

REPORT OF THE INTERNAL AUDITOR

SUBJECT: INTERNAL AUDIT REPORT 2017/18

This report summarises the outcome of work completed by the Authority's Internal Auditors against the 2017/18 operational audit plan approved by the Authority's Audit and Corporate Services Review Committee. It incorporates cumulative data in support of internal audit performance and how our work during the year feeds in to our annual opinion.

The internal audit service reviewed a number of areas during the year:

- Safeguarding
- Key Financial Controls – Payroll and Expenses
- Human Resources
- Grant Income
- Departmental Review – Communications
- Income Generation
- IT Health Check

From these examinations, taking into account the relative risk of the business areas the internal audit service formed generally very positive conclusions regarding the policies, procedures and operations in place.

.Recommendation: Members are asked to NOTE and COMMENT on this report

*(For further information, please contact Richard Griffiths, extension 4815
richardg@pembrokeshirecoast.org.uk)*



Pembrokeshire Coast National Park Authority

Internal Audit Annual Report

Year Ended 31st March 2018



CONTENTS

Section	Page
1. Introduction.....	1
2. Planned Coverage and Output.....	1
3. Management Action on Recommendations.....	1
4. Operational Assurance.....	1
5. Overall Assurance.....	2
6. Opinion.....	2
APPENDIX A – Summary of Audit Outcomes.....	4
APPENDIX B – Summary of Main Findings.....	5
APPENDIX C – Performance Indicators YTD.....	6

Contact Details

Robin Pritchard
Engagement Director

Tel: 07792 296830
Email: robin.pritchard@gatewayassure.com

This report is prepared solely for the use of Authority and senior management of the Pembrokeshire Coast National Park Authority. Details may be made available to specified external agencies, including external auditors, but otherwise the report should not be disclosed, quoted or referred to in whole or in part, including in response to requests for information under the Freedom of Information Act, without the prior written consent of Gateway Assure Ltd. The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose. © Gateway Assure Ltd 2018

1. INTRODUCTION

- 1.1 The purpose of internal audit is to provide the Authority, Audit & Corporate Service Review Committee, the Chief Executive and management of the Pembrokeshire Coast National Park Authority with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving the Authority's agreed objectives. Internal audit also has an independent and objective consultancy role to help management improve risk management, governance and control.
- 1.2 The results of our internal audit work form part of the framework of assurances that the Authority receives and should be used to assist the Authority prepare informed governance and internal control statements.
- 1.3 Internal audit work for the period from 1st April 2017 to 31st March 2018 was carried out in accordance with the Annual Audit Plan approved by the Audit & Corporate Service Review Committee.
- 1.4 The plan was constructed in such a way as to allow a statement of the adequacy and effectiveness of the Authority's risk management, control and governance processes based upon the reviews undertaken as part of an Internal Audit Strategy covering three years.
- 1.5 Our risk based methodology and working practices are compliant with the Public Sector Internal Audit Standards (PSIAS) 2013, the Institute of Internal Auditors (IIA) International Professional Practice Framework (IPPF) 2013 and specifically in relation to local government the CIPFA Code of Practice (COP) for Internal Audit in Local Government. These standards are adopted insofar as they are applicable to you as a client.

2. PLANNED COVERAGE & OUTPUT

- 2.1 The Audit & Corporate Service Review Committee agreed to an input of 25 days of internal audit coverage in the year.
- 2.2 The planned reviews approved by the Audit & Corporate Service Review Committee, the planned number of days and the actual time against each are shown in Appendix A and shows that the plan was completed within the resources available.
- 2.3 Our audit assignments were undertaken over two visits, one in June 2017 and another in October 2017, as agreed with management and we are grateful for the co-operation which we received from those managers and staff that were involved with the audit process.

3. MANAGEMENT ACTION ON RECOMMENDATIONS

- 3.1 Based on the results of our follow up work, management responses and agreed implementation plans we believe that management have taken or planned appropriate and timely action to implement recommendations.

4. OPERATIONAL ASSURANCE

- 4.1 The internal audit service reviewed a number of areas during the year:
 - Safeguarding
 - Key Financial Controls – Payroll and Expenses
 - Human Resources
 - Grant Income
 - Departmental Review – Communications
 - Income Generation

- IT Health Check

4.2 From these examinations, taking into account the relative risk of the business areas the internal audit service has formed the following conclusions (good, adequate or weak) regarding the policies, procedures and operations in place to:

- | | |
|---|----------|
| ▪ Establish and monitor the achievement of the Authority's objectives: | Good |
| ▪ Identify, assess and manage the risks to achieving the Authority's objectives: | Adequate |
| ▪ Advise on, formulate, and evaluate policy, within the responsibilities of the Chief Executive: | Good |
| ▪ Ensure economical and efficient use of resources: | Good |
| ▪ Ensure compliance with the Authority's policies, procedures, law and regulations: | Good |
| ▪ Safeguard the Authority's assets and interests from losses of all kind including those from fraud, irregularity and corruption: | Good |
| ▪ Ensure the integrity and reliability of information, accounts and data, including internal and external reporting and accountability processes: | Good |

5. OVERALL ASSURANCE

5.1 As the internal audit service provider to the Pembrokeshire Coast National Park Authority, we are required to provide the Authority and the Chief Executive with a statement on the adequacy and effectiveness of the Authority's risk management, control and governance processes.

