress this.
Asset Management	<u>Reconciliation of Asset Records:</u> 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)	31 March 2025	Facilities & Property Manager Due to capacity this was not completed, an extended implementation date of the 31 August 2025 has been agreed.
Asset Management	<u>Additions and Disposal Policy:</u> 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)	30 April 2025	Facilities & Property Manager Due to capacity within the team this was not completed, an extended implementation date of the 31 August 2025 was agreed.

#### High and Medium Actions not yet due

<b>Audit</b>	<b>Agreed Actions (with priority)</b>	<b>Due</b>	<b>Officer Responsible / Update</b>
Health and Safety	<u>Management of Contractors</u> We will develop an overarching procedure document which sets out how we will manage health and safety risks associated with contractors on site. (Medium)	30 June 2025	Facilities & Property Manager An induction checklist / process for contractors has been drafted and we are in the process of checking it with a view to a trial at the South Downs Centre.