5.2 In giving an opinion it should be noted that assurance can never be absolute. The most that the audit service can provide to the Authority is a reasonable assurance there are no major weaknesses in the Authority's risk management, control and governance processes.

5.3 In assessing the level of assurance to be given, the following have been taken into account::

- All audits undertaken during 2017/18;
- Any follow-up action taken in respect of audits from previous periods;
- Significant recommendations not accepted by management and the consequent risks;
- The effects of any significant changes in the Authority's objectives or systems;
- Matters arising from previous reports to the Authority;
- Any limitations which may have been placed on the scope of internal audit;
- The extent to which resources constraints may impinge on the Head of Internal Audit's ability to meet the full audit needs of the Authority;
- What proportion of the Authority's audit need has been covered to date; and
- The results of work performed by other assurance providers including the work of the financial statement auditors and inspection (if applicable).

5.4 At the date of issue of this report the Financial Statement Auditor's Final Audit Opinion and External Audit Management Letter for 2017/18 have not been published. We reserve the right to amend our annual opinion as a result of these further sources of assurance once issued.

6. OPINION

6.1 We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness (or inadequacy and ineffectiveness) of the Authority's risk management, control and governance processes.

- 6.2 Overall in our opinion, based upon the reviews performed during the year, the Pembrokeshire Coast National Park Authority:
- has adequate and effective risk management;
 - has adequate and effective governance; and
 - has adequate and effective control processes.

APPENDIX A – SUMMARY OF AUDIT OUTCOMES

2017/18

Audit Area	Progress	Overall Opinion	Plan Days	Actual Days	Recommendations Made				
					F	S	MA	Total	Agreed
Block 1									
1. Information Governance Health Check	Final	Substantial	3	3	0	0	0	0	0
2. Key Financial Controls- Payments and Expenses	Final	Substantial	3	3	0	0	0	0	0
3. Human Resources	Final	Adequate	3	3	0	0	3	3	3
4. Grant Income	Final	Substantial	2	2	0	0	3	3	3
Block 2									
5. Departmental Review- Communications	Final	Substantial	2	2	0	0	1	1	1
6. Income Generation	Final	Substantial	3	3	0	0	2	2	2
7. IT Health Check	Final	Substantial	3	3	0	1	0	1	1
8. Follow Up	Final		2	2	-	-	-	-	-
Management									
Audit Management	-	-	4	4	-	-	-	-	-
TOTAL			25	25	0	1	9	10	10

APPENDIX B – SUMMARY OF MAIN FINDINGS

Ref	Recommendation
-----	----------------

IT HEALTH CHECK	
-----------------	--

1. IT Strategy

The IT Strategy is known to be outdated and in need of updating to ensure that the development and direction of IT within the organisation progresses in accordance with agreed procedures.

Priority: Significant

APPENDIX C – PERFORMANCE INDICATORS YTD

Report Turnaround

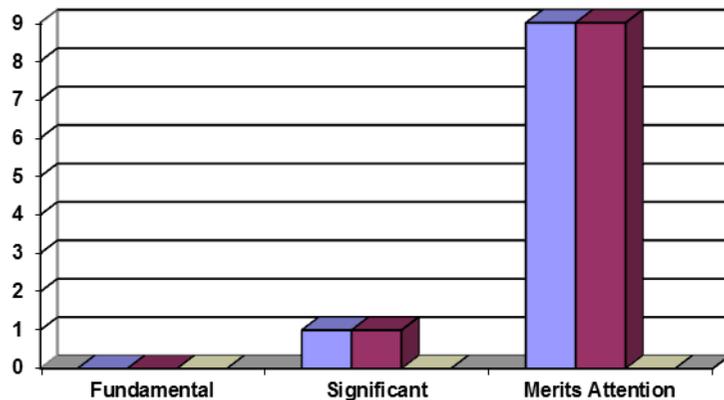
Performance Indicator	Target	Actual	Comments
Draft report turnaround (average working days)	10 days	9days	
Final report turnaround (average working days)	5 days	5 days	

Resources

Performance Indicator	Annual	Actual	Comments
Number of Audit Days	25	25	
Audit Fee	Within Budget	Within Budget	
Head of Internal Audit	18%	18%	
Specialist / IT Auditor Input	10%	0%	
Audit Supervisor	42%	68%	
Auditor	30%	14%	

Recommendations

Made, Accepted & Implemented



Analysis of Priority

